



Ontario  
Energy  
Board

Commission  
de l'énergie  
de l'Ontario

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# DECISION AND ORDER

**EB-2023-0168**

## WATAYNIKANEYAP POWER LP

**Application for 2024 electricity transmission revenue requirement  
and related matters**

**BEFORE: Michael Janigan**  
Presiding Commissioner

**Fred Cass**  
Commissioner

**Robert Dodds**  
Commissioner

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**November 30, 2023**



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## 1 OVERVIEW

This Decision and Order addresses the application filed by Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (WPLP) for approval of WPLP's 2024 electricity transmission revenue requirement and associated transmission rates. The application is for a single test year, beginning on January 1, 2024.

WPLP is a partnership involving 24 First Nations<sup>1</sup> and Fortis Inc.<sup>2</sup>

WPLP's transmission system is currently under construction and will comprise 22 stations and approximately 1,742 km of lines in northwestern Ontario. The facilities will serve to reinforce the transmission system in that region and extend transmission service to connect 16 remote First Nation communities to the electricity grid. Hydro One Remote Communities Inc. (HORCI) will be providing distribution services to all 16 of the communities once connected to the grid.

WPLP initially applied for a \$165.7 million 2024 revenue requirement based on a forward test year, cost of service approach with recovery of \$37.7 million through the Network pool of the Uniform Transmission Rates (UTRs) and \$128.0 million through a fixed monthly charge of \$10.7 million to HORCI, effective January 1, 2024.

A settlement conference was held on October 17, 2023. A Settlement Proposal representing a complete settlement of all issues was filed with the Ontario Energy Board (OEB) on November 6, 2023. The Settlement Proposal included, amongst other matters, a \$12.9 million reduction to the revenue requirement. The reduction results in proposed revenue requirement of \$152.8 million with \$33.6 million of that amount to be recovered through the UTR Network pool and \$119.2 million through a fixed monthly charge of \$9.9 million to HORCI, effective January 1, 2023. The Settlement Proposal reflects the OEB-approved 2024 cost of capital parameters.<sup>3</sup>

For the reasons provided below, the OEB approves the Settlement Proposal. The OEB finds that implementation of the Settlement Proposal will result in reasonable outcomes for WPLP and ratepayers.

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<sup>1</sup> Bearskin Lake First Nation, Cat Lake First Nation, Deer Lake First Nation, Kasabonika Lake First Nation, Keewaywin First Nation, Kingfisher Lake First Nation, Kitchenuhmaykoosib Inninuwug, Lac des Mille Lacs First Nation, Lac Seul First Nation, Mishkeegogamang First Nation, McDowell Lake First Nation, Muskrat Dam First Nation, North Caribou First Nation, North Spirit Lake First Nation, Ojibway Nation of Saugeen, Pikangikum First Nation, Poplar Hill Nation, Sachigo Lake First Nation, Sandy Lake First Nation, Slate Falls First Nation, Wabigoon Lake Ojibway Nation, Wapekeka First Nation, Wawakapewin First Nation, Wunnumin Lake First Nation.

<sup>2</sup> For detailed corporate structure see Exhibit A / Tab 4 / Schedule 1

<sup>3</sup> OEB 2024 Cost of Capital Parameters Letter, October 31, 2023.

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In this Decision and Order, the OEB approves WPLP's 2024 revenue requirement of \$152.8 million,<sup>4</sup> effective January 1, 2024.

The \$152.8 million, revenue requirement consists of two components:

1. \$33.6 million,<sup>5</sup> recovered through the UTR Network pool, effective January 1, 2024.
2. \$119.2 million,<sup>6</sup> recovered through a fixed monthly charge, effective January 1, 2024. The fixed monthly charge is \$9.9 million<sup>7</sup> and is applied to HORCI.

The OEB also approves 156.151 MW as the charge determinant for the Network pool to be incorporated in the OEB's UTR-setting process for 2024.

The approved Settlement Proposal is attached as Schedule A.

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<sup>4</sup> \$152.8 million is rounded. The exact approved figure is \$152,822,397.

<sup>5</sup> \$33.6 million is rounded. The exact approved figure is \$33,585,573.

<sup>6</sup> \$119.2 million is rounded. The exact approved figure is \$119,236,825.

<sup>7</sup> \$9.9 million is rounded. The exact approved figure is \$9,936,402.

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## 2 CONTEXT AND PROCESS

WPLP filed its application on June 26, 2023 (Application). The OEB issued a Notice of Hearing on July 17, 2023. No party requested to intervene in the proceeding.

Procedural Order No. 1 made provision for the development of an Issues List and established the timetable for a written interrogatory process.

Procedural Order No. 2 approved the Issues List that had been agreed upon by WPLP and OEB staff. It also made provision for a settlement conference between WPLP and OEB staff.

WPLP provided responses to the interrogatories on September 28, 2023.

A settlement conference was held on October 17, 2023.

All issues associated with the Application were resolved at the settlement conference and WPLP filed a Settlement Proposal with the OEB on November 6, 2023.

### 3 DECISION ON THE SETTLEMENT PROPOSAL

The Settlement Proposal represented a full settlement of all the issues. Through the Settlement Proposal, WPLP and OEB staff (the Parties) agreed to modifications to WPLP's proposed revenue requirement and associated rates and charges, as well as to other aspects proposed in the Application. These include:

- disposing audited 2021 and 2022 COVID-19 costs and removing unaudited forecast 2023 COVID-19 costs from rate base
- continuation of approach to contingency costs approved in 2022 and 2023 WPLP applications
- a 5% reduction in Operations, Maintenance & Administration (OM&A) costs on an envelope basis
- continuation of existing Deferral and Variance Accounts (DVAs) and disposition period of current amounts

#### COVID-19 Cost Additions to Rate Base

In the Application, WPLP requested to include \$74.8 million of COVID-19 costs in its 2024 rate base. This amount consisted of \$42.1 million of audited year-end known COVID-19 costs for 2021, \$26.3 million of audited year-end known COVID-19 costs for 2022, and \$6.4 million of unaudited year-end forecasted COVID-19 costs for 2023.

In the Settlement Proposal, the Parties agreed that \$68.4 million of audited COVID-19 costs for 2021 and 2022 would be added to the 2024 rate base and the remaining \$6.4 million of unaudited forecasted COVID-19 costs for 2023 would remain in the 2021-2023 COVID Construction Costs Deferral Account until it has been audited and approved for disposition in a future rate proceeding.

#### Contingency Costs

In the Application, WPLP proposed to use the same approach to contingency in 2024 as was approved for 2022<sup>8</sup> and for 2023,<sup>9</sup> by removing \$64.6 million of contingency from 2024 rate base and recording the revenue requirement impact associated with that contingency amount, to the extent it is realized and does not exceed the amount removed, in the Deferred Contingency Deferral Account (DCDA).

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<sup>8</sup> EB-2021-0134

<sup>9</sup> EB-2022-0149

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In the Settlement Proposal, the Parties agreed to revise the accounting order for the DCDA to make clear the 2024 contingency amounts are to be removed from 2024 rate base and deferred for future recovery.

### OM&A Costs Reduction

In the Application, WPLP proposed to recover \$31.0 million in 2023 OM&A expenses.

In the Settlement Proposal, the Parties agreed to a reduction in WPLP's proposed 2023 OM&A expenses by 5% (or \$1.5 million), to \$29.4 million.

Furthermore, the Parties reiterated the commitment from last year's settlement that WPLP would file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026. It is expected that the econometric benchmarking study would address the limitations identified in the unit cost benchmarking study that was filed in WPLP's 2023 application by allowing for appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics.

### Continuation of Existing DVAs and Disposition Period of Current Amounts

In the Application, WPLP proposed continuation of the existing Pikangikum Distribution System Deferral Account, COVID Construction Costs Deferral Account, Construction Period OM&A Variance Account, In-Service Date Variance Account (ISDVA), Construction Period Interest Costs Variance Account (CPCIVA) and DCDA. WPLP also proposed a four-year disposition period of the ISDVA, CPCIVA and DCDA.

In the Settlement Proposal, the Parties agreed to the continuation of the existing accounts but with a one-year disposition period for the ISDVA, CPCIVA and DCDA. The net impact of this change to the 2024 revenue requirement is a reduction of \$9.28 million from the amount proposed in the Application.

### Impacts of Settlement Proposal on Customer Rates

In the Application, WPLP proposed a \$165.7 million 2024 revenue requirement with recovery of \$37.7 million through the Network pool of the UTRs and \$128.0 million through a fixed monthly charge of \$10.7 million to HORCI, effective January 1, 2024. The proposed revenue requirement would have increased the Network UTR rate by \$0.03/kW and the RRRP rate by \$0.0006/kWh for 2024.

In the Settlement Agreement, the Parties agreed to a \$152.8 million 2024 revenue requirement, including updates to reflect the 2024 Cost of Capital parameters, with recovery of \$33.6 million through the Network pool of the UTRs and \$119.2 million

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through a fixed monthly charge of \$9.9 million to HORCI. The revenue requirement would increase the Network UTR rate by \$0.01/kW and increase the RRRP rate by \$0.0005/kWh for 2024.

## Findings

The OEB has considered the Settlement Proposal in the context of its statutory objectives under Part 1 of the *Ontario Energy Board Act, 1998*, which include:

- Protecting consumers' interest with respect to prices and the adequacy, reliability, and quality of electricity service
- Promoting economic efficiency and cost effectiveness in the transmission and distribution of electricity while facilitating the maintenance of a financially viable electricity sector

The OEB finds that the modifications to its original Application that WPLP agreed to in the Settlement Proposal – including the 5% reduction to OM&A and the accounting changes – are reasonable. Moreover, the total bill impact resulting from the Settlement Proposal is also reasonable. The total bill impact on a typical residential customer with a monthly consumption of 750 kWh is estimated to be an increase of \$0.43 or 0.32% per month.<sup>10</sup>

The OEB finds that the Settlement Proposal terms accord with the public interest including the interests of WPLP customers as well as assist in the successful operation of the WPLP utility. The resulting rates will be just and reasonable in accordance with the OEB's statutory responsibilities.

The approved Settlement Proposal is attached as Schedule A to this Decision. The approved Accounting Orders are attached as Schedules B to E to this decision.

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<sup>10</sup> As shown in Table 29 in Attachment A to the Settlement Proposal, most of the estimated bill impact relates to the estimated increase in the Rural or Remote Electricity Rate Protection (RRRP) charge. Pursuant to the RRRP Regulation (O. Reg. 442/01), HORCI recovers the OEB-approved amounts it pays to WPLP every month from RRRP funds.



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## 4 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Settlement Proposal attached as Schedule A is approved.
2. The OEB approves \$33,585,573 of Wataynikaneyap Power LP's total 2024 transmission revenue requirement and charge determinant of 156.151 MW to be included in the calculation of the UTRs effective January 1, 2024.
3. The OEB approves \$119,236,825 of Wataynikaneyap Power LP's total 2024 transmission revenue requirement to be recovered through a fixed monthly charge of \$9,936,402 applied to Hydro One Remote Communities Inc., effective January 1, 2024.
4. The Transmission Accounting Order entitled Updated Deferred Contingency Deferral Account as provided at Attachment B of the Settlement Proposal, replicated in Schedule B shall be made effective as of January 1, 2022.
5. The Transmission Accounting Order entitled Updated 2021-2023 COVID Construction Costs Deferral Account as provided at Attachment C of the Settlement Proposal, replicated in Schedule C shall be made effective as of January 1, 2021.
6. The Transmission Accounting Order entitled Updated EPC COVID-Related Costs Deferral Account as provided at Attachment D of the Settlement Proposal, replicated in Schedule D shall be made effective as of January 1, 2024.
7. The Transmission Accounting Order entitled Updated Federal CIAC Variance Account as provided at Attachment E of the Settlement Proposal, replicated in Schedule E shall be made effective as of January 1, 2024.
8. Wataynikaneyap Power LP shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto November 30, 2023

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**DECISION AND ORDER**  
**WATAYNIKANEYAP POWER LP**  
**EB-2023-0168**  
**NOVEMBER 30, 2023**

November 6, 2023

**RESS & EMAIL**

Ontario Energy Board  
P.O. Box 2319  
27th Floor, 2300 Yonge Street  
Toronto, ON M4P 1E4

Attention: Ms. Nancy Marconi, Registrar

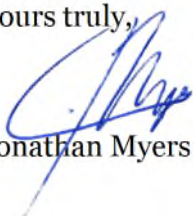
Dear Ms. Marconi:

**Re: Wataynikaneyap Power LP - Application for Approval of 2024 Electricity Transmission Rates (EB-2023-0168) – Settlement Proposal**

We are legal counsel to Wataynikaneyap Power LP (“WPLP”), which is the Applicant in the above-referenced proceeding. In accordance with Procedural Order No. 2 in the above-referenced proceeding, WPLP participated in a settlement conference with OEB Staff on October 17, 2023. On behalf of WPLP, we are pleased to submit the attached Settlement Proposal for the OEB Panel’s review and consideration. The Parties have worked diligently to reach and document a full settlement of all issues in the proceeding.

WPLP has filed this document through the OEB’s Regulatory Electronic Submissions System and served all parties to the proceeding. If you have any questions, please do not hesitate to contact me at the number shown above.

Yours truly,



Jonathan Myers

cc: Ms. Margaret Kenequanash, WPLP  
Mr. Duane Fecteau, WPLP  
Mr. Charles Keizer, Torys LLP  
All Parties

Encl.

**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 Wataynikaneyap Power GP Inc. on behalf of Wataynikaneyap Power LP (“WPLP”) 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

**WATAYNIKANEYAP POWER GP INC. on behalf of  
WATAYNIKANEYAP POWER LP**

**SETTLEMENT PROPOSAL**

**November 6, 2023**

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## **A. OVERVIEW**

### **1. Introduction**

This Settlement Proposal is filed with the Ontario Energy Board (“OEB”) in connection with Wataynikaneyap Power LP’s (by its general partner Wataynikaneyap Power GP Inc., together, “WPLP”) cost of service application (EB-2023-0168) made under section 78 of the Act, seeking approval of an electricity transmission revenue requirement and associated rates, effective January 1, 2024 and to charge Hydro One Remote Communities Inc. (“HORCI”) a fixed charge for transmission service, effective January 1, 2024 (the “Application”). WPLP’s transmission system is currently under construction and is being brought into service in stages over the 2022 to 2024 period. This is WPLP’s third transmission revenue requirement application.

As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues within the Application.

### **2. Background**

WPLP filed its Application on June 23, 2023, and, on July 10, 2023, the OEB issued a letter confirming the completeness of the Application. The OEB issued and published a Notice of Hearing on July 17, 2023, and Procedural Order No. 1 on August 14, 2023. In Procedural Order No. 1, the OEB confirmed that it did not receive any intervention requests. The OEB also provided an opportunity for OEB staff to file submissions on WPLP’s confidentiality request and directed WPLP and OEB staff to jointly develop a proposed issues list. On August 24, 2023, as part of Procedural Order No. 2, the OEB approved the proposed issues list for the purposes of the proceeding (the “Approved Issues List”).

Interrogatories from OEB staff were filed on September 8, 2023, and in accordance with Procedural Order No. 1, WPLP filed its responses to those interrogatories on September 28, 2023.

Procedural Order No. 2 also made provision for a Settlement Conference to be held commencing on October 17, 2023, and continuing October 18 and 19, 2023, if needed. In Procedural Order

No. 2, the OEB determined that, as there are no intervenors in this proceeding, pursuant to section 11 of the OEB's *Practice Direction on Settlement Conferences* (the "Practice Direction") OEB staff is required to be a party to the Settlement Conference and to any resulting settlement proposal.

### **3. *Settlement Process***

Pursuant to Procedural Order No. 2, a Settlement Conference was carried out on October 17, 2023, and was completed within one day. The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "Rules") and the Practice Direction. Mr. Andrew Pride of Andrew Pride Consulting acted as facilitator for the Settlement Conference. WPLP and OEB staff (collectively referred to as the "Parties") participated in the Settlement Conference.

The Parties have reached a complete settlement on all issues in the Approved Issues List, as further described in Part B, below.

### **4. *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 Settlement Conference, the discussion of each issue, the offers and counteroffers, 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.

As determined by the OEB in Procedural Order No. 2, OEB staff is a party to the Settlement Conference and to this Settlement Proposal and, accordingly, there is no need for OEB staff to make a submission, as contemplated in the Practice Direction, with respect to whether the Settlement Proposal represents an acceptable outcome from a public interest perspective, or whether the accompanying explanation and rationale is adequate to support the Settlement Proposal.

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 Parties agree that 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 both Parties 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 WPLP is a party to such proceeding.

In this Settlement Proposal, where any of the Parties “accept” the evidence of WPLP, 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. Settlement Proposal Overview**

The Parties have reached a complete settlement, partial settlement, or no settlement on the aspects of the Approved Issues List as summarized in the following Table and as described in greater detail in Part B, below.

<p><b>“Complete Settlement”</b> 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.</p>	<p>Issues Settled:  <b>ALL</b></p>
<p><b>“Partial Settlement”</b> means an issue for which there is partial settlement, as WPLP 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.</p>	<p>Issues Partially Settled:  <b>NONE</b></p>
<p><b>“No Settlement”</b> means an issue for which no settlement was reached. WPLP and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).</p>	<p>Issues Not Settled:  <b>NONE</b></p>

The following summarizes, at a high level, the most significant elements of the Settlement Proposal, which are with respect to OM&A, the disposition period for three of WPLP’s existing regulatory accounts, and an adjustment to an interest calculation relating to the cost rate for long-term debt. More detailed descriptions of each of the settled issues based on the Approved Issues List are set out in **Part B**. The 2024 revenue requirement update, which sets out the impacts of settlement and the impacts of applying the OEB’s 2024 Cost of Capital parameters, including

resulting rate and bill impacts, are set out in **Attachment ‘A’**. Draft accounting orders for revised and new regulatory accounts to be established pursuant to the terms of settlement are provided in **Attachments ‘B’ to ‘E’**.

The Application and the supporting evidence, including WPLP’s interrogatory responses, provide extensive detail on WPLP’s proposals in respect of its proposed 2024 electricity transmission revenue requirement and associated rates, including the proposed fixed charge to HORCI for electricity transmission service in 2024. The Parties, through negotiations, have agreed on modifications to WPLP’s proposed revenue requirement and associated rates and charges, as well as on other aspects proposed in or relating to the Application. In particular, these include:

- a) With respect to Operations, Maintenance and Administration (“OM&A”) costs, a 5% reduction to WPLP’s proposed 2024 OM&A expense on an envelope basis;
- b) With respect to WPLP’s In-Service Date Variance Account (“ISDVA”), Construction Period Interest Costs Variance Account (“CPICVA”) and Deferred Contingency Deferral Account (“DCDA”), a 1-year disposition period rather than four years as proposed in the Application;
- c) With respect to the interest calculation relating to the cost rate for long-term debt, an adjustment from 5.85% to 5.76%; and
- d) With respect to rate base, a reduction in 2024 rate base additions by \$6.4 million, corresponding with WPLP’s unaudited forecast of known COVID-19 costs for 2023, thereby impacting the 2024 regulated return on rate base and 2024 depreciation expense.

The Parties also agree that this Settlement Proposal shall present updates to reflect the OEB’s 2024 Cost of Capital parameters, which were issued after the conclusion of the Settlement Conference but prior to the required filing date for this Settlement Proposal, while also showing variances between amounts as proposed in the Application and the amounts resulting from settlement prior to updating for the 2024 Cost of Capital parameters.

Based on this Settlement Proposal and the updated cost of capital parameters, WPLP has revised its 2024 revenue requirement as summarized in Table 1, below.

**Table 1 - Summary of 2024 Revenue Requirement**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2023-06-23)	37,657	128,034	165,691
Settlement (2023-11-06)	33,714	119,716	153,430
Change	-3,943	-8,318	-12,261
% Change	-10.5%	-6.5%	-7.4%
<hr/>			
Settlement Proposal (2023-11-06)	33,714	119,716	153,430
2024 Cost of Capital Update	33,586	119,237	152,822
Change	-128	-479	-608
% Change	-0.4%	-0.4%	-0.4%

Detailed calculations in support of the settled and updated 2024 revenue requirement and its underlying components, as well as 2024 transmission rates and bill impacts, are provided in **Attachment 'A'**.

The bill impacts resulting from this Settlement Proposal, as well as from the updated 2024 Cost of Capital parameters, are summarized in Table 2, below.

**Table 2 - Summary of Bill Impacts**

Item	Description	Settlement Amount		Settlement and Cost of Capital Update Amount <sup>1</sup>	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$135.97	\$428.31	\$135.97 <sup>2</sup>	\$428.31 <sup>3</sup>
B	Increase related to Network RTSR	\$0.03	\$0.06	\$0.03	\$0.05

<sup>1</sup> All amounts are inclusive of 13% HST and the updated Ontario Electricity Rebate of 11.7%.

<sup>2</sup> Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at April 30, 2023.

<sup>3</sup> Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB's online bill calculator, as at April 30, 2023.

C	Increase related to RRRP rate	\$0.41	\$1.11	\$0.41	\$1.11
D = B + C	Total bill increase	\$0.43	\$1.17	\$0.43	\$1.16
E = D / A	Bill impact (%)	0.32%	0.27%	0.32%	0.27%

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. For purposes of regulatory efficiency and given that the 2024 Cost of Capital parameters have already been published, it is the intention of the Parties that this Settlement Proposal includes all supporting information necessary for implementation, including in part through the OEB’s subsequent approval of Uniform Transmission Rates for 2024, without the need for WPLP to file a separate draft revenue requirement and charge determinant order for further approval of the OEB.

**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 WPLP’s proposals which have been agreed upon in this Settlement Proposal.

**1. Issue 1: General**

- *Has WPLP responded appropriately to all relevant OEB directions from previous proceedings?*
- *Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?*
- *Is the proposed effective date of January 1, 2024 and proposed timing for inclusion in the UTRs and Hydro One Remote Communities Inc. (HORCI) billings appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP has responded appropriately to all relevant OEB directions from previous proceedings, that all elements of the proposed revenue requirement and their associated total bill impacts as modified in this Settlement Proposal are reasonable, and that the proposed effective date of January 1, 2024, and timing for inclusion in UTRs and HORCI billings are appropriate.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	<i>Prior OEB Directions:</i> Exhibit A-5-2  <i>Elements of Revenue Requirement and Bill Impacts:</i> Exhibit I  <i>Effective / Implementation Date:</i> Exhibits A-2-1; A-3-1; I-1-1; I-3-1; I-3-2
Interrogatories	-
Other	-

**2. Issue 2: Rate Base**

- *Are the amounts proposed for rate base appropriate?*

**(a) Complete Settlement**

The Parties agree that the amounts proposed by WPLP for rate base, as modified through this Settlement Proposal, are appropriate. In the Application, WPLP requested approval of a 2024 average rate base for the Line to Pickle Lake of \$310,065,555 for the Remote Connection Lines of \$1,158,076,406 and for General Plant of \$4,464,283 for a total of \$1,472,606,245. This included approximately \$42.1 million of audited year-end known COVID costs for 2021, approximately \$26.27 million of audited year-end known COVID costs for 2022, and approximately \$6.4 million of unaudited year-end forecasted known COVID costs for 2023. For the purposes of settlement, the Parties agree that the approximately \$68.37 million of audited known COVID costs from 2021 and 2022, which the evidence demonstrates have been prudently incurred, shall be added to rate base for 2024. In addition, for purposes of settlement, the Parties agree that the approximately \$6.4 million unaudited forecast of known COVID costs shall remain in the 2021-2023 CCCDA until it has been audited and approved for disposition in a future proceeding, and therefore shall not be added to rate base in 2024. As a result, the Parties agree that WPLP's 2024 average rate base shall be \$308,925,156 for the Line to Pickle Lake, \$1,153,857,865 for the Remote Connection Lines, and \$4,464,283 for General Plant, for a total of \$1,467,247,304.

The Parties also agree with WPLP's proposal to use the same approach to contingency in 2024 as was approved for 2022 in EB-2021-0134 and for 2023 in EB-2022-0149, namely by removing \$64,582,124 of contingency from 2024 rate base and recording the revenue requirement impact associated with that contingency amount, to the extent it is realized and does not exceed the amount removed from 2024 rate base, in the Deferred Contingency Deferral Account (DCDA). The amount eligible to be recorded in the DCDA is limited to the revenue requirement impact attributable to contingency costs to a maximum of \$81,881,849 corresponding to the forecasted contingency amounts which were removed and deferred from the 2023 and 2024 in-service additions used to calculate WPLP's 2023 and 2024 rate base. The accounting orders, approved in WPLP's applications for 2022 and 2023 rates, specifically make reference to 2022 and 2023 rate



base and contingency amounts deferred. Accordingly, included as **Attachment 'B'** to this settlement proposal, is a draft revised accounting order for the DCDA, with updated language to make clear that 2024 contingency amounts are similarly to be taken out of 2024 rate base and deferred for future recovery.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit C, Exhibit H, and Exhibit I-2-1
Interrogatories	OEB Staff - 3, 5(c), 10(c), 14, 15, 17 to 22
Other	-

**3. Issue 3: Performance**

- *Is the proposed approach to monitoring and OEB reporting of WPLP's transmission system performance adequate (once in service)?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed approach to monitoring and OEB reporting of its transmission system performance (once in service) is appropriate.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit D
Interrogatories	OEB Staff 23
Other	-

**4. Issue 4: Operating Revenue**

- *Are the proposed load and revenue forecasts appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP’s proposed load and revenue forecasts are appropriate.

In the Application, WPLP requested approval of total forecasted charge determinants of 156.151 MW for inclusion in the 2024 UTR calculation. WPLP’s revenue forecast is consistent with its calculated revenue requirement, subject to immaterial rounding variances arising in the UTR calculations.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit E
Interrogatories	-
Other	-

**5. Issue 5: Operating Costs**

- *Are the proposed spending levels for OM&A in 2024 appropriate, including consideration of factors such as system reliability and asset condition?*
- *Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?*
- *Is the proposed depreciation expense appropriate?*
- *Are the services to be provided by third parties, and their associated costs, appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed spending levels for OM&A in 2024, as modified through this Settlement Proposal, are appropriate and have appropriately considered factors such as system reliability and asset condition; that the amounts proposed to be included in the revenue requirement for income taxes and depreciation expense are appropriate subject to changes as a result of the removal of WPLP's unaudited forecast of known COVID costs for 2023 from rate base; and that the services to be provided by third parties, and their associated costs, are appropriate.

In the Application, WPLP proposed to recover \$30,983,687 in OM&A expenses, \$30,433,091 in depreciation expense, and \$501,972 in income tax expense. The Parties accept WPLP's proposed depreciation expense subject to the change from the rate base reduction (\$30,321,723) and income tax expense, and agree to a 5% reduction to OM&A expenses on an envelope basis, which reduces the OM&A expenses recoverable for 2024 to \$29,434,503. WPLP's income taxes have been updated based on the updated cost of capital parameters. The Parties determined that a 5% reduction to OM&A is appropriate based on comparisons to the OM&A benchmarking results filed in EB-2022-0149, while taking into consideration (a) that the Construction Period OM&A Variance Account will continue to ensure that any over-recovery in OM&A will be returned to ratepayers, (b) that a significant portion of the OM&A budget relates to the inspection and maintenance of in-service assets, as well as preparing for outage and emergency response, which are critical activities especially given the remoteness and radial nature of the system, (c) that certain assets are likely to go into service earlier than forecasted, which will put upward pressure on OM&A costs due to there being additional costs for control room functions in relation to such

assets, increased risk exposure for troubleshooting and outage/emergency response, and an increased percentage of overhead costs allocated to OM&A through the overhead cost allocation methodology, and (d) that a larger reduction could force WPLP to delay progress on important initiatives that will assist in optimizing future OM&A programs, such as with respect to its asset management system and data collection/analysis processes to support its vegetation management program.

In the Settlement Proposal for EB-2022-0149 the Parties also agreed that WPLP will file an econometric benchmarking study of its OM&A costs in 2025 in respect of its application for approval of a transmission revenue requirement and rates for the period starting in 2026. It is expected that the econometric benchmarking study will help overcome the limitations identified in the unit cost benchmarking study that was filed in WPLP's 2023 transmission revenue application by allowing for appropriate adjustments for WPLP's unique business circumstances and transmission system characteristics.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit F
Interrogatories	OEB Staff - 5(c), 23 to 31
Other	-

**6. Issue 6: Cost of Capital & Capital Structure**

- *Is the proposed capital structure appropriate?*
- *Is the proposed cost of capital, including updates appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP’s proposed capital structure and proposed cost of capital, including updates, are appropriate.

In the Application, WPLP requested approval of a capital structure of 72.8% long-term debt, 0% short-term debt and 27.2% equity. WPLP applied its forecasted cost of debt to the long-term debt component of its capital structure; has no return for short-term debt because it is using its actual capital structure whereby all debt is long-term; and applied the OEB’s 2023 Cost of Capital parameter for the equity component, resulting in a weighted average cost of capital rate of 6.74%.<sup>4</sup>

The Parties agreed that WPLP will update its Revenue Requirement and Bill Impact calculations based on the updated Cost of Capital parameter for equity established by the OEB for 2024. The OEB issued the 2024 Cost of Capital parameters on October 31, 2023. Based on the OEB’s 2024 Cost of Capital parameters, WPLP’s updated weighted average cost of capital rate is 6.70%. The impacts of these updates are summarized in **Part A**, above, as well as presented in **Attachment ‘A’**. Furthermore, as proposed in the Application, differences between WPLP’s forecast and actual costs of debt during the construction phase of the project (due in particular to changes in its variable cost of long-term debt) will continue to be recorded in WPLP’s existing Construction Period Interest Costs Variance Account.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit G
Interrogatories	OEB Staff - 32, 33 and 34

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<sup>4</sup> As explained in response to OEB Staff 34(a), the Application as filed indicated a weighted average cost of capital rate of 6.81%, but was found to be based on an error and was corrected to 6.74%.

Other	-
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**7. Issue 7: Deferral & Variance Accounts**

- *Are the proposed amounts, disposition, continuance and discontinuance of existing deferral and variance accounts appropriate?*
- *Are the proposed modifications to existing deferral and variance accounts appropriate?*
- *Are the proposed new deferral and variance accounts appropriate?*
- *Are WPLP's COVID-19 related costs and their proposed treatment appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed amounts, disposition, modification, continuance and discontinuance of existing deferral and variance accounts, as well as the establishment of new accounts and the treatment of COVID-19 related costs, as agreed to or modified through this Settlement Proposal, are appropriate.

The Parties agreed with WPLP's proposals:

- to continue the Pikangikum Distribution System Deferral Account and to partially dispose of the December 31, 2022 audited balance for that account by recovering \$1,899,735 in relation to the Remote Connection Lines over a one-year period;
- to continue the COVID Construction Costs Deferral Account (CCCDA) and to recover the third 25% tranche of the total audited 2020 year-end balance, being \$5,042,957, inclusive of applicable carrying costs, over a one-year period; and
- to continue the Construction Period OM&A Variance Account.

Other than in respect of the applicable disposition period, the Parties agree with WPLP's proposals:

- to continue the In-Service Date Variance Account (ISDVA), and to dispose of the (\$16,338,589) audited December 31, 2022 balance, inclusive of forecasted interest for 2023;



- to continue the Construction Period Interest Costs Variance Account (CPICVA), and to dispose of the \$3,653,498 audited December 31, 2022, inclusive of forecasted interest for 2023; and
- to continue the Deferred Contingency Deferral Account (DCDA), and to dispose of the audited \$23,757 December 31, 2022 balance, inclusive of forecasted interest for 2023.

For the purposes of settlement, the Parties agreed that the disposition period for the ISDVA, CPICVA and the DCDA shall be one year, rather than the 4-year period proposed in the Application. A one-year disposition period decreases the 2024 revenue requirement and is consistent with the OEB’s default disposition period used to clear deferral and variance account balances.<sup>5</sup> WPLP has updated the forecasted interest amounts of these accounts given the changes to the disposition period. Further details are provided in Attachment A – Table 17. A copy of the updated draft Accounting Order for the DCDA, which includes values for 2024, is provided in **Attachment ‘B’**.

Regarding the 2021-2023 COVID Construction Costs Deferral Account (2021-2023 CCCDA), WPLP proposed to dispose of the 2023 year-end forecasted balance as capital, to update the recorded carrying charges to reflect WPLP’s actual cost of debt or “AFUDC”, and to continue the account subject to certain modifications, namely to specify that any amounts recorded in the account will be treated as capital and by expanding the scope of the account to enable tracking of amounts relating to 2020. For the purposes of settlement, the Parties agree to the continuance of the account, to the disposition of the 2022 year-end audited balance of the account as capital, and that WPLP will update the recorded carrying charges up to year-end 2022 to reflect AFUDC (for total disposition to CWIP of \$69,183,830 before adjustment for AFUDC). Moreover, for purposes of settlement, the Parties agree that WPLP shall not dispose of the 2023 unaudited forecast balance of approximately \$6.4 million which shall remain in the account, and that the account shall not be modified to specify the manner of recovery or to enable tracking of amounts relating to 2020. A

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<sup>5</sup> EB 2008-0046, July 31, 2009, OEB Report Review of Electricity Deferral and Variance Account Balances, p. 23

copy of the updated draft Accounting Order for the 2021-2023 CCCDA is provided in **Attachment ‘C’**.

Regarding CWIP Account 2055, WPLP proposed to modify this account by establishing a new sub-account to enable tracking of COVID-related capital costs incurred from 2020 onward, which are associated with assets either already in service or which will come into service by the end of 2024. For the purposes of settlement, the Parties agreed that WPLP will not establish the proposed sub-account.

In its Application, WPLP proposed to establish a new EPC COVID-Related Costs Deferral Account (“EPC COVID Account”), to record costs, including applicable AFUDC, incurred and to be incurred by WPLP under its EPC Contract that relate to 2024 or later and which are in respect of anticipated claims from the EPC contractor for cost and schedule relief under the EPC Contract in relation to COVID and related access issues in the Whitefeather Forest area, but not including any such costs that are related to the 2020-2023 period and which would instead be recorded in the 2021-2023 CCCDA, which WPLP proposed to be amended. In addition, WPLP proposed that the amounts recorded in the account would be treated as capital. For the purpose of settlement, the Parties agree that WPLP will establish the new EPC COVID Account, but that it will be used to record costs, including applicable carrying costs, incurred and to be incurred by WPLP under its EPC Contract that relate to 2020 or later and which are in respect of anticipated claims from the EPC contractor for cost and schedule relief under the EPC Contract in relation to COVID and related access issues in the Whitefeather Forest area. Moreover, WPLP shall establish sub-accounts for each year from 2020 to such year that all outstanding amounts are determined and shall record in such sub-accounts any amounts relating to such years. Furthermore, for the purpose of settlement, the Parties agree that the method of recovery – as capital or as expenses – shall be subject to determination in a future application, and that the carrying cost shall on an interim basis be the OEB prescribed rate but shall be recalculated on the basis of the applicable CWIP rate if and when recovery is determined to be as capital. A copy of the updated draft Accounting Order for the EPC COVID Account is provided in **Attachment ‘D’**.

The Parties agree with WPLP’s proposal to establish a new Federal CIAC Variance Account, effective January 1, 2024, for the purpose of recording the revenue requirement impact of the difference, if any, between WPLP’s forecasted date of the Contribution in Aid of Construction (CIAC) funds being distributed to WPLP pursuant to the Federal Funding Framework and the actual date such funds are distributed to WPLP, based on a forecast date of December 31, 2024. However, for the purpose of settlement, the Parties agree that the account will be asymmetrical to the benefit of ratepayers and that the term of the account shall expire December 31, 2024, such that if the CIAC is not distributed to WPLP until after such date then the rate impacts thereof would be a matter for consideration in a future rate application. A copy of the updated draft Accounting Order for the Federal CIAC Variance Account is provided in **Attachment ‘E’**.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit H
Interrogatories	OEB Staff – 2, 3, 7, 8, 9, 14, 18, 35 to 45
Other	-

**8. Issue 8: Cost Allocation**

- *Is the proposed cost allocation appropriate?*

**(a) Complete Settlement**

The Parties agree that WPLP's proposed cost allocation is appropriate.

In the Application, WPLP explained that due to its unique cost recovery and rate framework, its 2024 revenue requirement is allocated between the Line to Pickle Lake and the Remote Connection Lines. The Line to Pickle Lake portion of the revenue requirement is recovered through the UTR Network rate and the Remote Connection Lines revenue requirement is recovered through a fixed monthly charge applicable to HORCI during 2024. Based on the Application, the UTR Network rate was estimated to increase by \$0.03/kW and the fixed monthly charge to HORCI was proposed to be \$10,669,468 effective January 1, 2024.

Based on this Settlement Proposal but without reflecting the 2024 Cost of Capital parameters, the UTR Network rate is estimated to increase by \$0.01/kW effective January 1, 2024 and the fixed monthly charge to HORCI would be \$9,976,371 effective January 1, 2024.

Based on this Settlement Proposal together with updates to reflect the 2024 Cost of Capital parameters, the UTR Network rate is estimated to increase by \$0.01/kW effective January 1, 2024 and the fixed monthly charge to HORCI is proposed to be \$9,936,402 effective January 1, 2024.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit I
Interrogatories	OEB Staff - 34(a)
Other	-

**C. ATTACHMENTS**

**Attachment ‘A’** 2024 Revenue Requirement and Bill Impacts Update (including UTR Charge Determinants and Fixed Charges to HORCI)

**Attachment ‘B’** Draft Updated Accounting Order for Deferred Contingency Deferral Account

**Attachment ‘C’** Draft Updated Accounting Order for 2021-2023 COVID Construction Costs Deferral Account

**Attachment ‘D’** Draft Updated Accounting Order for EPC COVID-Related Costs Deferral Account

**Attachment ‘E’** Draft Updated Accounting Order for Federal CIAC Variance Account

**ATTACHMENT 'A'**

**2024 Revenue Requirement and Bill Impacts Update (including UTR Charge  
Determinants and Fixed Charges to HORCI)**

**A. INTRODUCTION AND SUMMARY**

This Attachment ‘A’ updates various components of WPLP’s written evidence as required to recalculate WPLP’s 2024 test year transmission revenue requirement in alignment with the Settlement Proposal. Unless otherwise stated, variances calculated within this Attachment compare the results of the Settlement Proposal to WPLP’s June 23, 2023 filed rate application. WPLP’s revised 2024 revenue requirement resulting from the Settlement Proposal is summarized in Table 1.

**Table 1: Summary of Change in Revenue Requirement**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Rate Application (2023-06-23)	37,657	128,034	165,691
Settlement Proposal (2023-11-06)	33,714	119,716	153,430
Change	-3,943	-8,318	-12,261
% Change	-10.5%	-6.5%	-7.4%

In addition, 2024 cost of capital parameters were released by the OEB on October 31, 2023. WPLP’s updated 2024 revenue requirement resulting from the Settlement Proposal and the updated cost of capital parameters is summarized in Table 2.

**Table 2: Summary of Change to Settlement Proposal Revenue Requirement with Cost of Capital Update**

	Revenue Requirement for Rates (\$000's)		
	Line to Pickle Lake	Remote Connection Lines	Total
Settlement Proposal (2023-11-06) <sup>6</sup>	33,714	119,716	153,430
2024 Cost of Capital Update	33,586	119,237	152,822
Change	-128	-479	-608
% Change	-0.4%	-0.4%	-0.4%

<sup>6</sup> From Table 1 above.

Part B, below, provides high-level summaries of four aspects of the Settlement Proposal which directly affect WPLP’s 2024 test year transmission revenue requirement: (i) removal of unaudited forecast COVID costs of \$6.4 million from 2024 rate base additions; (ii) reduction of OM&A expense on an envelope basis by 5%; (iii) update of the long-term interest rate to 5.76%; and (iv) change of the disposition period for the ISDVA, CPICVA and DCDA from 4 years to 1 year. Part C, below, provides updates to various tables that support the recalculation of WPLP’s 2024 revenue requirement, with reference to the corresponding tables in the Application.

**B. SETTLEMENT AGREEMENT EFFECT ON 2024 REVENUE REQUIREMENT**

***1. Rate Base Additions – COVID Costs***

WPLP proposed to include \$74.57 million of COVID costs in 2024 rate base additions in the rate application. The settlement proposal provides that WPLP will reduce its 2024 rate base additions by \$6.4 million, which represent unaudited forecasted 2023 COVID costs. The changes to 2024 rate base closing balance and 12-month average values are provided below in Table 3.

**Table 3 – 2024 Rate Base**

Item	Application 2024 Forecast (\$000's)			Settlement 2024 Forecast (\$000's)			Variance Closing Balances	Variance 12-Month Avg Balances
	Opening	Closing	12-Month Avg	Opening	Closing	12-Month Avg		
Gross Fixed Assets	1,114,064	1,755,808	1,506,409	1,114,064	1,749,413	1,501,003	(6,395)	(5,406)
Less Accumulated Depreciation	(20,024)	(50,457)	(33,803)	(20,024)	(50,345)	(33,756)	112	47
<b>Net Fixed Assets</b>	<b>1,094,040</b>	<b>1,705,351</b>	<b>1,472,606</b>	<b>1,094,040</b>	<b>1,699,067</b>	<b>1,467,247</b>	<b>(6,284)</b>	<b>(5,359)</b>
Working Capital Allowance	-	-	-	-	-	-	-	-
<b>Total Rate Base</b>	<b>1,094,040</b>	<b>1,705,351</b>	<b>1,472,606</b>	<b>1,094,040</b>	<b>1,699,067</b>	<b>1,467,247</b>	<b>(6,284)</b>	<b>(5,359)</b>

***2. OM&A Cost Forecast***

WPLP proposed to recover \$30,983,687 in OM&A expenses in the rate application. The settlement proposal provides that WPLP will reduce its OM&A expense on an envelope basis by 5%, which reduces the OM&A expense recoverable for 2024 to \$29,434,503. WPLP’s 2024 depreciation was reduced based on the changes discussed above in section 1, reducing WPLP’s rate base additions



by \$6.4 million. The Parties accepted WPLP’s income tax expense as proposed. The changes to OM&A costs are presented below in Table 4.

**Table 4 – Summary of Operating Costs from Settlement**

	<b>Rate Application</b>	<b>Settlement</b>	<b>Variance</b>
OM&A Expenses	\$30,983,687	\$29,434,503	-\$1,549,184
Depreciation and Amortization	\$30,433,091	\$30,321,723	-\$111,368
Income Taxes	\$501,972	\$501,972	-
<b>Total Operating Costs</b>	<b>\$61,918,750</b>	<b>\$60,258.198</b>	<b>-\$1,660,552</b>

### 3. Cost of Capital

WPLP in error provided an interest rate of 5.85% on long-term debt in the rate application. The corrected rate of 5.76% was provided in response to Board Staff IR 34. The settlement proposal provides that WPLP will update to the corrected rate. This interest rate change reduces WPLP’s cost of capital by 0.07%. The changes to cost of capital are presented in Table 5, below.

**Table 5 – Capital Structure and Cost of Capital**

	<b>Capitalization Ratio</b>		<b>Cost Rate</b>	<b>Return</b>
	<b>(%)</b>	<b>(\$)</b>	<b>(%)</b>	<b>(\$)</b>
<b>Rate Application</b>				
Long-term Debt	72.8%	\$1,072,606,245	5.85%	\$62,771,706
Short-term Debt	0.0%	\$0	4.79%	\$0
<i>Total Debt</i>	72.8%	\$1,072,606,245	5.85%	\$62,771,706
<i>Common Equity</i>	27.2%	\$400,000,000	9.36%	\$37,440,000
<b>Total</b>	<b>100%</b>	<b>\$1,472,606,245</b>	<b>6.81%</b>	<b>\$100,211,706</b>
<b>Settlement</b>				
Long-term Debt	72.7%	\$1,067,247,304 <sup>7</sup>	5.76%	\$61,450,885
Short-term Debt	0.0%	\$0	4.79%	\$0
<i>Total Debt</i>	72.7%	\$1,067,247,304	5.76%	\$61,450,885
<i>Common Equity</i>	27.3%	\$400,000,000	9.36%	\$37,440,000
<b>Total</b>	<b>100%</b>	<b>\$1,467,247,304</b>	<b>6.74%</b>	<b>\$98,890,885</b>

<sup>7</sup> Required long-term debt balance adjusted for change in average 12-month rate base (discussed in section 1 above).

<b>Variance</b>	-	<b>\$5,358,941</b>	<b>0.07%</b>	<b>\$1,320,821</b>
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**4. Deferral Account Disposition**

WPLP proposed to dispose of the ISDVA, CPICVA and DCDA over a 4-year period, which had the effect of reducing WPLP’s 2024 revenue requirement by \$3.38 million in the rate application. The Parties agreed that WPLP will instead dispose of the ISDVA, CPICVA and DCDA over a 1-year period, which has the effect of reducing WPLP’s 2024 Revenue Requirement by \$12.66 million. The net impact of this change to the 2024 revenue requirement is \$9.28 million from the amount filed in the rate application. The changes to the ISDVA, CPICVA and DCDA 2024 disposition values are presented below in Table 6.

**Table 6 – ISDVA, CPIC and DCDA Variance Accounts Disposition**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
<b>Rate Application</b>			
Disposition of In-Service Date Variance Account (ISDVA)	-\$1,763,962	-\$2,601,017	-\$4,364,979
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	\$551,307	\$425,256	\$976,563
Disposition of Deferred Contingency Deferral Account (DCDA)	\$5,747	\$603	\$6,350
<b>Total</b>	<b>-\$1,206,908</b>	<b>-\$2,175,158</b>	<b>-\$3,382,066</b>
<b>Settlement</b>			
Disposition of In-Service Date Variance Account (ISDVA)	-\$6,603,569	-\$9,735,019	-\$16,338,588
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	\$2,062,688	\$1,590,810	\$3,653,498
Disposition of Deferred Contingency Deferral Account (DCDA)	\$21,500	\$2,257	\$23,757
<b>Total</b>	<b>-\$4,519,381</b>	<b>-\$8,141,952</b>	<b>-\$12,661,333</b>
<b>Variance</b>	<b>-\$3,312,473</b>	<b>-\$5,966,794</b>	<b>-\$9,279,267</b>

**C. DETAILED CALCULATIONS FOR UPDATED REVENUE REQUIREMENT**

The following sections provide detailed calculations to support the recalculation of WPLP’s 2024 test year revenue requirement resulting from the Settlement Proposal and the OEB’s 2024 cost of capital parameters.

For ease of reference, each numbered section below corresponds to the specific Exhibit from the Application as indicated.

**5. Rate Base (Updates to Exhibit C)**

**(a) 2024 Rate Base**

WPLP’s 2024 rate base additions have been revised from \$641.7 million to \$635.3 million as a result of the Settlement Proposal. Table 7 below summarizes the change in 2024 rate base additions compared to the amounts presented in the rate application. Details of the recalculated 2024 year-end gross assets, 2024 year-end accumulated depreciation, summary of 2024 average net fixed assets and monthly asset balances are provided below in Tables 8-12.

**Table 7 – Total 2024 In-Service Additions**

**(Update of: C-2-1, Table 4)**

<b>Asset Category</b>	<b>Initial In-Service Additions (\$000’s)</b>	<b>Settlement In-Service Additions (\$000’s)</b>	<b>Variance (\$000’s)</b>
Line to Pickle Lake – Lines	21,910	20,885	(1,025)
Line to Pickle Lake – Stations	9,702	9,526	(176)
Remote Connection Lines – Lines	449,203	445,382	(3,821)
Remote Connection Lines – Stations	152,179	150,806	(1,373)
General Plant	8,750	8,750	-
<b>Total 2024 In-Service Additions</b>	<b>641,745</b>	<b>635,349</b>	<b>(6,395)</b>

**Table 8 – Settlement 2024 Year-End Gross Assets by OEB Account (\$000’s)**

**(Update of: C-3-1, Table 3)**

<b>OEB Account and Description</b>	<b>Line to Pickle Lake (UTR Network Rate)</b>	<b>Remote Connection Lines (HORCI Rate)</b>	<b>Settlement Total</b>
1715 – Station Equipment (Station and Transformers)	45,725	315,418	361,143
1715A – Station Equipment (Switches and Breakers)	6,193	25,067	31,260

1715B – Station Equipment (Protection and Control)	1,491	13,384	14,875
1720 – Towers and Fixtures	114,243	498,786	613,029
1725 – Poles and Fixtures	0	35,518	35,518
1730 – OH Conductor and Devices	153,461	530,880	684,341
<b>Sub-Total Transmission System Plant</b>	<b>321,114</b>	<b>1,419,054</b>	<b>1,740,167</b>
1908 – Buildings and Fixtures	1,056	3,944	5,000
1915 – Office Furniture and Equipment	25	95	120
1930 – Transportation Equipment	174	651	825
1611 – Computer Software	697	2,603	3,300
<b>Total</b>	<b>323,066</b>	<b>1,426,346</b>	<b>1,749,413</b>

**Table 9 – Settlement 2024 Year-End Accumulated Depreciation by OEB Account (\$000’s)**

**(Update of: C-3-1, Table 4)**

<b>OEB Account and Description</b>	<b>Line to Pickle Lake (UTR Network Rate)</b>	<b>Remote Connection Lines (HORCI Rate)</b>	<b>Total</b>
1715 – Station Equipment (Station and Transformers)	1,857	7,471	9,329
1715A – Station Equipment (Switches and Breakers)	365	781	1,146
1715B – Station Equipment (Protection and Control)	175	784	958
1720 – Towers and Fixtures	4,420	10,038	14,458
1725 – Poles and Fixtures	0	1,137	1,137
1730 – OH Conductor and Devices	7,331	15,192	22,523
<b>Sub-Total Transmission System Plant</b>	<b>14,147</b>	<b>35,403</b>	<b>49,551</b>
1908 – Buildings and Fixtures	4	13	17
1915 – Office Furniture and Equipment	2	9	12
1930 – Transportation Equipment	31	116	147
1611 – Computer Software	131	489	620
<b>Total</b>	<b>14,315</b>	<b>36,030</b>	<b>50,345</b>

**Table 10 – Summary of 2024 Average Net Fixed Assets**

**(Update of: C-3-1, Table 5)**

(\$000's)	LTPL	RCL	GP	Total
<b>Rate Application 2024 12-Month Average</b>				
Gross Fixed Assets	320,998	1,180,567	4,844	1,506,409
Less Accumulated Depreciation	-10,932	-22,490	-380	-33,803
<b>Net Fixed Assets</b>	<b>310,066</b>	<b>1,158,076</b>	<b>4,464</b>	<b>1,472,606</b>
<b>Settlement 2024 12-Month Average</b>				
Gross Fixed Assets	319,847	1,176,312	4,844	1,501,003
Less Accumulated Depreciation	-10,921	-22,455	-380	-33,756
<b>Net Fixed Assets</b>	<b>308,925</b>	<b>1,153,858</b>	<b>4,464</b>	<b>1,467,247</b>
<b>Variance</b>	<b>-1,141</b>	<b>-4,218</b>	<b>-</b>	<b>-5,359</b>

**Table 11 – Settlement 2024 Gross Asset Balances by Month (\$000’s)**  
**(Update of: C-3-1, Table 6)**

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
LTPL	Opening	290,703	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	
	Additions	30,411	0	0	0	0	0	0	0	0	0	0	0	
	Closing	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	
	Average	305,908	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	321,114	319,847
RCL	Opening	822,866	847,951	847,951	847,951	1,008,454	1,144,380	1,284,366	1,337,524	1,419,054	1,419,054	1,419,054	1,419,054	
	Additions	25,085	0	0	160,503	135,926	139,986	53,158	81,530	0	0	0	0	
	Closing	847,951	847,951	847,951	1,008,454	1,144,380	1,284,366	1,337,524	1,419,054	1,419,054	1,419,054	1,419,054	1,419,054	
	Average	835,408	847,951	847,951	928,202	1,076,417	1,214,373	1,310,945	1,378,289	1,419,054	1,419,054	1,419,054	1,419,054	1,176,312
GP	Opening	495	3,535	3,535	3,535	3,645	3,645	4,135	4,245	4,245	4,245	9,245	9,245	
	Additions	3,040	0	0	110	0	490	110	0	0	5,000	0	0	
	Closing	3,535	3,535	3,535	3,645	3,645	4,135	4,245	4,245	4,245	9,245	9,245	9,245	
	Average	2,015	3,535	3,535	3,590	3,645	3,890	4,190	4,245	4,245	6,745	9,245	9,245	4,844

**Table 12 – Settlement 2024 Accumulated Depreciation by Month (\$000’s)**

**(Update of: C-3-1, Table 7)**

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
LTPL	Opening	7,745	8,229	8,767	9,305	9,843	10,381	10,919	11,457	11,995	12,533	13,071	13,609	
	Additions	484	538	538	538	538	538	538	538	538	538	538	538	
	Closing	8,229	8,767	9,305	9,843	10,381	10,919	11,457	11,995	12,533	13,071	13,609	14,147	
	Average	7,987	8,498	9,036	9,574	10,112	10,650	11,188	11,726	12,264	12,802	13,340	13,878	10,921
RCL	Opening	12,220	13,607	15,036	16,466	17,896	19,595	21,514	23,664	25,904	28,279	30,654	33,028	
	Additions	1,386	1,430	1,430	1,430	1,698	1,920	2,150	2,240	2,375	2,375	2,375	2,375	
	Closing	13,607	15,036	16,466	17,896	19,595	21,514	23,664	25,904	28,279	30,654	33,028	35,403	
	Average	12,913	14,322	15,751	17,181	18,746	20,555	22,589	24,784	27,091	29,466	31,841	34,216	22,455
GP	Opening	59	67	125	183	241	301	361	429	499	569	639	717	
	Additions	8	58	58	58	60	60	68	70	70	70	78	78	
	Closing	67	125	183	241	301	361	429	499	569	639	717	795	
	Average	63	96	154	212	271	331	395	464	534	604	678	756	380

**6. Operating Costs (Updates to Exhibit F)**

**(b) Operating Cost Summary**

WPLP’s 2024 operating costs have been revised from \$30.98 million to \$29.43 million as a result of the Settlement Proposal. Table 13 below summarizes the revised operating costs compared to the amounts presented in the rate application. Details of the recalculated depreciation expense are provided in subsection (b) based on the reduction in 2024 rate base additions as a result of the Settlement Proposal, and income tax expense are provided in subsection (c) below based on changes to the cost of capital parameters.

**Table 13 – Summary of 2024 Operating Costs (Costs in \$000’s)**

**(Update of: F-1-1, Table 1)**

Operating Cost Category	Rate Application	Settlement and Cost of Capital Update	Variance	
			\$	%
OM&A Expenses	\$30,983,687	\$29,434,503	-\$1,549,184	-5.0%
Depreciation and Amortization	\$30,433,091	\$30,321,723	-\$111,368	-0.4%
Income Taxes	\$501,972	\$493,928	-\$8,044	-1.6%
<b>Total Operating Costs</b>	<b>\$61,918,750</b>	<b>\$60,250,154</b>	<b>-\$1,668,596</b>	<b>-2.7%</b>

**(c) Depreciation Expense**

There was a decrease in depreciation expense based on the reduction of 2024 rate base additions of \$6.4 million. Table 14 below provides the updated depreciation expense detail.

**Table 14 – Settlement 2024 Depreciation Expense (Costs in \$000’s)**

**(Update of: F-4-1, Table 2)**

OEB Account and Description	Line to Pickle Lake (UTR Network Rate)	Remote Connection Lines (HORCI Rate)	Total
1715 - Station Equipment (Station and Transformers)	897	5,107	6,003



1715A - Station Equipment (Switches and Breakers)	157	510	667
1715B - Station Equipment (Protection and Control)	75	533	607
1720 - Towers and Fixtures	1,909	6,571	8,481
1725 - Poles and Fixtures	0	767	767
1730 - OH Conductor and Devices	3,364	9,695	13,060
<b>Sub-Total Transmission System Plant</b>	<b>6,402</b>	<b>23,183</b>	<b>29,585</b>
1908 - Buildings and Fixtures	4	13	17
1915 - Office Furniture and Equipment	2	8	10
1930 - Transportation Equipment	21	79	100
1611 - Computer Software	129	481	610
<b>Total</b>	<b>6,558</b>	<b>23,764</b>	<b>30,322</b>

**(d) Income Taxes**

Table 15 provides a revised calculation of WPLP’s 2024 income tax expense. The decrease in income tax expense from \$502k to \$494k, as shown in Table 13, results from the decrease in WPLP’s 2024 revenue requirement arising from the 2024 updated cost of capital parameters published by the OEB.

**Table 15 – WPLP’s 2024 Ontario Corporate Minimum Tax (\$000’s)**  
**(Update of: F-5-1, Table 1)**

<b>Item</b>	<b>Description</b>	<b>Allocation / Rate</b>	<b>Amount</b>
A	WPLP Regulatory Net Income (before Tax and adjustments, includes gross-up of income tax expense)		37,334 <sup>8</sup>
B	% of LP Interests Held by Taxable Entities	49%	
C = A x B	Regulatory Net Income subject to Taxation		18,294
D	Ontario Minimum Corporate Tax Rate	2.7%	
<b>E = C x D</b>	<b>Ontario Minimum Corporate Tax</b>		<b>494</b>
F	Ontario Corporate Income Tax Payable		0
<b>G = E-F</b>	<b>Ontario Corporate Minimum Tax Payable</b>		<b>494</b>

<sup>8</sup> The regulated income of \$36,840,000 provided in Table 16 below has been grossed up for tax purposes.

**7. Capital Structure and Cost of Capital (Updates to Exhibit G)**

Table 16 provides a revised calculation of WPLP’s 2024 capital structure and cost of capital. The long-term interest rate has been updated based on the settlement proposal, resulting in a reduction in interest cost of \$1.3 million, and the decrease in return on rate base from \$37.44 million in the updated application to \$36.84 million in Table 16 is solely attributable to the updated return on equity rates in the OEB’s 2024 cost of capital parameters.

**Table 16 – 2024 Capital Structure and Cost of Capital**  
 (Update of: G-2-1, Table 1)

	Capitalization Ratio		Cost Rate	Updated Return	Application Return	Variance
	(%)	(\$)	(%)	(\$)	(\$)	(\$)
Long-term Debt	72.7%	\$1,067,247,304	5.76%	\$61,450,885	\$62,771,706	- \$1,320,821
Short-term Debt	0.0%	\$0	4.79%	\$0	\$0	\$0
<i>Total Debt</i>	72.7%	\$1,067,247,304	5.76%	\$61,450,885	\$62,771,706	- \$1,320,821
<i>Common Equity</i>	27.3%	\$400,000,000	9.21%	\$36,840,000	\$37,440,000	\$600,000
<b>Total</b>	<b>100%</b>	<b>\$1,467,247,304</b>	<b>6.70%</b>	<b>\$98,290,885</b>	<b>\$100,211,706</b>	- <b>\$1,920,821</b>

**8. Deferral and Variance Accounts (Exhibit H)**

Table 17 provides a revised calculation of WPLP’s deferral account disposition continuity. The Settlement Proposal provides that WPLP will dispose of the ISDVA, CPICVA and DCDA over a 1-year period. The change in recovery for the three variance accounts results in an overall increase in the Variance/Deferral account dispositions to ratepayers in 2024 of \$9.28 million.

**Table 17 – Deferral Account Disposition Continuity**

**(Update of: H-2-1, Table 1)**

	<b>Audited 2021 Balance<sup>9</sup></b>	<b>2022 Incremental Costs</b>	<b>2022 Transfers</b>	<b>2022 Recovery</b>	<b>Audited 2022 Balance<sup>10</sup></b>	<b>Forecasted Carrying Charges</b>	<b>2023 Application Recovery</b>	<b>Adjusted Balance</b>	<b>Disposition to LTPL<sup>11</sup></b>	<b>Disposition to RCL<sup>11</sup></b>
Pikangikum Distribution System Deferral Account	\$3,243,928	\$1,740,763	-	(\$2,046,966)	\$2,937,725	158,973	(\$1,193,963)	\$1,899,735	-	\$1,899,735
In-Service Date Variance Account	-	(\$15,195,242)	-	-	(\$15,195,242)	(\$1,143,347)	-	(\$16,338,589)	(\$6,603,569)	(\$9,735,019)
Construction Period Interest Costs Variance Account	-	\$3,395,782	-	-	\$3,395,782	\$257,716	-	\$3,653,498	\$2,062,688	\$1,590,810
Deferred Contingency Deferral Account	-	\$22,082	-	-	\$22,082	\$1,675	-	\$23,757	\$21,500	\$2,257
COVID Construction Costs Deferral Account	\$59,496,634	\$392,288	(\$42,096,982)	(\$4,349,913)	\$13,442,027	993,801	(\$4,349,913)	\$10,085,915	\$3,516,436 <sup>12</sup>	\$1,526,521 <sup>12</sup>
COVID Construction Costs 2021-2023 Deferral Account	-	\$27,086,848	\$42,096,982	-	\$69,183,830	-	-	\$69,183,830	-	-
	\$62,740,562	\$43,293,945	-	(\$6,396,879)	\$73,786,203	\$268,819	(\$5,543,876)	\$67,641,216	(\$1,002,944)	(\$4,715,696)

<sup>9</sup> Exhibit A-7-1- Attachment 2. Note that COVID-19 costs were recorded in CWIP Account 2055 in the 2020 audited financial statements and reclassified to a deferral account in 2021 upon OEB approval of the CCCDA in EB-2021-0134.

<sup>10</sup> Audited balances include deferral account carrying charges.

<sup>11</sup> Disposition of full amount in 2024 of adjusted deferral account balance for the ISDVA, CPICVA and DCDA.

<sup>12</sup> Disposition amount is 25% of deferral account balance as at December 31, 2020 approved in EB-2021-0134 plus carrying charges.

**9. Cost Allocation, Rate Design and Bill Impacts (Updates to Exhibit I)**

**(e) Revised Revenue Requirement and Cost Allocation**

Exhibit I-2-1 described the methodology for allocating each component of WPLP’s revenue requirement to either the Line to Pickle Lake (recovered via Network UTR rates) or the Remote Connection Lines (recovered via a monthly fixed charge to HORCI). WPLP continues to apply the same cost allocation methodologies to each component of its revised 2024 revenue requirement and rate base values as presented in rate application, as illustrated in Tables 18 through 21.

**Table 18 – Allocation of 2024 OM&A and Income Tax Expense Based on Settlement**

**(Update of: I-2-1, Table 3)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Direct OM&A Expenses	1,307,850	377,500	1,685,350
Indirect OM&A Expenses			27,749,153
Income Tax Expense			501,972
<i>Allocation Factor from Table 1</i>	<i>21.1%</i>	<i>78.9%</i>	<i>100%</i>
Allocation of Indirect OM&A	5,860,344	21,888,809	27,749,153
Allocation of Income Tax Expense	106,014	395,958	501,972
<b>Total 2024 Allocated OM&amp;A</b>	<b>7,168,194</b>	<b>22,266,309</b>	<b>29,434,503</b>
<b>Total 2024 Allocated Income Tax</b>	<b>106,014</b>	<b>395,958</b>	<b>501,972</b>

**Table 19 – Allocation of 2024 OM&A and Income Tax Expense Settlement and Cost of Capital Update (Update of: I-2-1, Table 3)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Direct OM&A Expenses	1,307,850	377,500	1,685,350
Indirect OM&A Expenses			27,749,153
Income Tax Expense			493,928
<i>Allocation Factor from Table 1</i>	<i>21.1%</i>	<i>78.9%</i>	<i>100%</i>
Allocation of Indirect OM&A	5,860,344	21,888,809	27,749,153

Allocation of Income Tax Expense	104,313	389,615	493,928
<b>Total 2024 Allocated OM&amp;A</b>	<b>7,168,194</b>	<b>22,266,309</b>	<b>29,434,503</b>
<b>Total 2024 Allocated Income Tax</b>	<b>104,313</b>	<b>389,615</b>	<b>493,928</b>

**Table 20 – Allocation of 2024 Updated Revenue Requirement Based on Settlement  
(Update of: I-2-1, Table 6)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Gross Fixed Assets (avg)	320,869,631	1,180,133,577	1,501,003,208
Accumulated Depreciation (avg)	-11,001,663	-22,754,241	-33,755,904
Net Fixed Assets (avg)	309,867,968	1,157,379,337	1,467,247,304
Working Capital Allowance	0	0	0
Rate Base	309,867,968	1,157,379,337	1,467,247,304
Regulated Rate of Return	6.74%	6.74%	6.74%
Regulated Return on Rate Base	20,884,767	78,006,118	98,890,885
OM&A Expenses	7,168,194	22,266,309	29,434,503
Property Taxes	0	0	0
Depreciation Expense	6,557,958	23,763,765	30,321,723
Income Taxes	106,012	395,961	501,972
<b>Service Revenue Requirement</b>	<b>34,716,930</b>	<b>124,432,153</b>	<b>159,149,083</b>
Other Revenue Offset	0	0	0
<b>Base Revenue Requirement</b>	<b>34,716,930</b>	<b>124,432,153</b>	<b>159,149,083</b>
Disposition of Pikangikum Distribution System Deferral Account	0	1,899,734	1,899,734
Disposition of COVID Construction Costs Deferral Account (CCDA)	3,516,436	1,526,521	5,042,957
Disposition of In-Service Date Variance Account (ISDVA)	-6,603,569	-9,735,019	-16,338,588
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	2,062,688	1,590,810	3,653,498
Disposition of Deferred Contingency Deferral Account (DCDA)	21,500	2,257	23,757
<b>Revenue Requirement for Rates</b>	<b>33,713,985</b>	<b>119,716,456</b>	<b>153,430,442</b>

**Table 21 – Allocation of 2024 Updated Revenue Requirement based on Settlement and Cost  
of Capital Update  
(Update of: I-2-1, Table 6)**

	<b>LTPL</b>	<b>RCL</b>	<b>Total</b>
Gross Fixed Assets (avg)	320,869,631	1,180,133,577	1,501,003,208
Accumulated Depreciation (avg)	-11,001,663	-22,754,241	-33,755,904
Net Fixed Assets (avg)	309,867,968	1,157,379,337	1,467,247,304
Working Capital Allowance	0	0	0
Rate Base	309,867,968	1,157,379,337	1,467,247,304
Regulated Rate of Return	6.70%	6.70%	6.70%
Regulated Return on Rate Base	20,758,053	77,532,832	98,290,885
OM&A Expenses	7,168,194	22,266,309	29,434,503
Property Taxes	0	0	0
Depreciation Expense	6,557,958	23,763,765	30,321,723
Income Taxes	104,313	389,615	493,928
<b>Service Revenue Requirement</b>	<b>34,588,517</b>	<b>123,952,522</b>	<b>158,541,038</b>
Other Revenue Offset	0	0	0
<b>Base Revenue Requirement</b>	<b>34,588,517</b>	<b>123,952,522</b>	<b>158,541,038</b>
Disposition of Pikangikum Distribution System Deferral Account	0	1,899,734	1,899,734
Disposition of COVID Construction Costs Deferral Account (CCDA)	3,516,436	1,526,521	5,042,957
Disposition of In-Service Date Variance Account (ISDVA)	-6,603,569	-9,735,019	-16,338,588
Disposition of Construction Period Interest Costs Variance Account (CPICVA)	2,062,688	1,590,810	3,653,498
Disposition of Deferred Contingency Deferral Account (DCDA)	21,500	2,257	23,757
<b>Revenue Requirement for Rates</b>	<b>33,585,573</b>	<b>119,236,825</b>	<b>152,822,397</b>

**(f) Calculation of Uniform Transmission Rates**

The Network UTR calculations provided in Exhibit I-3-1 are updated in Tables 22 through 28. Tables 23 through 25 reflect the revised 2024 revenue requirement for the Line to Pickle Lake, as detailed in Table 20 from Settlement only and Tables 26 through 28 reflect the revised 2024 revenue requirement for the Line to Pickle Lake, as detailed in Table 21.

**Table 22 – Current UTR Calculations  
 (Update of I-3-1, Table 1)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,765,263.00	\$841,036	\$2,381,792.00	\$7,988,091
CNPI	\$2,772,269	\$489,287	\$1,385,646	\$4,647,202
WPLP	\$29,243,172	\$0	\$0	\$29,243,172
NextBridge	\$54,003,549	\$0	\$0	\$54,003,549
H1N SSM	\$26,194,946	\$4,623,229	\$13,092,857	\$43,911,032
H1N	\$1,166,867,384	\$205,944,134	\$583,228,083	\$1,956,039,601
B2MLP	\$34,728,950	\$0	\$0	\$34,728,950
NRLP	\$8,388,996	\$0	\$0	\$8,388,996
All Transmitters	\$1,326,964,529	\$211,897,686	\$600,088,378	\$2,138,950,593

Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	40.643	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	232,792.251	225,964.444	192,218.503	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	237,084.434	229,497.186	193,476.053	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
<b>Uniform Transmission Rates (\$/kW-Month)</b>	<b>5.60</b>	<b>0.92</b>	<b>3.10</b>	
	↓	↓	↓	
FNEI	0.00359	0.00397	0.00397	

CNPI	0.00209	0.00231	0.00231	
WPLP	0.02204	0.00000	0.00000	
NextBridge	0.04070	0.00000	0.00000	
H1N SSM	0.01974	0.02182	0.02182	
H1N	0.87935	0.97190	0.97190	
B2MLP	0.02617	0.00000	0.00000	
NRLP	0.00632	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 23 – Calculation of 2024 UTRs based on Settlement  
(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,765,263	\$841,036	\$2,381,792	\$7,988,091
CNPI	\$2,772,269	\$489,287	\$1,385,646	\$4,647,202
WPLP	\$33,713,985	\$0	\$0	\$33,713,985
NextBridge	\$54,003,549	\$0	\$0	\$54,003,549
H1N SSM	\$26,194,946	\$4,623,229	\$13,092,857	\$43,911,032
H1N	\$1,166,867,384	\$205,944,134	\$583,228,083	\$1,956,039,601
B2MLP	\$34,728,950	\$0	\$0	\$34,728,950
NRLP	\$8,388,996	\$0	\$0	\$8,388,996
All Transmitters	\$1,331,435,342	\$211,897,686	\$600,088,378	\$2,143,421,406
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	156.151	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	232,792.251	225,964.444	192,218.503	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	237,199.942	229,497.186	193,476.053	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	5.61	0.92	3.10	
	↓	↓	↓	



FNEI	0.00358	0.00397	0.00397	
CNPI	0.00208	0.00231	0.00231	
WPLP	0.02532	0.00000	0.00000	
NextBridge	0.04056	0.00000	0.00000	
H1N SSM	0.01967	0.02182	0.02182	
H1N	0.87641	0.97190	0.97190	
B2MLP	0.02608	0.00000	0.00000	
NRLP	0.00630	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 24 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement  
 (Update of: I-3-1, Table 3)**

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	-	-	-	-
CNPI	-	-	-	-
WPLP	\$4,470,813	\$0	\$0	\$4,470,813
NextBridge	-	-	-	-
H1N SSM	-	-	-	-
H1N	-	-	-	-
B2MLP	-	-	-	-
NRLP	-	-	-	-
All Transmitters	\$4,470,813	\$0	\$0	\$4,470,813
Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	115.508	-	-	
NextBridge	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	115.508	-	-	
Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	

Uniform Transmission Rates (\$/kW-Month)	0.01	0.00	0.00	
	↓	↓	↓	
FNEI	-0.00001	-	-	
CNPI	-0.00001	-	-	
WPLP	0.00328	-	-	
NextBridge	-0.00014			
H1N SSM	-0.00007	-	-	
H1N	-0.00294	-	-	
B2MLP	-0.00009	-	-	
NRLP	-0.00002	-	-	
Total of Allocation Factors	0.00000	-	-	

**Table 25 – Revenue Reconciliation – UTR Rate based on Settlement  
 (Update of: I-3-1, Table 4)**

2024 Network Charge Determinants (kW)	237,199,942
2024 Network UTR Rate (\$/kW)	\$5.61
2024 WPLP Network Allocation Factor	0.02532
2024 Revenue Forecast	\$33,711,943
2024 WPLP LTPL Revenue Requirement	\$37,713,985
Difference due to Rounding	-\$2,043
	-0.006%

**Table 26 – Calculation of 2024 UTRs based on Settlement and Updated Cost of Capital  
(Update of: I-3-1, Table 2)**

Transmitter	Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	\$4,765,263	\$841,036	\$2,381,792	\$7,988,091
CNPI	\$2,772,269	\$489,287	\$1,385,646	\$4,647,202
WPLP	\$33,585,573	\$0	\$0	\$33,585,573
NextBridge	\$54,003,549	\$0	\$0	\$54,003,549
H1N SSM	\$26,194,946	\$4,623,229	\$13,092,857	\$43,911,032
H1N	\$1,166,867,384	\$205,944,134	\$583,228,083	\$1,956,039,601
B2MLP	\$34,728,950	\$0	\$0	\$34,728,950
NRLP	\$8,388,996	\$0	\$0	\$8,388,996
All Transmitters	\$1,331,306,930	\$211,897,686	\$600,088,378	\$2,143,292,994
Transmitter	Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	156.151	0.000	0.000	
NextBridge	0.000	0.000	0.000	
H1N SSM	3,498.236	2,734.624	635.252	
H1N	232,792.251	225,964.444	192,218.503	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	237,199.942	229,497.186	193,476.053	
Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
<b>Uniform Transmission Rates (\$/kW-Month)</b>	<b>5.61</b>	<b>0.92</b>	<b>3.10</b>	
	↓	↓	↓	
FNEI	0.00358	0.00397	0.00397	
CNPI	0.00208	0.00231	0.00231	
WPLP	0.02523	0.00000	0.00000	
NextBridge	0.04056	0.00000	0.00000	
H1N SSM	0.01968	0.02182	0.02182	
H1N	0.87648	0.97190	0.97190	
B2MLP	0.02609	0.00000	0.00000	
NRLP	0.00630	0.00000	0.00000	
Total of Allocation Factors	1.00000	1.00000	1.00000	

**Table 27 – Change in UTRs Resulting from WPLP Line to Pickle Lake based on Settlement and Updated Cost of Capital (Update of: I-3-1, Table 3)**

Transmitter	Change in Revenue Requirement (\$)			
	Network	Line Connection	Transformation Connection	Total
FNEI	-	-	-	-
CNPI	-	-	-	-
WPLP	\$4,342,401	\$0	\$0	\$4,342,401
NextBridge	-	-	-	-
H1N SSM	-	-	-	-
H1N	-	-	-	-
B2MLP	-	-	-	-
NRLP	-	-	-	-
All Transmitters	\$4,342,401	\$0	\$0	\$4,342,401
Transmitter	Change in Total Annual Charge Determinants (MW)			
	Network	Line Connection	Transformation Connection	
FNEI	-	-	-	
CNPI	-	-	-	
WPLP	115.508	-	-	
NextBridge	-	-	-	
H1N SSM	-	-	-	
H1N	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	115.508	-	-	
Transmitter	Change in Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates (\$/kW-Month)	0.01	0.00	0.00	
	↓	↓	↓	
FNEI	-0.00001	-	-	
CNPI	-0.00001	-	-	
WPLP	0.00319	-	-	
NextBridge	-0.00014	-	-	
H1N SSM	-0.00006	-	-	
H1N	-0.00287	-	-	
B2MLP	-0.00008	-	-	
NRLP	-0.00002	-	-	
Total of Allocation Factors	0.00000	-	-	

**Table 28 – Revenue Reconciliation – UTR Rate based on Settlement and Updated  
 Cost of Capital (Update of: I-3-1, Table 4)**

2024 Network Charge Determinants (kW)	237,199,942
2024 Network UTR Rate (\$/kW)	\$5.61
2024 WPLP Network Allocation Factor	0.02523
2024 Revenue Forecast	\$33,588,874
2024 WPLP LTPL Revenue Requirement	\$33,585,573
Difference due to Rounding	-\$3,301
	-0.010%

**(g) Monthly Fixed Charge to Hydro One Remotes**

The monthly fixed charge to Hydro One Remotes will be updated effective January 1, 2024, consistent with the Application.

WPLP’s updated 2024 revenue requirement, based on both the Settlement and updated cost of capital parameters, attributable to the Remote Connection Lines is \$119,236,825. Recovering this amount over a 12-month period results in a fixed monthly charge of \$9,936,402, which will apply for each month from January 2024 to December 2024.

**(h) Bill Impacts**

Exhibit I-4-1 provided detailed bill impact analysis related to WPLP’s 2024 revenue requirement for typical residential, general service and transmission-connected customers. All of the bill impact tables from Exhibit I-4-1 have been updated below to reflect the revised and updated revenue requirement presented in this Attachment.

**Table 29 – Summary of Total 2024 Bill Impact**  
 (Update of: I-4-1, Table 1)

Item	Description	Settlement Amount <sup>13</sup>		Settlement and Cost of Capital Amount <sup>14</sup>	
		Residential	General Service	Residential	General Service
A	Typical monthly bill	\$135.97	\$428.31	\$135.97 <sup>15</sup>	\$428.31 <sup>16</sup>
B	Increase related to Network RTSR	\$0.03	\$0.06	\$0.03	\$0.05
C	Increase related to RRRP rate	\$0.41	\$1.11	\$0.41	\$1.11
D = B + C	Total bill increase	\$0.43	\$1.17	\$0.43	\$1.16
E = D / A	Bill impact (%)	0.32%	0.27%	0.32%	0.27%

**Table 30 – Bill Impact – Line to Pickle Lake**  
 (Update of: I-4-1, Table 2)

Item	Description	Settlement Amount		Settlement and Cost of Capital Amount	
		Residential	General Service	Residential	General Service
A	Typical monthly bill (see Table 1)	\$135.97	\$428.31	\$135.97	\$428.31
B	Portion of bill related to Network RTSR	\$9.00	\$19.32	\$9.00 <sup>17</sup>	\$19.32 <sup>18</sup>
C	Increase in Network UTR	0.29%	0.29%	0.28%	0.28%
D = B x C	Bill increase	\$0.03	\$0.06	\$0.03	\$0.05
E = D / A	Bill impact (%)	0.02%	0.01%	0.02%	0.01%

<sup>13</sup> All amounts are inclusive of 13% HST and the Ontario Electricity Rebate.

<sup>14</sup> All amounts are inclusive of 13% HST and the Ontario Electricity Rebate.

<sup>15</sup> Total bill amount for a Hydro One R1 TOU customer (750 kWh per month), as indicated in the OEB’s online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at April 30, 2023.

<sup>16</sup> Total bill amount for a Hydro One General Service Energy Billed TOU customer (2000 kWh per month), as indicated in the OEB’s online bill calculator, as at April 30, 2023.

<sup>17</sup> HONI R1 Network RTSR Rate of \$0.0110/kWh \* 750 kWh \* 1.076 loss factor = \$8.88 (\$9.00 after 13% HST and 11.7% Ontario Electricity Rebate).

<sup>18</sup> HONI GSe Network RTSR Rate of \$0.0087/kWh \* 2000 kWh \* 1.096 loss factor = \$19.07 (\$19.32 after 13% HST and 11.7% Ontario Electricity Rebate)

**Table 31 – RRRP Rate Calculation Based on Settlement  
(Update of: I-4-1, Table 3)**

	<b>2023</b>	<b>2024</b>	<b>Change</b>
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$16,490,664	\$16,490,664	\$0
Hydro One Remote Communities Inc.	\$47,921,000	\$47,921,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$54,020,437	\$119,716,456	\$65,696,019
<b>Total RRRP Funding Required<sup>19</sup></b>	<b>\$120,032,101</b>	<b>\$185,728,120</b>	<b>\$65,696,019</b>
Ontario TWh	133.8	133.8	0
RRRP Rate (Calculated)	\$0.000897	\$0.001388	\$0.000491
RRRP Rate (Rounded to 4 Decimals)	\$0.0009	\$0.0014	\$0.0005

**Table 32 – RRRP Rate Calculation Based on Settlement and Cost of Capital Update  
(Update of: I-4-1, Table 3)**

	<b>2023</b>	<b>2024</b>	<b>Change</b>
First Nations (O. Reg. 442/01, schedule 1)	\$1,600,000	\$1,600,000	\$0
Algoma Power	\$16,490,664	\$16,490,664	\$0
Hydro One Remote Communities Inc.	\$47,921,000	\$47,921,000	\$0
Hydro One Remote Communities Inc. - WPLP	\$54,020,437	\$119,236,825	\$65,216,388
<b>Total RRRP Funding Required<sup>20</sup></b>	<b>\$120,032,101</b>	<b>\$185,248,489</b>	<b>\$65,216,388</b>
Ontario TWh	133.8	133.8	0

<sup>19</sup> RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2024 RRRP funding requirements for parties other than WPLP have been held constant from 2023 to 2024 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2024 RRRP funding for other parties when it determines the 2024 RRRP rate in due course.

<sup>20</sup> RRRP variance account balances have been omitted from this analysis in order to isolate the impact of the RRRP funding requested in this application. Similarly, the 2024 RRRP funding requirements for parties other than WPLP have been held constant from 2023 to 2024 for the purpose of bill impact analysis. WPLP expects that the OEB will consider the RRRP variance account balance and changes to 2024 RRRP funding for other parties when it determines the 2024 RRRP rate in due course.

RRRP Rate (Calculated)	\$0.000897	\$0.001385	\$0.000487
RRRP Rate (Rounded to 4 Decimals)	\$0.0009	\$0.0014	\$0.0005

**Table 33 – RRRP Bill Impact Calculation Based on Settlement  
 (Update of I-4-1, Table 4)**

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$135.97	\$428.31
B	RRRP rate increase (\$/kWh)	\$0.0005	\$0.0005
$C = kWh * 1.076/1.096$	Uplifted consumption (kWh)	807	2,192
$D = B \times C$	Bill increase due to RRRP	\$0.40	\$1.10
$E = D * (1 + 0.13 - 0.117)$	Bill increase adjusted for HST and OER	\$0.41	\$1.11
F	Bill impact (%)	0.30%	0.26%

**Table 34 – RRRP Bill Impact Calculation Based on Settlement and Cost of Capital Update  
 (Update of I-4-1, Table 4)**

Item	Description	Amount	
		Residential	General Service
A	Typical monthly bill (see Table 1)	\$135.97	\$428.31
B	RRRP rate increase (\$/kWh)	\$0.0005	\$0.0005
$C = kWh * 1.076/1.096$	Uplifted consumption (kWh)	807	2,192
$D = B \times C$	Bill increase due to RRRP	\$0.40	\$1.10
$E = D * (1 + 0.13 - 0.117)$	Bill increase adjusted for HST and OER	\$0.41	\$1.11
F	Bill impact (%)	0.30%	0.26%



**Table 35 – Transmission-Connected Customer Bill Impacts**  
**(Update of: I-4-1, Table 5)**

Item	Description	Settlement Amount	Settlement and Cost of Capital Amount
A	Total Wholesale Market Charges (\$/MWh)	120.02	120.02
B	Total Wholesale Transmission Charges (\$/MWh)	14.23	14.23
C = B / A	Transmission % of Total Bill	11.86%	11.86%
D	% Increase in Transmission Revenue Requirement	0.21%	0.20%
E = C * D	% Bill Increase from Line to Pickle Lake	0.02%	0.02%
F	Total RRRP Charges (\$/MWh)	0.50	0.50
G = F / A	RRRP % of Total Bill	0.42%	0.42%
H	% Increase in RRRP Rate	56%	56%
I = G * H	% Bill Increase from Remote Connection Lines	0.23%	0.23%
<b>J = E + I</b>	<b>Total % Bill Increase</b>	<b>0.26%</b>	<b>0.26%</b>

**ATTACHMENT 'B'**

**Draft Updated Accounting Order for Deferred Contingency Deferral Account**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**

**DEFERRED CONTINGENCY DEFERRAL ACCOUNT (DCDA)**

Wataynikaneyap Power LP (WPLP) established a new “Deferred Contingency Deferral Account” in EB-2021-0134 to record the revenue requirement impact attributable to contingency costs associated with 2022 in-service asset additions. WPLP shall continue the DCDA subject to the modification that the DCDA shall also be used to record the revenue requirement impact attributable to contingency costs associated with 2023 and 2024 in-service additions.

For clarity, the amount eligible to be recorded in the DCDA is limited to the revenue requirement impact attributable to contingency costs to a maximum of \$17,299,725 in respect of 2023 and to a maximum of \$64,582,124 in respect of 2024, for a total maximum of \$81,881,849, corresponding to the forecasted contingency amounts which were removed and deferred from the 2023 and 2024 in-service asset additions used to calculate WPLP’s 2023 and 2024 rate base amounts (the total maximum being the “Deferred Contingency Amount”), pursuant to the Settlement Proposals in EB-2022-0149 and EB 2023-0168.

The revenue requirement impact in respect of contingency costs attributable to or allocated to any specific asset will be recorded from the actual in-service date of the asset<sup>21</sup> until such asset is included in WPLP’s rate base on an actual (as opposed to forward test-year) basis.

The account will continue to be Account 1508, Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”, effective January 1, 2022. WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the DCDA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connections Lines, for each of 2022, 2023 and 2024.

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<sup>21</sup> Prior to the in-service date, interest will be calculated on WPLP’s CWIP account balance, in accordance with the OEB’s Decision and Order in EB-2018-0190 and will be recorded as a carrying cost within the CWIP account.

The balance in this account will be brought forward for prudence review and disposition in a future proceeding after the relevant asset additions are in service.

The following outlines the proposed accounting entries for this account:

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 4110	Transmission Service Revenue

- *To record the revenue requirement impact attributable to contingency costs associated with 2022, 2023 and 2024 in-service asset additions*

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 6035	Other Interest Expense

*To record interest on the principal balance of the deferral account*

**ATTACHMENT 'C'**

**Draft Updated Accounting Order for 2021-2023 COVID Construction Costs  
Deferral Account**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**2021-2023 COVID CONSTRUCTION COSTS DEFERRAL ACCOUNT**

Wataynikaneyap Power LP (WPLP) established a new “2021-2023 COVID Construction Costs Deferral Account” in EB-2022-0149 to record incremental audited year-end costs from 2021 to 2023 which are directly attributable to the COVID-19 pandemic (the “Incremental COVID Construction Costs”). The prudence of the amounts recorded, and the approach to disposition of such amounts – either as capital or as an OM&A expense – will be determined at the time of disposition in a future rate application once WPLP’s COVID cost information for these years is known. The applicable carrying charges will be determined so as to be consistent with the approach to disposition that is ultimately approved at the time of disposition (i.e., the CWIP rate if disposed of as capital and the OEB prescribed rate if disposed of as an OM&A expense), but in the interim will be recorded based on the prescribed rate.

The 2021-2023 CCCDA was established as Account 1508, Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”, effective January 1, 2021. Upon establishing the 2021-2023 CCCDA, WPLP transferred incremental COVID costs incurred on or after January 1, 2021, previously recorded in the CCCDA to the 2021-2023 CCCDA and thereafter recorded incremental COVID construction costs directly in the 2021-2023 CCCDA. On an interim basis, WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts, however, as noted above interest will ultimately be dependent on the OEB’s determination as to the approach to disposition of the recorded amounts as capital or as an expense. Using the applicable rate, simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP has established separate sub-accounts within the 2021-2023 CCCDA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connection Lines.

The balance in this account was brought forward for a prudence review and disposition in EB-2023-0168, during which it was determined that (a) the audited balance up to December 31,

2022 was prudently incurred and would be disposed of as capital starting January 1, 2024, and (b) amounts consisting of Incremental COVID Construction Costs incurred in 2023 and known by WPLP as of the end of 2023 would continue being recorded in this account pending disposition in the subsequent rate application.

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

<u>USofA#</u>	<u>Account Description</u>
CR 2205	Accounts Payable
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record any incremental COVID Construction Costs incurred in 2023*

<u>USofA#</u>	<u>Account Description</u>
CR 4405	Interest and Dividend Income
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record interest on the principal balance of the deferral account using the OEB’s prescribed interest rate on an interim basis*

**ATTACHMENT 'D'**

**Draft Updated Accounting Order for EPC COVID-Related Costs Deferral  
Account**



**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**EPC COVID-RELATED COSTS DEFERRAL ACCOUNT**

Wataynikaneyap Power LP (WPLP) shall establish a new EPC COVID-Related Costs Deferral Account to record costs incurred and to be incurred by WPLP in respect of anticipated claims for cost and schedule relief under its EPC Contract that relate to 2020 or later and which are in relation to COVID and related access issues in the Whitefeather Forest, including costs (such as legal costs) associated with WPLP’s consideration, negotiation and potential settlement and/or other resolution of COVID-related costs (“EPC COVID Account”). For clarity, this account shall be for costs agreed to or otherwise determined as with its EPC contractor that were not filed as part of its 2024 revenue requirement.

The EPC COVID Account will be established as Account 1508, Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”, effective January 1, 2024. WPLP will record interest on the balance in the EPC COVID Account using the OEB’s prescribed interest rate for deferral and variance accounts, however interest will be dependent on the OEB’s future ruling on the disposition of the balance recorded in the EPC COVID Account, as capital or expense. Interest will be calculated based on WPLP’s actual cost of debt (AFUDC) if disposition of costs is deemed to be capital. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub accounts within the EPC COVID Account in order to separately record amounts related to each year from 2020 to the year in which the anticipated claims under the EPC Contract are finally determined, by principal and interest amounts, as well as in relation to the Line to Pickle Lake and the Remote Connection Lines.

The balance in this account will be brought forward for disposition in future proceedings.

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

<u>USofA#</u>	<u>Account Description</u>
CR 2205	Accounts Payable
DR 1508	Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”

- *To record any EPC COVID-Related Costs incurred or to be incurred after the deferral account is established*

<u>USofA#</u>	<u>Account Description</u>
CR 4405	Interest and Dividend Income
DR 1508	Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”

- *To record interest on the principal balance of the deferral account*

**ATTACHMENT 'E'**

**Draft Updated Accounting Order for Federal CIAC Variance Account**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**FEDERAL CIAC VARIANCE ACCOUNT**

Wataynikaneyap Power LP (WPLP) shall establish a new “Federal CIAC Variance Account” to record the revenue requirement impact of the difference, if any, between WPLP’s forecasted date of the Contribution in Aid of Construction (“CIAC”) funds being distributed to WPLP pursuant to the Federal Funding Framework and the actual date of the CIAC funds being distributed to WPLP.

WPLP forecasts that the date the CIAC funds will be distributed to WPLP pursuant to the Federal Funding Framework is December 31, 2024. However, the actual date the funds will be distributed is subject to a number of variables and cannot be determined with certainty at this time. The Federal CIAC Variance Account shall be asymmetrical, such that it would track revenue requirement amounts to be returned to customers by WPLP if the CIAC funds are distributed earlier than expected. As the CIAC funds would be provided in respect of the Remote Connection Lines, any return of amounts to customers arising from the account shall be through the portion of WPLP’s revenue requirement that relates to the Remote Connection Lines.

The account will be established as Account 1508, Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”, effective January 1, 2024 until December 31, 2024.<sup>22</sup> WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The balance in this account will be brought forward for disposition in a future proceeding.

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

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<sup>22</sup> Should the CIAC be distributed to WPLP in 2025, any revenue requirement impacts will be considered in WPLP’s 2025 rate application.

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”
DR 4110	Transmission Service Revenue

- *To record the Federal CIAC Revenue Requirement Differential to be returned to customers*

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”
DR 6035	Other Interest Expense

- *To record interest on the principal balance of the variance account*

**SCHEDULE B**  
**DECISION AND ORDER**  
**WATAYNIKANEYAP POWER LP**  
**EB-2023-0168**  
**NOVEMBER 30, 2023**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**

**DEFERRED CONTINGENCY DEFERRAL ACCOUNT (DCDA)**

Wataynikaneyap Power LP (WPLP) established a new “Deferred Contingency Deferral Account” in EB-2021-0134 to record the revenue requirement impact attributable to contingency costs associated with 2022 in-service asset additions. WPLP shall continue the DCDA subject to the modification that the DCDA shall also be used to record the revenue requirement impact attributable to contingency costs associated with 2023 and 2024 in-service additions.

For clarity, the amount eligible to be recorded in the DCDA is limited to the revenue requirement impact attributable to contingency costs to a maximum of \$17,299,725 in respect of 2023 and to a maximum of \$64,582,124 in respect of 2024, for a total maximum of \$81,881,849, corresponding to the forecasted contingency amounts which were removed and deferred from the 2023 and 2024 in-service asset additions used to calculate WPLP’s 2023 and 2024 rate base amounts (the total maximum being the “Deferred Contingency Amount”), pursuant to the Settlement Proposals in EB-2022-0149 and EB 2023-0168.

The revenue requirement impact in respect of contingency costs attributable to or allocated to any specific asset will be recorded from the actual in-service date of the asset<sup>21</sup> until such asset is included in WPLP’s rate base on an actual (as opposed to forward test-year) basis.

The account will continue to be Account 1508, Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”, effective January 1, 2022. WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub-accounts within the DCDA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connections Lines, for each of 2022, 2023 and 2024.

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<sup>21</sup> Prior to the in-service date, interest will be calculated on WPLP’s CWIP account balance, in accordance with the OEB’s Decision and Order in EB-2018-0190 and will be recorded as a carrying cost within the CWIP account.

The balance in this account will be brought forward for prudence review and disposition in a future proceeding after the relevant asset additions are in service.

The following outlines the proposed accounting entries for this account:

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 4110	Transmission Service Revenue

- *To record the revenue requirement impact attributable to contingency costs associated with 2022, 2023 and 2024 in-service asset additions*

<u>USofA#</u>	<u>Account Description</u>
DR/CR 1508	Other Regulatory Assets – Sub Account “Deferred Contingency Deferral Account”
CR/DR 6035	Other Interest Expense

*To record interest on the principal balance of the deferral account*



**SCHEDULE C**  
**DECISION AND ORDER**  
**WATAYNIKANEYAP POWER LP**  
**EB-2023-0168**  
**NOVEMBER 30, 2023**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**2021-2023 COVID CONSTRUCTION COSTS DEFERRAL ACCOUNT**

Wataynikaneyap Power LP (WPLP) established a new “2021-2023 COVID Construction Costs Deferral Account” in EB-2022-0149 to record incremental audited year-end costs from 2021 to 2023 which are directly attributable to the COVID-19 pandemic (the “Incremental COVID Construction Costs”). The prudence of the amounts recorded, and the approach to disposition of such amounts – either as capital or as an OM&A expense – will be determined at the time of disposition in a future rate application once WPLP’s COVID cost information for these years is known. The applicable carrying charges will be determined so as to be consistent with the approach to disposition that is ultimately approved at the time of disposition (i.e., the CWIP rate if disposed of as capital and the OEB prescribed rate if disposed of as an OM&A expense), but in the interim will be recorded based on the prescribed rate.

The 2021-2023 CCCDA was established as Account 1508, Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”, effective January 1, 2021. Upon establishing the 2021-2023 CCCDA, WPLP transferred incremental COVID costs incurred on or after January 1, 2021, previously recorded in the CCCDA to the 2021-2023 CCCDA and thereafter recorded incremental COVID construction costs directly in the 2021-2023 CCCDA. On an interim basis, WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts, however, as noted above interest will ultimately be dependent on the OEB’s determination as to the approach to disposition of the recorded amounts as capital or as an expense. Using the applicable rate, simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP has established separate sub-accounts within the 2021-2023 CCCDA in order to separately record principal and interest amounts related to the Line to Pickle Lake and the Remote Connection Lines.

The balance in this account was brought forward for a prudence review and disposition in EB-2023-0168, during which it was determined that (a) the audited balance up to December 31,

2022 was prudently incurred and would be disposed of as capital starting January 1, 2024, and (b) amounts consisting of Incremental COVID Construction Costs incurred in 2023 and known by WPLP as of the end of 2023 would continue being recorded in this account pending disposition in the subsequent rate application.

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

<u>USofA#</u>	<u>Account Description</u>
CR 2205	Accounts Payable
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record any incremental COVID Construction Costs incurred in 2023*

<u>USofA#</u>	<u>Account Description</u>
CR 4405	Interest and Dividend Income
DR 1508	Other Regulatory Assets – Sub Account “2021-2023 COVID Construction Costs Deferral Account”

- *To record interest on the principal balance of the deferral account using the OEB’s prescribed interest rate on an interim basis*

**SCHEDULE D**  
**DECISION AND ORDER**  
**WATAYNIKANEYAP POWER LP**  
**EB-2023-0168**  
**NOVEMBER 30, 2023**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**EPC COVID-RELATED COSTS DEFERRAL ACCOUNT**

Wataynikaneyap Power LP (WPLP) shall establish a new EPC COVID-Related Costs Deferral Account to record costs incurred and to be incurred by WPLP in respect of anticipated claims for cost and schedule relief under its EPC Contract that relate to 2020 or later and which are in relation to COVID and related access issues in the Whitefeather Forest, including costs (such as legal costs) associated with WPLP’s consideration, negotiation and potential settlement and/or other resolution of COVID-related costs (“EPC COVID Account”). For clarity, this account shall be for costs agreed to or otherwise determined as with its EPC contractor that were not filed as part of its 2024 revenue requirement.

The EPC COVID Account will be established as Account 1508, Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”, effective January 1, 2024. WPLP will record interest on the balance in the EPC COVID Account using the OEB’s prescribed interest rate for deferral and variance accounts, however interest will be dependent on the OEB’s future ruling on the disposition of the balance recorded in the EPC COVID Account, as capital or expense. Interest will be calculated based on WPLP’s actual cost of debt (AFUDC) if disposition of costs is deemed to be capital. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed. WPLP will establish separate sub accounts within the EPC COVID Account in order to separately record amounts related to each year from 2020 to the year in which the anticipated claims under the EPC Contract are finally determined, by principal and interest amounts, as well as in relation to the Line to Pickle Lake and the Remote Connection Lines.

The balance in this account will be brought forward for disposition in future proceedings.

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

<u>USofA#</u>	<u>Account Description</u>
CR 2205	Accounts Payable
DR 1508	Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”

- *To record any EPC COVID-Related Costs incurred or to be incurred after the deferral account is established*

<u>USofA#</u>	<u>Account Description</u>
CR 4405	Interest and Dividend Income
DR 1508	Other Regulatory Assets – Sub Account “EPC COVID-Related Costs Deferral Account”

- *To record interest on the principal balance of the deferral account*

**SCHEDULE E**  
**DECISION AND ORDER**  
**WATAYNIKANEYAP POWER LP**  
**EB-2023-0168**  
**NOVEMBER 30, 2023**

**DRAFT UPDATED ACCOUNTING ORDER – WATAYNIKANEYAP POWER LP**  
**FEDERAL CIAC VARIANCE ACCOUNT**

Wataynikaneyap Power LP (WPLP) shall establish a new “Federal CIAC Variance Account” to record the revenue requirement impact of the difference, if any, between WPLP’s forecasted date of the Contribution in Aid of Construction (“CIAC”) funds being distributed to WPLP pursuant to the Federal Funding Framework and the actual date of the CIAC funds being distributed to WPLP.

WPLP forecasts that the date the CIAC funds will be distributed to WPLP pursuant to the Federal Funding Framework is December 31, 2024. However, the actual date the funds will be distributed is subject to a number of variables and cannot be determined with certainty at this time. The Federal CIAC Variance Account shall be asymmetrical, such that it would track revenue requirement amounts to be returned to customers by WPLP if the CIAC funds are distributed earlier than expected. As the CIAC funds would be provided in respect of the Remote Connection Lines, any return of amounts to customers arising from the account shall be through the portion of WPLP’s revenue requirement that relates to the Remote Connection Lines.

The account will be established as Account 1508, Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”, effective January 1, 2024 until December 31, 2024.<sup>22</sup> WPLP will record interest on the balance in the sub-account using the OEB’s prescribed interest rate for deferral and variance accounts. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The balance in this account will be brought forward for disposition in a future proceeding.

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

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<sup>22</sup> Should the CIAC be distributed to WPLP in 2025, any revenue requirement impacts will be considered in WPLP’s 2025 rate application.



<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”
DR 4110	Transmission Service Revenue

- *To record the Federal CIAC Revenue Requirement Differential to be returned to customers*

<u>USofA#</u>	<u>Account Description</u>
CR 1508	Other Regulatory Assets – Sub Account “Federal CIAC Variance Account”
DR 6035	Other Interest Expense

- *To record interest on the principal balance of the variance account*