

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O.1998, c. 15, (Schedule B), as amended (the “**OEB Act**”);

AND IN THE MATTER OF an application by East-West Tie Limited Partnership, by its General Partner Upper Canada Transmission 2, Inc. (“**UCT 2**” or “**Applicant**”) for an Order or Orders made pursuant to section 78 of the *Act* approving rates for the transmission of electricity to be effective January 1, 2025

APPLICATION

Date: August 15, 2024

Upper Canada Transmission 2, Inc.
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TO: Ontario Energy Board
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1.1 BACKGROUND

1. By its Decision and Order dated August 7, 2013 (EB-2011-0140), the Ontario Energy Board (“**OEB**” or “**Board**”) designated Upper Canada Transmission, Inc. (“**UCT**”), in its capacity as the general partner acting for and on behalf of the NextBridge Infrastructure, LP (“**NextBridge**”), as the transmitter for the development, construction, and operation of electricity transmission facilities commonly referred to as the “East-West Tie Line” (“**Project**”). Consistent with this designation, the Board also issued an electricity transmission licence (“**Transmission Licence**”) to UCT (ET-2011-0222).¹
2. The Project is comprised of a 450 kilometer 230 kilovolt (“**kV**”) double circuit electric transmission line and related tower facilities located between the Lakehead, Marathon, and the Wawa Transformer Stations. Overall, the Project increases the electricity transfer capability into Northwest Ontario from 175 megawatts (“**MW**”) to 650 MW and improves the flexibility and efficiency of Ontario’s transmission grid. In-service occurred on March 31, 2022.
3. By Decision and Order dated June 17, 2021 (EB-2020-0150) (“**June 2021 Decision and Order**”), together with OEB Revenue Requirement Order dated

¹ Limited partnership interests in NextBridge (now East-West Tie Limited Partnership) are held by the following entities: NextEra Energy NextBridge Holding, ULC, Enbridge Transmission Holdings Inc., Borealis NB Holdings Inc., Bamkushwada Limited Partnership (“BLP”), NextBridge (OptionCo) Inc., Upper Canada Transmission 2, Inc., Michipicoten First Nation, Red Rock Indian Band, Biigtigong Nishnaabeg, Pays Plat First Nation, Netmizaaggamig Nishnaabeg, and Fort William First Nation.

August 19, 2021, UCT received approval of a five-year and nine-month Custom Incentive Rate Term (“**Custom IR**”) ending December 31, 2027.

4. In February 2023, NextBridge Infrastructure, LP changed its name to East-West Tie Limited Partnership (“**Partnership**”). Upper Canada Transmission 2, Inc. (“**UCT 2**”) is the general partner acting for and on behalf of the Partnership.²
5. As required by the June 2021 Decision and Order (EB-2020-0150), UCT 2 submits this transmission revenue requirements application for 2025.
6. UCT 2 hereby applies to the OEB for an Order approving a total rates revenue requirement of \$75,681,985 for 2025 to be effective on January 1, 2025, along with an amendment to the 2025 Uniform Transmission Rates to allow for recovery of this amount.
7. UCT 2 is not requesting approval to clear any deferral and variance account balances in this Application.
8. UCT 2 has calculated the total bill impact of the relief sought in this Application for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly would be a decrease of 0.10% or \$0.13 per month. A typical Hydro One General Service Energy less than 50 kW (GSe < 50 kW) customer consuming

² On March 9, 2023, the Board approved the transfer of UCT’s transmission license and orders respecting the approved revenue requirement and accounting orders relating to the Project to UCT 2. See: Decision EB-2023-0091. For continuity and convenience in the remainder of this Application, references to UCT 2 include its predecessor, UCT, and NextBridge.

2,000 kWh monthly would see a total bill decrease of 0.07% or \$0.29 per month. More information regarding the monthly bill impacts may be found in Exhibit A, Tab 2.

9. In preparing this Application, UCT 2 has been guided by the OEB's Filing Requirements for Electricity Transmission Applications.

1.2 RELIEF SOUGHT

10. UCT 2, in its capacity as the general partner acting for and on behalf of the Partnership, hereby applies to the Board for an Order or Orders approving adjustments to its 2025 Base Rates Revenue Requirements to take effect on January 1, 2025. The revenue requirements adjustments may be summarized as follows:
 - (a) The addition of \$1,265,087 to reflect the 2025 Revenue Cap Index, consistent with the Custom IR rate-making methodology approved in Board Decision EB-2020-0150 and using the 2024 Base Revenue Requirement approved in Board Decision EB-2023-0298;
 - (b) Such other relief as may be requested by UCT 2 or as directed by the Board.
11. UCT 2 is requesting the Board's determination of the above so that approved disposition amounts may be included as adjustments to its 2025 Base Rates Revenue Requirement effective January 1, 2025.

1.3 CERTIFICATE OF EVIDENCE

12. Attached as Exhibit C is the prescribed form of certificate, attested by Matthew Valle, as to the accuracy, consistency, and completeness of the evidence comprising the Application.

1.4 NOTICE AND FORM OF HEARING REQUESTED

13. The persons affected by this Application are the transmission ratepayers served under the Uniform Transmission Rate (“**UTR**”). It is impractical to set out the names and addresses of all transmission ratepayers because they are too numerous. Notice of this Application should be published so as to reach the largest number of customers across Ontario in an efficient manner.
14. The Application may be viewed on the internet at www.eastwesttietransmission.com.
15. UCT 2 requests that this Application be heard by way of a written hearing.

1.5 CONTACT INFORMATION

16. UCT 2 requests that a copy of all documents filed with the OEB, by OEB staff and each party to this Application, be served on the Applicant and the Applicant’s counsel as follows:

- (a) The Applicant:

Mr. Mark R. Johnson
Senior Attorney, NextEra Energy Resources, LLC
Ms. Anna Galanis
Attorney, NextEra Energy Resources, LLC

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(b) The Applicant's counsel:

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All of which is respectfully submitted on this 15th day of August, 2024.

**EAST-WEST TIE LIMITED PARTNERSHIP, BY ITS GENERAL PARTNER UPPER
CANADA TRANSMISSION 2, INC.**

By its counsel:

McCarthy Tétrault LLP

ORIGINAL SIGNED BY GORDON M. NETTLETON



Gordon M. Nettleton
Partner
McCarthy Tétrault LLP
LSUC No. 61336E

BILL IMPACTS

1. An update to the estimated average transmission cost as a percentage of the total bill for a transmission and a distribution-connected customer is presented in Ex.A.T2.1.

Table Ex.A.T2.1
Estimated Transmission Cost as a Percentage of Total Electricity Market Costs

	Cost Component	¢/kWh	Source¹
A	Commodity	10.27	IESO Monthly Market Report June 2024
B	Wholesale Market Service Charges	0.53	IESO Monthly Market Report June 2024
C	Wholesale Transmission Charges	1.56	IESO Monthly Market Report June 2024
D	Distribution Service Charges	3.31	2022 Yearbook of Electricity Distributors ¹
E	Total Monthly Cost for Tx-connected customers	12.36	E = A + B + C
F	Total Monthly Cost for Dx-connected customers	15.67	F = A + B + C + D
G	Transmission as % of Total Cost for Tx-connected customers	12.6%	$G = C / E$
H	Transmission as % of Total Cost for Dx-connected customers	10.0%	$H = C / F$

2. UCT 2's proposed 2025 revenue requirement represents a 21.3% decrease from the approved 2024 rates revenue requirement. The 2024 revenue requirement included one-time adjustments that do not apply to the 2025 revenue requirement.
3. UCT 2's current rates revenue requirement represents 4.26% of the total revenue requirement across all transmitters.² As such, the proposed 2025 revenue

¹ 2023 Yearbook of Electricity Distributors is not yet available.

² UCT 2's 2024 UTR revenue requirement divided by all transmitters' rates revenue requirement (\$96,134,597 / \$2,254,639,785=4.26%), per EB-2024-0183 2024 UTR Update, Schedule A dated on June 27, 2024 (excluding the pro-rated \$41,212,988 gross-up).

requirement results in a net impact of -0.91% on average transmission rates. The proposed 2025 rates revenue requirement results in a net impact of -0.11% on total bills for transmission-connected customers.

4. A summary of the average bill impact as a result of the 2025 rates revenue requirement relative to the approved 2024 revenue requirement (including adjustments) is presented in Table Ex.A.T2.2.

Table Ex.A.T2.2

Average Bill Impacts on Transmission and Distribution–Connected Customers

Description	2024 ³	2025 ⁴
Revenue Requirement (Including Adjustments)	\$96,134,597	\$75,681,985
% Change in Revenue Requirement over prior year		-21.3%
% Impact of load forecast change		N/A
Net Impact on Average Transmission Rates⁵		-0.91%
Transmission as a % of Tx-connected customer’s Total Bill		12.6%
Estimated Average Transmission Customer Bill impact		-0.11%
Transmission as a % of Dx-connected customer’s Total Bill		10.0%
Estimated Average Distribution Customer Bill impact		-0.09%

5. UCT 2’s rates revenue requirement is wholly allocated to the Network rate pool. Subsequently, the total bill impact for a typical Hydro One medium density residential (R1) customer consuming 750 kWh monthly and a typical Hydro One

³ 2024 Rates Revenue Requirement per Decision EB-2023-0298 dated June 13, 2024.

⁴ 2025 Rates Revenue Requirement per Table Ex.B.1

⁵ The calculation of net impact on transmission rates is based on UCT 2’s current 4.26% share of the total rates revenue requirement across all transmitters, multiplied by the UCT 2’s 2025 revenue requirement decrease. The net impact is -0.91% (4.26% x -21.27% = -0.91%).

General Service Energy less than 50 kW (GSe < 50 kW) customer consuming 2,000 kWh monthly is determined based on the forecast increase in the customer's Network Retail Transmission Service Rates (“RTSR-N”), which reflects the changes in UTRs since the current RTSRs were determined, as detailed in Table Ex.A.T.2.3 below.

Table Ex.A.T2.3
2025 Total Bill Impacts for Distribution-Connected Customers

Description	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy (HONI GSe) Customer Consuming 2,000 kWh per Month
Total Bill as of January 1, 2024 ⁶	\$139.82	\$430.64
RTSR included in 2024 Bill	\$16.54	\$36.61
Estimated 2025 Monthly RTSR ⁷	\$16.41	\$36.32
2025 Change in Monthly Bill	-\$0.13	-\$0.29
<i>2025 change as a % of total bill</i>	<i>-0.10%</i>	<i>-0.07%</i>

⁶ Total bill amount for a Hydro One R1 TOU customer (750 kWh per month) and a Hydro One General Service Energy Billed TOU customer (2,000 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at June 21, 2024.

⁷ The impact on RTSR is assumed to be the net impact on average transmission rates. This calculation uses the 2024 annual average Network UTR of \$5.95/kW/Month.

CUSTOM IR FRAMEWORK ADJUSTMENTS

1.1 INTRODUCTION

1. This Exhibit provides further information regarding UCT 2's proposed 2025 Base Revenue Requirement adjustment arising from its approved Custom Incentive Rate-Setting Mechanism as approved in Board Decision EB 2020-0150 and as updated by the Board in subsequent Decisions.

1.2 REVENUE CAP INDEX ADJUSTMENT

2. The Revenue Cap Index (“**RCI**”) formula approved in Decision EB 2020-0150 annually adjusts the prior period approved rates revenue requirement through use of an inflation factor of 2% less a productivity factor of 0% and a stretch factor of 0.3%.
3. The RCI is expressed as: $RCI = I - X$ where “I” is the inflation factor and “X” is the productivity and the stretch factor.
4. The RCI was approved for use throughout the Custom IR Term, namely from March 31, 2022 to December 31, 2022 and the years 2023-2027.¹
5. The OEB approved the Partnership's 2024 Base Revenue Requirement as \$74,416,898.²

¹ EB 2020-0150 Decision and Order, pages 14-15. The Custom IR term was approved for a 5 year and 9-month term to account for the partial year of initial operations in 2022. See Decision and Order, page 19.

² EB-2023-0298, Decision and Order, June 13, 2024, page 9.

6. The RCI adjustment to be included in the 2025 Base Revenue Requirement is therefore calculated as follows:

$$2025 \text{ RCI Adjustment} = \$74,416,898 \times (0.02 - 0.003) = \$1,265,087.$$

This amount is shown in the overall 2025 Base Revenue Requirement adjustments found in Table Ex.B.1 below.

Table Ex.B.1

2025 Base Revenue Requirement Based on Custom IR

Year	Formula	Base Revenue Requirement
2022	OEB approved revenue requirement (12-month cost of service)	\$53,100,835
2023	2022 Base Revenue Requirement x RCI = \$53,100,835 x 1.017	\$54,003,549 ³
2024	2023 Base Revenue Requirement x RCI = \$54,003,549 x 1.017 + \$19,495,288	\$74,416,898 ⁴
2025	2024 Base Revenue Requirement x RCI = \$74,416,898 x 1.017	\$75,681,985

7. The proposed 2025 revenue requirement for UCT 2 is \$75,681,985 shown in Table Ex.B.2 below. UCT 2 does not have charge determinants for setting UTR as it does not have any customer delivery points supplied directly from its assets. As previously approved by the OEB in EB 2020-0150, UCT 2's revenue requirement

³ EB-2022-0243, Decision and Order, November 24, 2022, page 6.

⁴ EB-2023-0298, Decision and Order, June 13, 2024, page 9.

is allocated to the provincial Network rate pool only, as all its assets serve the Transmission Network, with no Transformation or individual customer services.

Table Ex.B.2

2025 Rates Revenue Requirement by Rate Pool

Description	Network	Line Connection	Transformation Connection	UTR Revenue Requirement
2025 Base Revenue Requirement	\$75,681,985	-	-	\$75,681,985
2025 Deferral and Variance Accounts Disposition	-	-	-	-
2025 Rates Revenue Requirement	\$75,681,985	-	-	\$75,681,985

CERTIFICATE OF EVIDENCE

1.1 ATTESTATION

1. With respect to an application by East-West Tie Limited Partnership, by its General Partner Upper Canada Transmission 2, Inc., I, Matthew Valle, President of Upper Canada Transmission 2, Inc., hereby certify that the evidence filed is accurate, consistent and complete to the best of my knowledge.
2. With respect to an application by East-West Tie Limited Partnership, by its General Partner, Upper Canada Transmission 2, Inc., I, Matthew Valle of Upper Canada Transmission 2, Inc. hereby certify that the application and any evidence filed in support of the application does not include any personal information.

Company Name: **East-West Tie Limited Partnership
by its General Partner, Upper
Canada Transmission 2, Inc.**

Certifier Details:

Name: Matthew Valle

Position: President

Signature:



Date:

8/12/24