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BY EMAIL AND RESS

September 13, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
Suite 2700, 2300 Yonge Street
P.O. Box 2319
Toronto, ON M4P 1E4

Dear Ms. Marconi,

EB-2024-0117 – Niagara Reinforcement Limited Partnership – 2025-2029 Transmission Revenue Requirement – Combined PDF of Non-Amended Exhibits and Amended Exhibits

Further to the request in Interrogatory I-01-01 in this proceeding, Hydro One on behalf of NRLP is filing a full pdf of the Application with both the non-amended exhibits filed on May 23, 2024 and the amended exhibits filed on July 31, 2024.

The enclosed pdf of the Application includes an electronic marking indicating "Updated in interrogatory I-01-01 filed September 9, 2024" for tables that were included in Interrogatory I-01-01.

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

Sincerely,

Kathleen Burke

Kathleen Burke

1 **EXHIBIT LIST**

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A				**Administration**
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A	2	1		Application
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A	2	2		Compliance with Applicable Filing Requirements (UPDATED)
A	2	2	1	Filing Requirement Checklist
A	2	3		Summary of OEB Directives and Undertakings from Previous Proceedings
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A	4	1		Revenue Requirement Framework Summary
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APPLICATION

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15;

AND IN THE MATTER OF an application by Niagara Reinforcement Limited Partnership by its general partner, Hydro One Indigenous Partnerships Inc. (HOIP), for an Order or Orders made pursuant to section 78 of the Act approving revenue requirement for the transmission of electricity.

1. The applicant, Niagara Reinforcement Limited Partnership (NRLP), is a Limited Partnership the general partner of which is HOIP, an affiliate of Hydro One Inc. (HOI). The limited partners of NRLP are (i) Hydro One Networks Inc. (HONI, and also an affiliate of HOI); (ii) Six Nations of the Grand River Development Corporation; and (iii) Mississaugas of the Credit First Nation.

2. NRLP has its head office in Woodstock, Ontario, and is licensed by the Ontario Energy Board (the OEB), under licence number ET-2018-0277, to transmit electricity. NRLP carries on the business of owning and operating transmission facilities in Ontario.

3. This is an application for revenue requirement for a five-year test period commencing January 1, 2025, and ending December 31, 2029 (the Application).

4. NRLP hereby applies to the OEB, pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, for an Order or Orders approving:

   a) NRLP’s total revenue requirement for 2025 to 2029;

b) Inclusion of NRLP's approved rates revenue requirement in the OEB's determination of the 2025 to 2029 Network pool of the Uniform Transmission Rates (UTRs);

c) The continuation of NRLP's current regulatory accounts;

d) Disposition of the Earnings Sharing Mechanism (ESM) balance as part of its revenue requirement over a one-year period commencing January 1, 2025;

e) Other items or amounts that may be requested by NRLP in the course of this proceeding, and as may be granted by the OEB.

5. This Application has been prepared in accordance with the OEB's Filing Requirements for Electricity Transmission Rate Applications dated February 11, 2016.

6. The persons affected by this Application are Ontario ratepayers. It is impractical to set out their names and addresses because they are too numerous.

FORM OF HEARING REQUESTED

7. The Application may be viewed on the Internet at the following address: https://nrlp.ca/regulatory/

8. NRLP requests that this Application be heard by way of a written hearing.

PROPOSED EFFECTIVE DATE

9. NRLP requests that the OEB's revenue requirement order be made effective January 1, 2025. To address the possibility that the requested orders cannot be made effective by that time, NRLP requests an interim Order making its proposed transmission revenue requirement effective on an interim basis as of January 1, 2025, and allowing NRLP to use the existing Niagara Reinforcement Limited

Partnership Deferral Account (NRLPDA) to record any differences in the revenue requirement between the interim Order and the final approved Decision and Order.

CONTACT INFORMATION

10. NRLP requests that a copy of all documents filed with the OEB by each party to this Application be served on the Applicant and the Applicant's counsel as follows:

a) The Applicant:

Eryn Mackinnon
Regulatory Advisor
Hydro One Networks Inc.

Mailing Address:
7th Floor, South Tower
483 Bay Street
Toronto, Ontario M5G 2P5

Telephone:	(416) 345-4479
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b) The Applicant's Counsel:

Raman Dhillon
Senior Legal Counsel
Hydro One Networks Inc.

Mailing Address:
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DATED at Toronto, Ontario, this 23rd day of May 2024.

by NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
By its counsel,

Raman Dhillon

CERTIFICATION OF EVIDENCE

Niagara Reinforcement Limited Partnership
A limited partnership under the laws of Ontario
(hereinafter, NRLP)

TO: ONTARIO ENERGY BOARD

The undersigned, Jeffrey Smith, hereby certifies for and on behalf of NRLP that:

1. I am the Managing Director of Hydro One Indigenous Partnerships Inc., the General Partner for NRLP;

2. This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's Filing Requirements for Electricity Transmission Applications (last revised on February 11, 2016); and

3. The evidence submitted in support of NRLP's 2025-2029 revenue requirement application (EB-2024-0117) filed with the Ontario Energy Board is accurate, consistent and complete to the best of my knowledge.

DATED this 23rd day of May 2024.

JEFFREY SMITH
for NRLP by its General Partner, Hydro One Indigenous Partnerships Inc.

CERTIFICATION OF DEFERRAL AND VARIANCE ACCOUNT BALANCES

TO: ONTARIO ENERGY BOARD

The undersigned, Chris Lopez, being Hydro One's EVP, Chief Financial and Regulatory Officer, hereby certifies for and on behalf of Niagara Reinforcement Limited Partnership that:

1. This certificate is given pursuant to Chapter 1 of the OEB's *Filing Requirements for Electricity Transmission Applications*; and

2. Hydro One has the appropriate processes and internal controls for the preparation, review, verification and oversight of all deferral and variance accounts.

DATED this 23rd day of May, 2024.

CHRIS LOPEZ

COMPLIANCE WITH APPLICABLE FILING REQUIREMENTS

1.0 INTRODUCTION

NRLP has prepared this Application in accordance with the OEB's guidance in its *Filing Requirements for Electricity Transmission Rate Applications* (February 11, 2016) (Transmission Filing Requirements). NRLP has presented the content to align with Chapter 2 of the Transmission Filing Requirements (Chapter 2). To assist the OEB in its review of the Application, NRLP has prepared a checklist of the Transmission Filing Requirements including the relevant evidentiary references for each item. This checklist is provided as Attachment 1 to this Exhibit.

2.0 NON-APPLICABLE FILING REQUIREMENTS

Given that NRLP is a single transmission line asset and has a limited role in the transmission of electricity in the province, the following Transmission Filing Requirements are not applicable. These include:

1. Customer Engagement

- NRLP does not have any direct customers, and hence has not performed any customer engagement activities and analysis.

2. Transmission System Plan

- NRLP has prepared an abridged Transmission System Plan (TSP) given that it is proposing minimal capital expenditures during the rate period.

- Section 2.4 of Chapter 2 states that transmitters may wish to refer to Chapter 5 of the OEB's Filing Requirements for Electricity Distributors, Consolidated Distribution System Plan Filing Requirements (DSP Requirements) for further guidance on the content and structure of a TSP. NRLP has referred to the DSP Requirements to guide the preparation of its abridged TSP.

3. Working Capital Allowance

- In B2M LP's previous transmission rates application (EB-2015-0026), it was established and that there is no need for a working capital allowance given the that timing of the payments and revenue could be organised by the General Partner to effectively ameliorate any meaningful lead or lag on those cash flows. The same situation applies for NRLP and therefore there is no request for a working capital allowance to be included in rate base.

4. Capitalization of Overhead

- NRLP LP does not have significant projects under construction, so there are no interest or overhead capitalized.

Economic Overview / Load Forecast

- NRLP's asset base consists of one 230 kV transmission line comprised of two circuits with no delivery points. Hence, NRLP has no discrete, incremental load determinants to include in the UTR forecast.

- The only rate pool applicable for NRLP assets is the "Network" pool. Therefore, no further cost allocation methodology is presented in this Application.

Other Revenue

- NRLP has no external revenue sources. The only revenue applicable to NRLP is the revenue requirement from owning and maintaining its 230 kV transmission line.

Employee Compensation

- NRLP has no employees. Operations and management services are provided by Hydro One via a service level agreement as outlined in Exhibit F-03-01.

3.0 MATERIALITY THRESHOLD

In terms of the materiality used by NRLP, 0.5% of the average of 5 years of the revenue requirement in the revenue requirement period of $45k is applicable.

4.0 DEVIATIONS FROM THE FILING REQUIREMENTS

NRLP has complied with the OEB's policies and guidelines as set out in the Transmission Filing Requirements.

5.0 CHANGES TO METHODOLOGIES USED IN PREVIOUS APPLICATIONS

NRLP includes a list of changes to its methodology compared to previous rebasing applications:

1. Change to methodology proposed to set transmission revenue requirement as further described in Exhibit A-04-01; and
2. Adoption of the new depreciation methodology for its assets consistent with the new depreciation methodology approved for HONI in EB-2023-0110 for 2023-27 distribution and transmission rates, as further described in Exhibit F-05-01.

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FILING REQUIREMENT CHECKLIST

This attachment has been filed separately in MS Excel format.

SUMMARY OF BOARD DIRECTIVES AND UNDERTAKINGS FROM PREVIOUS PROCEEDINGS

In NRLP's 2020–2024 revenue requirement proceeding (EB-2018-0275), parties agreed in the EB-2018-0275 settlement agreement that NRLP would provide two additional performance metrics. NRLP has provided these performance metrics. Please see Exhibit D-01-01 for details.

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EXECUTIVE SUMMARY

This exhibit describes the key aspects of Niagara Reinforcement Limited Partnership (NRLP)'s application (the Application) in respect of its proposed transmission revenue requirement for 2025 to 2029.

1.0 NIAGARA REINFORCEMENT LIMITED PARTNERSHIP

NRLP is a limited partnership between Hydro One Indigenous Partnerships GP Inc. (HOIP) and Hydro One Networks Inc. (HONI), both of which are affiliates of Hydro One Inc. (HOI), and Six Nations of the Grand River Development Corporation (SNGRDC), and the Mississaugas of the Credit First Nation (MCFN).

NRLP's transmission system consists of a 230kV double circuit line from Allanburg TS to Middleport TS. Each circuit is approximately 76 km in length. HONI owns the terminating stations and line junctions (Allanburg TS, Middleport TS, and Allanburg West Junction).

2.0 APPROVALS REQUESTED

In this Application for 2025 to 2029 transmission revenue requirement, NRLP is requesting the Ontario Energy Board's (OEB) approval for:[1]

i. Revenue requirement for 2025-2029 period;
ii. Inclusion of NRLP's approved rates revenue requirement in the OEB's determination of the 2025 to 2029 Network pool of the Uniform Transmission Rates (UTRs);
iii. The continuation of NRLP's current regulatory accounts;
iv. Disposition of the Earnings Sharing Mechanism (ESM) balance as part of its revenue requirement over a one-year period commencing January 1, 2025;
v. An effective date of January 1, 2025; and
vi. Other items that may be requested by NRLP in the course of this proceeding, and as may be granted by the OEB.

[1] As described in Exhibit A-02-01.

A number of internal and external challenges will need to be managed over the 2025 - 2029 period. They include:

a) Completion of a System Renewal capital project valued at $150k with planned in-service addition in 2025; and
b) Managing NRLP's Right-of-Way vegetation maintenance program, taking into consideration the six-year vegetation cycle. To optimize contracting of brush control work, all portions of NRLP Right of Ways were aligned to be on the same six-year cycle. As a result, majority of the maintenance costs will be incurred in 2029.

NRLP's Application will mitigate these challenges and ensure that NRLP's assets are managed efficiently and effectively.

The change in NRLP's rates revenue requirement will not affect the 2025 Network UTR relative to the current 2024 rate.[3] The Line Connection and Transformation Connection UTRs are unaffected by NRLP, as described in Section 5.9 below.

The 2025 change in rates revenue requirement will result in an average impact on transmission rates of -0.007% and a total bill impact of less than 0.01% (less than 1 cent per month) for a typical Hydro One Residential (R1) customer consuming 750 kW per month and, similarly, a total bill impact of less than 0.01% (less than 1 cent per month) for a typical Hydro One energy-billed General Service (GS<50kW) customer consuming 2,000 kWh per month. The annual changes 2026 to 2029 revenue requirement will also not materially impact the average transmission rates, or the total bills for Hydro One's typical R1 and GS<50kW customers. A summary is provided in Table 9, below and further details are provided in Exhibit I-02-01.

[3] EB-2023-0222, Decision and Rate Order on 2024 Uniform Transmission Rates, January 18, 2024.

3.0 REVENUE REQUIREMENT FRAMEWORK

NRLP proposes to set its revenue requirement for a five-year period using a forecast of OM&A and capital costs for each of the five years. Customer protection mechanisms such as an earnings sharing mechanism (ESM) and off-ramps are proposed. Consistent with the OEB's *Handbook for Utility Rate Applications* (the Handbook), cost of capital is proposed to be fixed at 2025 levels subject only to one update to the cost of long-term debt.[4]

NRLP understands that the OEB's Renewed Regulatory Framework (RRF), as most recently set out in the Handbook, provides that electricity transmitters are to choose either Custom IR or a Revenue Cap IR.[5] However, the RRF was not conceived for a single-asset utility such as NRLP. Single-asset utilities typically have few, if any, capital expenditures in the years following the in-service of the new asset and their rate base declines over time. As a result, a revenue cap index framework, whereby the revenue requirement is updated each year by a factor based on inflation minus a productivity factor, may result in overearning for a single-asset utility. NRLP believes that its proposed approach will provide greater transparency to ratepayers in respect of its costs over the 2025-2029 period and will allow for its revenue requirement to be directly tied to its forecast costs over the entire period.

The approach has a number of benefits as described below in Sections 3.1, 3.2 and 3.3.

3.1 THE APPROACH DOES NOT DISCOURAGE PRODUCTIVITY

NRLP has few, if any opportunities to unilaterally achieve productivity improvements, regardless of the revenue requirement framework under which it is operating at any given time.

[4] As detailed in Exhibit G-01-01.
[5] Handbook page 24.

Specifically:

- NRLP owns and operates a single 230kV transmission line that is about 18 years old and has an expected service life of over 80 years. As these assets are new, they require lower OM&A in comparison to other transmitters. A small amount of capital expenditures ($0.15M) is forecasted during the rate period;
- Given that there are minimal forecast capital expenditures, NRLP's main controllable costs are maintenance and a small amount of administration. These costs are a small fraction of total costs and are significantly less than the non-controllable portions of NRLP's costs (Cost of Capital, Depreciation, Income Tax, Operations, Corporate Allocation). As a result, it is only in respect of a modest portion of OM&A costs that productivity can be achieved. Even in respect of the controllable portion of maintenance and administration costs:
    - NRLP's management and work programs are provided by a service level agreement, resulting in minimal overhead as well as qualified and flexible resources when needed, allowing NRLP to remain cost efficient; and
    - NRLP's service level agreement integrates HONI's productivity improvements into NRLP's maintenance operations.

As a result of the above, NRLP receives the benefit of HONI's productivity improvements in NRLP's maintenance operations, regardless of the regulatory framework under which NRLP operates.

3.2 PROTECTIONS FOR RATEPAYERS

The approach proposed has a number of protections for ratepayers, including an ESM, a Z-factor mechanism, an off-ramp mechanism and performance metrics.

EARNINGS SHARING MECHANISM (ESM)

Although significant overearning is not expected, NRLP proposes to share, with customers, 50% of any earnings that exceed the OEB-allowed regulatory return on equity (ROE) by more than 100 basis points in any year of the five-year term.

Z-FACTOR

NRLP is proposing, consistent with the Handbook, that the OEB's Z-factor mechanism be available over the term of this five-year Application. The criteria that would apply to the use of the Z-factor mechanism are detailed in exhibit A-04-01.

OFF-RAMPS

NRLP proposes to apply the OEB's existing off-ramp mechanism, a trigger mechanism with an annual return on equity dead band of plus or minus 300 basis points,[6] at which point a regulatory review of the revenue requirement arising from NRLP's five-year Application may be initiated.

PERFORMANCE METRICS

As detailed in Exhibit D-1-1, NRLP is proposing a number of performance measures which align with RRF outcomes. These measures protect customers by providing transparency in respect of the performance of NRLP's assets. They allow for verification that the assets are operated within the expected parameters and continue to serve the electricity consumers of Ontario effectively.

3.3 ANNUAL UPDATE APPLICATIONS WILL NOT BE REQUIRED

As a result of NRLP's proposed approach, annual updates to set the revenue requirements for 2026-2029 will not be required. Only one update is proposed to the cost of long-term debt in 2025 as detailed in Exhibit G-01-01 of this Application. Once the 2025 update for cost of long-term debt is complete (impacting 2026-2029 revenue requirements), NRLP's 2026, 2027, 2028 and 2029 revenue requirements will be final. As a result, the OEB can use these final revenue requirements approved to set 2026, 2027, 2028 and 2029 UTRs. NRLP believes its proposal helps advance regulatory efficiency by eliminating the need for annual updates.

[6] See Chapter 3 of Filing Requirements for Electricity Distribution Rate Applications, section 3.2.10.

4.0 NRLP'S STRATEGIC PLAN

NRLP's plan on which this Application is based was informed by its values and strategic objectives described in the section below.

NRLP is sensitive to and has considered the needs of provincial ratepayers that have expressed a desire for low rates and high reliability. NRLP's plan supports these general ratepayer objectives by proposing one system renewal capital project valued at $150k in order to mitigate safety risks, and a modest OM&A budget required to maintain NRLP's transmission reliability.

NRLP's asset management process, as well as capital expenditure and operation and maintenance expenses for 2025-2029 are further explained in Attachment 1 to Exhibit B-01-03.

4.1 NRLP'S VALUES AND STRATEGIC OBJECTIVES

NRLP, as part of the Hydro One family of companies, is driven primarily by the values of health and safety, and stewardship. NRLP's strategy and business values must operate with revenue that can balance the financing of investment in infrastructure while maintaining affordable and reliable service.

NRLP is 45% owned by First Nations over whose traditional territory the transmission line crosses. Respect for Indigenous peoples and their traditions is another key value of the partnership.

The five-year vision associated with NRLP's strategic objectives is shown in Table 1. In managing its transmission assets, NRLP is committed to meeting the OEB's Renewed Regulatory Framework (RRF) outcomes as demonstrated by the alignment of NRLP's strategic objectives to the RRF outcomes.

Table 1 - NRLP Strategic Objectives

RRF Outcomes	Strategic Objectives	Five-Year Vision
Customer Focus	Reliable Transmission	Maintain top-tier transmission reliability performance and improve long-term system reliability.
	Foster Indigenous Relationships	To foster positive relationships with the Indigenous communities of the partners.
Operational Effectiveness	Injury-Free	Ensure NRLP's operations and management services agreement is executed in accordance with good utility practice for employee and public safety.
	Cost Control	Secure a reasonable service agreement with Hydro One Networks Inc. that minimizes cost.
Public Policy Responsiveness	Public Policy Responsiveness	Support government objectives by delivering on obligations mandated by government through legislation and regulatory requirements.
	Protecting the Environment	Sustainably manage NRLP's environmental footprint.
Financial Performance	Owner's Value	Achieve the Regulated Return on Equity allowed by the Ontario Energy Board.
	Ratepayer Value	Plan and strategically execute responsible investment in rate base assets to ensure the safety and reliability of the grid while ensuring manageable and stable rate impacts over the course of the planning period.

5.0 KEY ELEMENTS OF THE APPLICATION

5.1 REVENUE REQUIREMENT

NRLP's proposed 2025-29 revenue requirements are shown in Table 2.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 2 - Revenue Requirement ($M) *

Components	2025	2026	2027	2028	2029
OM&A	1.1	1.1	1.0	1.1	1.9
Depreciation	1.6	1.6	1.6	1.6	1.6
Income Taxes	0.1	0.1	0.1	0.1	0.1
Return on Capital	6.2	6.2	6.1	6.0	5.9
Total Revenue Requirement	**9.0**	**8.9**	**8.8**	**8.8**	**9.5**
Deduct External Revenues and Other[7]	(0.6)	0.0	0.0	0.0	0.0
Rates Revenue Requirement	**8.4**	**8.9**	**8.8**	**8.8**	**9.5**

* Exhibit Reference: E-01-01, Table 1.

The drivers of the increase in the 2025 revenue requirement compared to the 2020 OEB approved test year is predominantly driven by higher cost of OM&A and debt given the maturity of NRLP's previous five-year long-term debt ($20.3 million), as further explained in Exhibit F-02-01 and Exhibit G-01-01, respectively.

5.2 BUDGETING ASSUMPTIONS

NRLP has assumed generally 2% inflation in its capital and OM&A budgets.

5.3 LOAD FORECAST

NRLP has included no load forecast, as it has no metering points or delivery points. All power transported using NRLP's assets are delivered to the final customer by another transmitter and thus is included in another transmitter's load forecast. The revenue requirement is allocated to the provincial Network rate pool, as all assets serve the Network with no Transformation or individual customer services. Once the revenue

[7] This comprises of the disposition of Earnings Sharing Mechanism (ESM) regulatory account

requirement by rate pool has been established, rates are determined by applying the Provincial charge determinants for each pool to the total revenue for each pool.

5.4 TRANSMISSION SYSTEM PLAN (TSP)

This section summarizes the major drivers and elements of NRLP's five-year TSP (Exhibit B-01-03, Attachment 1). NRLP has aligned its TSP in accordance with Chapter 2 of the Ontario Energy Board's (OEB) *Filing Requirements for Electricity Transmission Applications* published on February 11, 2016, with further guidance from Chapters 3 and 5 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications* (*Incentive Rate-Setting Applications* and *Distribution System Plan*), revised on June 15, 2023 and December 15, 2022, respectively (together, the "Filing Requirements").

5.4.1 ASSET MANAGEMENT PROCESS

NRLP continues to retain HONI under a service level agreement (SLA) to plan, organize, and execute the operation and maintenance of the assets and provide certain corporate and administrative support services. NRLP relies upon HONI's asset management process. HONI has continued to implement several refinements in its asset strategies and investment assessment to improve upon its asset management process, as documented in Section 2.2 of Exhibit B-02-01 of OEB proceeding EB-2021-0110.

5.4.2 INVESTMENT PLANNING PROCESS

NRLP's operational needs are assessed by HONI on an annual basis and are incorporated into HONI's investment planning process to establish a plan that addresses those operational needs while minimizing rate impacts. This planning process ultimately forms part of the overall asset management process, which is aimed at identifying and scoping the optimal timing of capital investments and asset maintenance throughout the life cycle of assets.

5.4.3 CAPITAL EXPENDITURES

NRLP's transmission system is limited to the components of a 230kV double circuit transmission line. Given the relatively new vintage of this line, only one capital project is being planned over the 2025 to 2029 planning period. Details of this capital project are provided in Attachment 1 of Exhibit B-01-03, Section 4.3. Table 3 below summarizes NRLP's historical actuals and planned in-service additions by category over the TSP planning period.

Table 3 - Overall Plan ($M)

OEB Category	Historical Actuals				Bridge	Forecast				
	2020	2021	2022	2023	2024 Forecast	2025	2026	2027	2028	2029
System Access	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
System Renewal	0.0	0.0	0.0	0.0	0.0	0.15	0.0	0.0	0.0	0.0
System Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Plant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.15**	**0.0**	**0.0**	**0.0**	**0.0**

All of NRLP's assets are less than 18 years old; therefore, little degradation has occurred, and these assets are considered to be in good condition.

5.5 RATE BASE

The requested rate base over the test period is provided in Table 4 below. Details are provided in Exhibit C-01-01. The 2025 rate base represents a $1.5M (1.3%) decrease over 2024 rate base.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 4 - Transmission Rate Base ($M) *

Description	2025	2026	2027	2028	2029
Mid-Year Gross Plant	119.5	119.6	119.6	119.6	119.6
Mid-Year Accumulated Depreciation	(9.6)	(11.2)	(12.8)	(14.5)	(16.1)
Mid-Year Net Plant	**109.9**	**108.4**	**106.7**	**105.1**	**103.5**
Cash Working Capital	0.0	0.0	0.0	0.0	0.0
Materials and Supply Inventory	0.0	0.0	0.0	0.0	0.0
Transmission Rate Base	**109.9**	**108.4**	**106.7**	**105.1**	**103.5**

* Exhibit Reference: C-1-1, Table 3

5.6 PERFORMANCE AND REPORTING

NRLP is proposing to continue to track its performance by utilizing the measures approved by the OEB in the NRLP Settlement Agreement in EB-2018-0275.

Given the nature of NRLP's assets, the performance of the equipment does not lend itself to applying the typical measures that might be in place for other transmitters. NRLP's assets consist solely of a 230kV double circuit transmission line and do not include any terminal breakers or other operable assets. The demarcation point of each of the circuits is at a tower outside of the station as noted in Exhibit B-01-01. NRLP does not have any customer delivery points (or meter assets), which are the basis of common reliability performance measures such as SAIDI and SAIFI. However, HONI's SAIDI and/or SAIFI values can be impacted by outages caused by NRLP assets. As a result, as per the Settlement Agreement in EB-2018-0275, NRLP is providing two additional performance metrics, which measure interruptions to Hydro One delivery points caused by NRLP's circuits (T-SAIDI NRLP Contribution and T-SAIFI NRLP Contribution). Since NRLP has no customers, no Customer Focus measures have been proposed. The performance measures, along with their associated RRF performance outcomes are shown in Table 5.

Table 5 - NRLP's Performance Measures

RRF Outcomes	Performance Measure
Operational Excellence	Average System Availability (%)
Operational Excellence	T-SAIDI NRLP Contribution
Operational Excellence	T-SAIFI NRLP Contribution
Operational Excellence	O&M Cost ($K) per circuit kilometer[8]
Public Policy Responsiveness	NERC Vegetation Compliance

Further details on the methods and measures as well as the historical performance and forecast targets are documented in Exhibit D-01-01.

5.7 OPERATIONS, MAINTENANCE AND ADMINISTRATION (OM&A)

NRLP is managed by its general partner, HOIP, which retains HONI under a SLA, to plan, organize, and execute the operation and maintenance of the assets and provide certain corporate and administrative support services as outlined in Exhibit F-03-01.

OM&A expenses are derived based upon the various work programs and functions performed by or on behalf of the Partnership. As outlined in Table 6 below, the average OM&A annualized forecast for the 2025 to 2029 period is $1.2M. The 2020 Test Year OM&A approved in EB-2018-0275 rate filing was $0.8M. This represents a $0.4M increase over the 2020 test year. The average annualized forecast OM&A spend for the 2020 to 2024 period is $0.8M which is on par with the 2020 Test Year approved OM&A of $0.8M.

Higher OM&A forecasts for the 2025 to 2029 period are primarily due to all portions of NRLP's Right of Way undergoing major vegetation maintenance in 2029. As outlined in Exhibit B-01-03, Attachment 1, Section 3.3.1, Routine Operation and Maintenance, Line Clearing and Brush Control are cyclic vegetation maintenance activities scheduled for Right of Ways every six years. These activities have significantly higher unit costs compared to other vegetation management and patrol activities.

[8] Circuit kms refer to total route kms multiplied by number of circuits per km. For NRLP, this is 76 kms x 2 circuits = 152 kms.

Starting in 2023, NRLP is also charged transfer pricing by HONI for the use of certain shared assets. The shared asset costs allocated to NRLP include those for major fixed assets and intangible assets, as well as minor fixed assets. Shared Asset Allocation is forecast to be $0.1M annually for the 2025 to 2029 period, and mainly relates to HONI's SAP system, an enterprise-wide system that integrates work management, finance, supply chain and other enterprise software. Use of these systems is required for HONI to coordinate and execute its asset management process and subsequent maintenance activities for NRLP.

Other Incremental Expenses include components that are directly incurred by NRLP and are outside of the SLA with HONI. These include components such as insurance, regulatory expenses, Managing Director costs, and other administrative expenses such as external fees, statutory remittances, and auditor costs. These expenses have been adjusted for inflation for the 2025 to 2029 forecast period.

Further details are presented in Exhibit F-02-01.

Updated in Interrogatory I-01-01 filed September 9, 2024

1 **Table 3 - Summary of OM&A ($M)***

	Historical												**Bridge**		**Forecast**				
	2020			**2021**			**2022**			**2023**			**2024**		**2025**	**2026**	**2027**	**2028**	**2029**
	Plan*	**Actual**	**Var**	**Plan***	**Actual**	**Var**	**Plan***	**Actual**	**Var**	**Plan***	**Actual**	**Var**	**Plan***	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**	**Fcst**
SLA Costs	0.5	0.4	(0.1)	0.5	0.3	(0.3)	0.5	0.3	(0.2)	0.5	0.7	0.2	0.6	0.8	0.5	0.6	0.5	0.6	1.4
Incremental Expenses	0.3	0.2	(0.1)	0.3	0.2	(0.1)	0.3	0.3	0.0	0.3	0.3	0.2	0.3	0.5	0.6	0.5	0.5	0.5	0.5
Total OM&A	**0.8**	**0.7**	**(0.2)**	**0.9**	**0.5**	**(0.3)**	**0.9**	**0.6**	**(0.2)**	**0.9**	**1.1**	**0.2**	**0.9**	**1.3**	**1.1**	**1.1**	**1.0**	**1.1**	**1.9**

* The Plan values reflect the test year values (2020) approved by the OEB as part of the previous rate application, EB-2018-0275, as escalated by approved Revenue Cap Index values.

5.8 COST OF CAPITAL

Details of the cost of capital summary for each year are provided in Exhibit G-01-03. Table 7 below summarizes the return on capital for the 2025-2029 test period.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 4 - 2025-2029 Return on Capital

	Return on Capital ($M)				
	2025	**2026**	**2027**	**2028**	**2029**
Long term debt	1.9	1.9	1.9	1.9	1.8
Short-term debt	0.3	0.3	0.3	0.3	0.3
Common Equity	4.0	4.0	3.9	3.9	3.8
Total	**6.2**	**6.2**	**6.1**	**6.0**	**5.9**

NRLP's deemed capital structure for rate-making purposes is 60% debt and 40% common equity of utility rate base, as affirmed by the OEB's Decision in NRLP's 2020 to 2024 transmission rate application (EB-2018-0275). The 60% debt component is comprised of 4% deemed short-term debt and 56% long-term debt.[9]

At the time of the Draft Rate Order (DRO) in this proceeding, NRLP intends to update the 2025 to 2029 revenue requirements based on the OEB's release of its 2025 cost of capital parameters to reflect: (a) the OEB-prescribed 2025 return on equity (ROE) and short-term debt rates; and (b) a long-term debt rate based on NRLP's forecast debt refinancing in 2025, using the September 2024 Consensus Forecast. The ROE and short-term debt rate parameters will remain fixed over the five-year rate term.

For the 2026 revenue requirement year, NRLP proposes a one-time update to the cost of long-term debt to reflect the actual market rate achieved on the long-term debt it will issue in 2025. This will allow actual debt issuances made to refinance maturing debt in 2025 to be reflected in the 2026 revenue requirement and through to the end of the rate term.

[9] Consistent with the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084) and its subsequent Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated Utilities, dated January 14, 2016.

Further details regarding the cost of capital can be found in Exhibit G-01-01.

5.9 COST ALLOCATION AND RATE DESIGN

All assets associated with NRLP are classified as Network assets, consistent with the cost allocation methodology approved by the OEB for NRLP in previous OEB proceeding, in EB-2018-0275. Accordingly, the total rates revenue requirement associated with NRLP's transmission assets will be allocated to the Network pool. Further details regarding the cost allocation and rate design are provided in Exhibit I-01-01.

5.10 DEFERRAL AND VARIANCE ACCOUNTS

NRLP is requesting to dispose of its regulatory balances in the ESM deferral account that accumulated between 2021 and 2023. NRLP is requesting to dispose of the ESM deferral account balance as part of its revenue requirement over a one-year period commencing January 1, 2025.

NRLP's regulatory account balances are summarized in Table 8 below:

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 5 - Summary of Regulatory Account Balances ($)

Description	Principal Balance as at Dec. 31, 2023	Projected Interest up to Dec. 31, 2024	Total Balance
Tax Rate and Rule Changes Variance Account	0	0	0
Niagara Reinforcement Limited Partnership Deferral Account	0	0	0
ESM Deferral Account	**(535,761)**	**(50,288)**	**(586,049)**
Total Group 2 Balances	**(535,761)**	**(50,288)**	**(586,049)**

NRLP is requesting approval to continue all existing accounts as detailed in Exhibit H-01-01.

5.11 BILL IMPACTS

A summary of the estimated impacts of this Application on average transmission rates and total bills for transmission and distribution-connected customers is provided in Table 9. Detailed calculations are provided in Exhibit I-02-01.

The total bill impact for a typical Hydro One residential (R1) customer consuming 750 kWh, and for a typical Hydro One General Service (GS<50kW) customer consuming 2,000 kWh is determined based on the forecast increase in the customer's Network Retail Transmission Service Rates (RTSR-N).

Table 9 - Summary of Impacts on Average Transmission Rates and Transmission and Distribution-Connected Customers

	2024	2025	2026	2027	2028	2029
NRLP's Rates Revenue Requirement ($M)	8.565	8.405	8.942	8.822	8.806	9.492
Net Impact on Average Transmission Rates		-0.007%	0.024%	-0.005%	-0.001%	0.030%
Average Transmission Customer Total Bill Impact		-0.001%	0.003%	-0.001%	0.000%	0.004%
Typical Hydro One Distribution R1 Customer Total Bill Impact (750 kWh)		$(0.001)	$0.004	$(0.001)	$(0.000)	$0.005
		-0.001%	0.003%	-0.001%	0.000%	0.003%
Typical Hydro One Distribution GS<50kW Customer Total Bill Impact (2000 kWh)		$(0.002)	$0.008	$(0.002)	$(0.000)	$0.010
		-0.001%	0.002%	0.000%	0.000%	0.002%

Note: NRLP's rates revenue requirement impacts reflect its share of the transmission rates revenue requirement in UTRs.

6.0 CONCLUSION

NRLP's Application balances the needs of its system and assets and allows it to operate and maintain these assets in accordance with reliability standards and to satisfy regulatory, environmental, and legal requirements.

NRLP operates under unique circumstances when considering its corporate structure, asset holdings, and operating and management arrangements. Over the five-year term, this Application, will help ensure that NRLP's assets are managed effectively to benefit electricity customers across Ontario.

REVENUE REQUIREMENT FRAMEWORK SUMMARY

1.0 INTRODUCTION AND OVERVIEW

NRLP proposes to set its revenue requirement for a five-year period using a forecast of OM&A and capital (including tax) costs for each of the five years. Customer protection mechanisms such as an earnings sharing mechanism (ESM) and off-ramps are proposed. Consistent with the OEB's *Handbook for Utility Rate Applications* (the Handbook), cost of capital is proposed to be fixed at 2025 levels subject only to one update to the cost of long-term debt.[1]

NRLP understands that the OEB's Renewed Regulatory Framework (RRF), as most recently set out in the Handbook, provides that electricity transmitters are to choose either Custom IR or a Revenue Cap IR.[2] However, the RRF was not conceived for a single-asset utility such as NRLP. NRLP believes that its proposal has a number of benefits:

- it considers the appropriate framework for single-asset utilities with a declining rate base, providing transparency to ratepayers and lower potential for overearning than a revenue cap index framework, especially in the later years of a rate period; and
- it provides appropriate protection for ratepayers and does not disincentivize productivity.

Each of the above is discussed below.

[1] As detailed in Exhibit G-01-01.
[2] Handbook page 24.

1.1 CONSIDERATION OF THE MOST APPROPRIATE REVENUE REQUIREMENT FRAMEWORK FOR NRLP AS A SINGLE-ASSET UTILTITY

In developing its Application, NRLP considered whether revenue cap index frameworks are appropriate for a single-asset utility such as NRLP. Single-asset utilities, such as NRLP, typically have few, if any, capital expenditures in the years following the in-service of the new asset and their rate base declines over time. As a result, a revenue cap index framework, whereby the revenue requirement is updated each year by a factor based on inflation minus a productivity factor may result in overearning for a single-asset utility. On the other hand, single-asset utilities have unique expenses trajectories, such as income tax, that may cause costs to vary substantially year over year.

To address this dynamic, NRLP is proposing the approach set out herein for its 2025-2029 revenue requirement. NRLP believes that this approach will provide greater transparency to ratepayers in respect of its costs over the 2025-2029 period and will allow for its revenue requirement to be directly tied to its forecast costs over the entire period. Protections for ratepayers, including an explanation of why this proposal does not disincentivize productivity, are discussed in the section below.

1.2 FRAMEWORK PROVIDES APPROPRIATE PROTECTION FOR RATEPAYERS

NRLP's proposal provides appropriate protection for ratepayers for a number of reasons, each of which is discussed in this section.

1.2.1 THE APPROACH DOES NOT DISCOURAGE PRODUCTIVITY

As NRLP explained in its previous revenue requirement application, NRLP has few, if any opportunities to unilaterally achieve productivity improvements, regardless of the revenue requirement framework under which it is operating at any given time.

Specifically:

- NRLP owns and operates a single 230kV transmission line that is about 18 years old and has an expected service life of over 80 years. As these assets are new, they require lower OM&A in comparison to other transmitters, and minimal capital expenditures are forecasted during the rate period;
- Given that there are minimal forecast capital expenditures, NRLP's main controllable costs are maintenance and a small amount of administration. These costs are a small fraction of total costs and are significantly less than the non-controllable portions of NRLP's costs (Cost of Capital, Depreciation, Income Tax, Operations, Corporate Allocation). As a result, it is only in respect of a modest portion of OM&A costs that productivity can be achieved. Even in respect of the controllable portion of maintenance and administration costs:
    - NRLP's management and work programs are provided by a service level agreement, resulting in minimal overhead as well as qualified and flexible resources when needed, allowing NRLP to remain cost efficient; and
    - NRLP's service level agreement integrates HONI's productivity improvements into NRLP's maintenance operations.

As a result of the above, NRLP receives the benefit of HONI's productivity improvements in NRLP's maintenance operations, regardless of the regulatory framework under which NRLP operates.

1.2.2 PROTECTIONS FOR RATEPAYERS

NRLP is proposing the following additional features in this Application to align its interests with those of customers and to provide an additional element of protection for customers.

EARNINGS SHARING MECHANISM (ESM)

Although significant overearning is not expected, NRLP proposes to share, with customers, 50% of any earnings that exceed the OEB-allowed regulatory return on equity (ROE) by more than 100 basis points in any year of the five-year term. The customer share of the earnings will be adjusted for any tax impacts and will be credited to the ESM deferral account for clearance at the time of NRLP's next rebasing, as further described in Exhibit H-01-01.

Z-FACTOR

NRLP is proposing, consistent with the Handbook, that the OEB's Z-factor mechanism be available over the term of this five-year Application. The criteria that would apply to the use of the Z-factor mechanism are those outlined by the OEB in Chapter 2 of the Filing Requirements for Electricity Transmission Applications, section 2.8.12.

Events that may necessitate the use of the Z-factor mechanism include:

- Extreme weather events, such as storms;
- Investments that are government-mandated or otherwise outside of management's control;
- Changes to IESO market rules;
- Changes to OEB codes, policies or other directions;
- Changes to accounting frameworks or technical standards;
- Changes to government policy, legislation, or regulation, such as environmental laws; and
- Any other one-time or ongoing events that meet the Z-factor criteria.

OFF-RAMPS

NRLP proposes to apply the OEB's existing off-ramp mechanism, a trigger mechanism with an annual return on equity dead band of plus or minus 300 basis points,[3] at which point a regulatory review of the revenue requirement arising from NRLP's five-year Application may be initiated.

[3] See Chapter 3 of Filing Requirements for Electricity Distribution Rate Applications, section 3.2.10.

PERFORMANCE METRICS

As detailed in Exhibit D-1-1, NRLP is proposing a number of performance measures which align with RRF outcomes. These measures protect customers by providing transparency in respect of the performance of NRLP's assets. They allow for verification that the assets are operated within the expected parameters and continue to serve the electricity consumers of Ontario effectively.

2.0 ANNUAL UPDATE APPLICATIONS WILL NOT BE REQUIRED

As a result of NRLP's proposed approach, annual updates to set the revenue requirements for 2026-2029 will not be required. Only one update is proposed to the cost of long-term debt in 2025 as detailed in Exhibit G-01-01 of this Application. Once the 2025 update for cost of long-term debt is complete (impacting 2026-2029 revenue requirements), NRLP's 2026, 2027, 2028 and 2029 revenue requirements will be final. As a result, the OEB can use these final revenue requirements approved to set 2026, 2027, 2028 and 2029 UTRs. NRLP believes its proposal helps advance regulatory efficiency by eliminating the need for annual updates.

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DESCRIPTION OF THE PARTNERSHIP

NRLP is a limited partnership formed under the laws of Ontario. NRLP owns 76 km of 230kV double circuit high-voltage transmission line located in southern Ontario in the Niagara region connecting Allanburg Transformer Station and Middleport Transformer Station. These circuits are referred to as Q26M and Q35M. The business carried out by NRLP is the provision of electricity transmission service in Ontario.

NRLP is a partnership between HOIP; HONI; Six Nations of the Grand River Development Corporation; and Mississaugas of the Credit First Nation.

HOIP is the general partner and is responsible for ensuring that the transmission assets owned by NRLP are operated and maintained in accordance with all applicable regulatory standards and HONI's maintenance and operating practices through a comprehensive services agreement, as further outlined in Exhibit F-03-01. The agreement mandates that HONI shall ensure that all applicable OEB licence, code and rule requirements are observed.

The organization chart for the NRLP ownership structure is set out below.

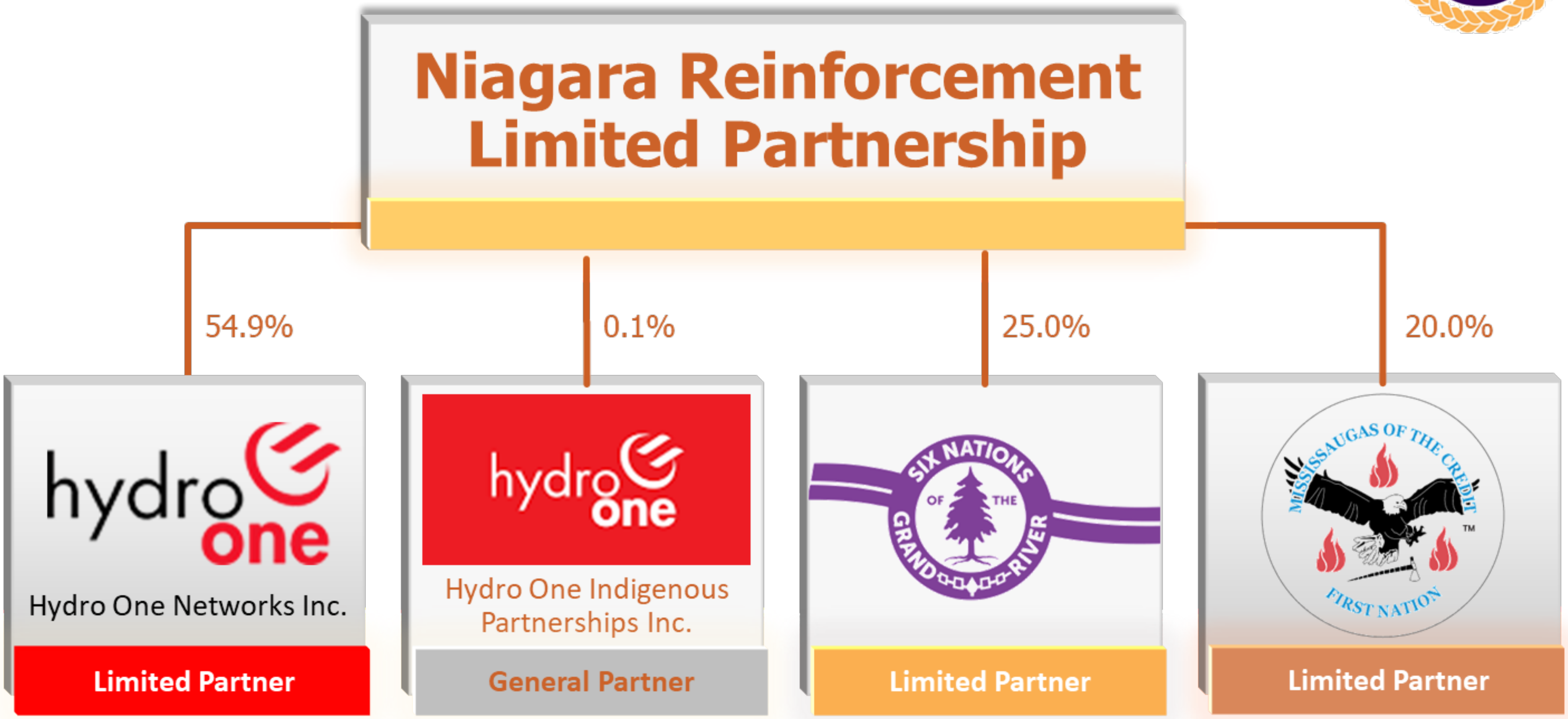

Figure 1: Organization Chart for the NRLP Ownership Structure

FINANCIAL INFORMATION

1.0 ACCOUNTING STANDARD

In 2020, NRLP received approval to use United States Generally Accepted Accounting Principles (US GAAP) for purposes of rate setting, regulatory accounting and regulatory reporting for its transmission business.

In Hydro One's 2023 to 2027 Custom IR application (EB-2021-0110), Hydro One was approved to continue using US GAAP as the basis of accounting for regulatory purposes.[1]

NRLP continues to apply US GAAP for purposes of rate setting, regulatory accounting and regulatory reporting for its transmission business, consistent with the accounting standard approved for Hydro One.

2.0 CHANGES TO ACCOUNTING POLICIES

In keeping with good corporate governance, NRLP reviews and, if appropriate, revises its policies and procedures from time to time.

No accounting policy changes have been made that impact the 2025-2029 rate base or revenue requirements since the OEB's review of NRLP's transmission revenue requirements and rates for 2020-2024 (EB-2018-0275).

3.0 OTHER SUPPORTING FINANCIAL INFORMATION

As NRLP's debt is managed and rated under Hydro One Networks, there are no rating agency reports, prospectuses or information circulars that are specific to NRLP. Please see EB-2021-0110, Exhibit A-06-03, Attachments 1 to 3, and Exhibit A-06-05, Attachment 1 for such information that was filed for Hydro One Networks in its 2023 to 2027 Custom IR proceeding.

[1] EB-2021-0110, Hydro One Networks Inc., Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022.

Hydro One Limited's most recent annual report, which includes its 2023 Management Discussion and Analysis and Consolidated Financial Statements, is included at the link below:

- 2023 Annual Report

4.0 EXISTING ACCOUNTING ORDERS

As per the Chapter 2 Filing Requirements for Transmitters, NRLP has attached its existing accounting orders approved in prior proceedings.

- Forgone revenue
- Tax changes
- ESM

Further information on the regulatory accounts is described in Exhibit H-01-01.

TRANSMISSION ACCOUNTING ORDER

NRP Transmission Line Revenue Requirement Deferral Account

NRLP proposes the establishment of a new "NRP Transmission Line Revenue Requirement Deferral Account" to capture the preliminary revenue requirement relating to the operation associated with this project before such time that a S.78 Revenue Requirement application can be approved by the OEB and the associated Revenue Requirement can be included in the Uniform Transmission rates ("UTR") rates.

The account will be established as Account 1508, Other Regulatory Assets – Sub Account "NRP Transmission Line Revenue Requirement Deferral Account" effective September 1, 2019 to December 31, 2019. NRLP will record interest on the balance in the sub-account using the prescribed interest rates set by the Board. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

The following outlines the proposed accounting entries for this account:

USofA #	**Account Description**
Dr: 1508	Other Regulatory Assets – Sub account "NRP Transmission Line Revenue Requirement Deferral Account"
Cr: 4110	Transmission Service Revenue

To record the revenue related to NRLP's 2019 Interim Revenue Requirement for the NRP transmission facilities.

Dr: 1508	Other Regulatory Assets – Sub account "NRP Transmission Line Revenue Requirement Deferral Account"
Cr: 6035	Other Interest Expense

To record interest improvement on the principal balance of the "NRP Transmission Line Revenue Requirement Deferral Account".

Transmission Accounting Order – Tax Rate and Rule Changes Variance Account

NRLP proposes the establishment of a new “Tax Rate and Rule Changes Variance Account” to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB in NRLP’s 2020 to 2024 transmission rates. Hydro One Networks Inc. and Hydro One Indigenous Partnerships Inc. are the only taxable corporate partners of NRLP. This new account will only be applicable to these companies.

The account will be established as Account 1592, PILS and Tax Variances for 2006 and Subsequent Years effective January 1, 2020. NRLP will record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

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

USofA #	**Account Description**
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 4110	Transmission Services Revenue

Initial entry to record the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB.

USofA #	**Account Description**
DR: 1592	PILS and Tax Variances for 2006 and Subsequent Years
CR: 6035	Other Interest Expense

To record interest improvement on the principal balance of the tax rate and rule changes variance account.

Transmission Accounting Order – Earnings Sharing Mechanism Deferral Account

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

The account will be established as Account 2435, Accrued Rate-Payer Benefit effective January 1, 2020. NRLP shall record interest on any balance in the sub-account using the interest rates set by the OEB. Simple interest will be calculated on the opening monthly balance of the account until the balance is fully disposed.

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

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

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

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

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

10. SUBSEQUENT EVENTS

Ownership Structure

On January 1, 2020, the partners of NRLP appointed Hydro One Indigenous Partnerships Inc. (HOIP), a subsidiary of Hydro One, as the new general partner for NRLP. On the same day, HOIP GP transferred its 0.1% interest in NRLP to HOIP for $48 thousand, and HOIP GP was wound up into Hydro One Networks.

On January 31, 2020, Hydro One Networks sold to the Mississaugas FN, through a trust, a 19.9% equity interest in NRLP for total consideration of $9,433 thousand. Following this transaction, Hydro One Partners' interest in the equity portion of NRLP was reduced to 55%, with the Six Nations and the Mississaugas FN owning 25% and 20%, respectively, of the equity interest in NRLP.

NRLP FINANCIAL STATEMENTS - HISTORICAL YEARS

Attachment 1: 2023 NRLP Financial Statements

Attachment 2: 2022 NRLP Financial Statements

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NIAGARA REINFORCEMENT LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2023

To the Partners of Niagara Reinforcement Limited Partnership.

Opinion

We have audited the financial statements of Niagara Reinforcement Limited Partnership (the Entity), which comprise:

- the balance sheet as at December 31, 2023;
- the statement of operations and comprehensive income for the year then ended;
- the statement of partners' equity for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended December 31, 2023 of the Entity are prepared, in all material respects, in accordance with the financial reporting framework described in Note 2 in the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Financial Reporting Framework

We draw attention to Note 2 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting framework described in Note 2 in the financial statements; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 14, 2024

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022

Year ended December 31 *(thousands of Canadian dollars)*	**2023**	**2022**
Revenues *(Note 10)*	8,779	8,495
Costs		
Operation, maintenance and administration	1,058	616
Depreciation	1,591	1,592
	2,649	2,208
Income before financing charges	**6,130**	**6,287**
Financing charges *(Notes 4, 10)*	1,574	1,633
Net income and comprehensive income	**4,556**	**4,654**

See accompanying notes to Financial Statements.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
BALANCE SHEETS
At December 31, 2023 and 2022

As at December 31 *(thousands of Canadian dollars)*	**2023**	**2022**
Assets		
Current assets:		
Cash and cash equivalents	2,912	2,748
Accounts receivable *(Note 10)*	711	715
Other assets	45	30
	3,668	3,493
Property, plant and equipment *(Note 5)*	112,264	113,855
Total assets	**115,932**	**117,348**
Liabilities		
Current liabilities:		
Inter-company payable *(Note 10)*	187	82
Short-term notes payable *(Notes 6, 7, 10)*	4,554	—
Accrued liabilities	94	156
Accrued interest *(Note 10)*	574	590
	5,409	828
Long-term liabilities:		
Regulatory liabilities *(Note 8)*	591	354
Notes payable *(Notes 6, 7, 10)*	63,762	69,271
Total liabilities	**69,762**	**70,453**
Subsequent Events (Note 12)		
Partners' equity *(Note 9)*	46,170	46,895
Total liabilities and partners' equity	**115,932**	**117,348**

See accompanying notes to Financial Statements.

On behalf of Hydro One Indigenous Partnerships Inc., in its capacity as general partner of Niagara Reinforcement Limited Partnership:

Christopher Lopez
Sole Director

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY
For the years ended December 31, 2023 and 2022

Year ended December 31, 2023

(thousands of Canadian dollars, except number of units) (Note 9)	Number of units	Unit value
January 1, 2023	47,772,000	46,895
Distributions to partners	—	(5,281)
Change in cash advances to partners	—	—
Net income and comprehensive income	—	4,556
December 31, 2023	**47,772,000**	**46,170**

Year ended December 31, 2022

(thousands of Canadian dollars, except number of units) (Note 9)	Number of units	Unit value
January 1, 2022	47,772,000	49,320
Distributions to partners	—	(7,704)
Change in cash advances to partners	—	625
Net income and comprehensive income	—	4,654
December 31, 2022	**47,772,000**	**46,895**

See accompanying notes to Financial Statements.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

Year ended December 31 *(thousands of Canadian dollars)*	**2023**	**2022**
Operating activities		
Net income	4,556	4,654
Adjustments for non-cash items:		
Depreciation	1,591	1,592
Regulatory liabilities	237	226
Changes in non-cash balances related to operations *(Note 11)*	(89)	309
Net cash from operating activities	**6,295**	**6,781**
Financing activities		
Notes payable repaid	(955)	(955)
Distributions paid to partners	(2,281)	(4,079)
Cash advances paid to partners	(3,000)	(3,000)
Change in inter-company payable	105	30
Net cash used in financing activities	**(6,131)**	**(8,004)**
Net change in cash and cash equivalents	164	(1,223)
Cash and cash equivalents, beginning of year	2,748	3,971
Cash and cash equivalents, end of year	**2,912**	**2,748**

See accompanying notes to Financial Statements.

1. DESCRIPTION OF THE BUSINESS

Niagara Reinforcement Limited Partnership (NRLP or the Partnership) was formed on September 19, 2018, under the laws of the Province of Ontario (Province). At December 31, 2023, NRLP was 54.9% owned by Hydro One Networks Inc. (Hydro One Networks) and 0.1% owned by Hydro One Indigenous Partnerships Inc. (HOIP or the General Partner), collectively, the Hydro One Partners, and 25.0% owned by the Six Nations of the Grand River Development Corporation (SNGRDC) and 20.0% owned, through a trust, by the Mississaugas of the Credit First Nation (Mississaugas FN). Hydro One Networks and HOIP are wholly-owned subsidiaries of Hydro One Inc. (Hydro One), which is a wholly-owned subsidiary of Hydro One Limited.

NRLP is managed by the General Partner. The General Partner was incorporated on March 22, 2013, under the *Business Corporations Act* (Ontario) under the name of Hydro One B2M LP Inc. and changed its name to Hydro One Indigenous Partnerships Inc. effective November 19, 2019. HOIP was appointed as the new general partner for NRLP on January 1, 2020 and holds the general partner interests and carries out the general partner responsibilities of NRLP.

The Partnership owns a new 230 kV transmission line (Niagara Line) in the Niagara region. The Niagara Line enables generators in the Niagara area to connect to the load centres of the Greater Toronto and Hamilton areas. Hydro One Networks maintains and operates the Niagara Line in accordance with an operation and management services agreement.

The electricity rates of the Partnership are regulated by the Ontario Energy Board (OEB).

Rate Setting

On October 25, 2019, NRLP filed its revenue cap incentive rate application for 2020-2024. On December 19, 2019, the OEB approved NRLP’s proposed 2020 revenue requirement of $9 million on an interim basis effective January 1, 2020. On April 9, 2020, final OEB approval was received. The OEB also approved a modified revenue cap escalator index that will be applied to rates for 2021 to 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared and presented in accordance with the accounting policies summarized below and in Canadian dollars. These policies are consistent with United States (US) Generally Accepted Accounting Principles (GAAP), with the exception that (1) the financial statements were not prepared as though the transfer of the Niagara Line assets had occurred at the beginning of the year in which the transfer occurred and (2) the comparative year information was not retrospectively adjusted, as required under US GAAP for common control transactions. These financial statements have been prepared to provide the financial position, results of operations and cash flows of the Partnership on the basis of the date of the transfer of the Niagara Line assets on September 18, 2019. As a result, the financial statements may not be suitable for any other purpose.

The Partnership performed an evaluation of subsequent events through to March 14, 2024, the date these financial statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these financial statements. See Note 12 - Subsequent Events.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions, and assumptions believed to be reasonable at the time the assumptions are made, with any adjustments being recognized in results of operations in the period they arise.

Regulatory Accounting

The OEB has the general power to include or exclude revenues, costs, gains or losses in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have been applied in an unregulated company. Such change in timing involves the application of rate-regulated accounting in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 980, Regulated Operations within the Partnership's regulated business, giving rise to the recognition of regulatory assets and liabilities. Regulatory assets generally represent certain amounts receivable from future electricity customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. Regulatory liabilities generally represent amounts that are refundable to electricity customers in future rates.

The Partnership continually assesses the likelihood of settling its regulatory assets and liabilities and continues to believe that it is probable that the OEB will include them in setting future rates. If, at some future date, the Partnership judges that it is no longer probable that the OEB will include a regulatory asset or liability in setting future rates, the appropriate carrying amount would be reflected in results of operations prospectively from the date the Partnership's assessment is made, unless the change meets the requirements for a subsequent event adjustment.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less.

Revenue Recognition

Revenues predominantly consist of transmission tariffs, which are collected through OEB-approved uniform transmission rates (UTRs) which are applied against the monthly peak demand for electricity across the Partnership's high-voltage network. OEB-approved UTRs are based on an approved revenue requirement that includes a rate of return. The transmission tariffs are designed to recover revenues necessary to support the Partnership's transmission system with sufficient capacity to accommodate the maximum expected demand which is influenced by weather and economic conditions. Revenues are recognized as electricity is transmitted and delivered to customers.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable represent earned revenue for electricity transmitted and delivered to customers and receivable from the Independent Electricity System Operator (IESO). Trade accounts receivable are recorded at the amount reported by the IESO. No allowance for doubtful accounts is recognized with respect to trade accounts receivable as there is no risk of loss associated with such amounts.

Income Taxes

NRLP, as a limited partnership, is not a taxable entity for federal and provincial income tax purposes. Accordingly, no current or deferred tax expenses are recognized in the Partnership's financial statements.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost, net of any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the balance sheets as property, plant and equipment.

The original cost of property, plant and equipment includes direct materials, direct labour (including employee benefits), contracted services, attributable capitalized financing costs, asset retirement costs, and direct and indirect overheads that are related to the capital project or program. Indirect overheads include a portion of corporate costs such as finance, treasury, human resources, and information technology. Overhead costs, including corporate functions and field services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology.

NRLP's assets include those used for the transmission of high-voltage electricity, including transmission lines, support structures, foundations, insulators, connecting hardware and grounding systems.

Depreciation

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category. The average service life and depreciation rates for the Partnership's assets are as follows:

The Company periodically initiates an external independent review of its property, plant and equipment and intangible asset depreciation and amortization rates, as required by the OEB. Any changes arising from OEB approval of such a review are implemented on a remaining service life basis, consistent with their inclusion in electricity rates. The most recent reviews resulted in changes to rates effective January 1, 2020. The average service life and depreciation rates for the Partnership's assets are as follows:

Average Service Life	72 years
Depreciation Rates - Range	1.3% - 1.4%
Depreciation Rates - Average	1.3%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, that are normally retired, is charged to accumulated depreciation with no gain or loss being reflected in results of operations. Where a disposition of property, plant and equipment occurs through sale, a gain or loss is calculated based on proceeds and such gain or loss is included in depreciation expense.

Long-Lived Asset Impairment

When circumstances indicate the carrying value of long-lived assets may not be recoverable, the Partnership evaluates whether the carrying value of such assets has been impaired. For such long-lived assets, the Partnership evaluates whether impairment may exist by estimating future estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used to develop estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, an impairment loss is recorded, measured as the excess of the carrying value of the asset over its fair value. As a result, the asset's carrying value is adjusted to its estimated fair value.

The carrying costs of NRLP's long-lived assets are included in rate base where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable. As at December 31, 2023, no asset impairment had been recorded.

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; or available-for-sale. Financial assets and liabilities classified as held-for-trading are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Accounts receivable are classified as loans and receivables. The Partnership considers the carrying amount of accounts receivable to be a reasonable estimate of fair value because of the short time to maturity of these instruments. No allowance for doubtful accounts is recognized with respect to all accounts receivable as there is no risk of loss associated with such amounts. All financial instrument transactions are recorded at trade date.

The Partnership determines the classification of its financial assets and liabilities at the date of initial recognition. The Partnership designates certain of its financial assets and liabilities to be held at fair value, when it is consistent with the Partnership's risk management policy disclosed in Note 7 - Fair Value of Financial Instruments and Risk Management.

3. NEW ACCOUNTING PRONOUNCEMENTS

The following tables present Accounting Standard Updates (ASUs) issued by the Financial Accounting Standards Board that are applicable to NRLP:

Recently Adopted Accounting Guidance

Guidance	Date issued	Description	Effective date	Impact
ASU 2022-02	March 2022	The amendments eliminate the troubled debt restructuring accounting model for entities that have adopted Topic 326 Financial Instrument – Credit Losses and modifies the guidance on vintage disclosure requirements to require disclosure of current-period gross write-offs by year of origination.	January 1, 2023	No impact upon adoption

4. FINANCING CHARGES

As at December 31 *(thousands of dollars)*	2023	2022
Interest on notes payable	1,637	1,656
Interest on regulatory accounts	19	3
Interest income	(82)	(26)
	1,574	**1,633**

5. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2023 *(thousands of dollars)*	Property, Plant and Equipment	Accumulated Depreciation	Total
Transmission	119,423	7,159	112,264

As at December 31, 2022 *(thousands of dollars)*	Property, Plant and Equipment	Accumulated Depreciation	Total
Transmission	119,423	5,568	113,855

6. NOTES PAYABLE

Notes payable consist of promissory notes payable to B2M Trust, a subsidiary of Hydro One. The following table presents the balances of the promissory notes at December 31, 2023 and 2022:

As at December 31 *(thousands of dollars)*	2023	2022
Floating-rate note payable due September 2024[1]	4,554	4,618
1.78% note payable due February 2025	21,199	22,090
2.18% note payable due February 2030	24,318	24,318
2.73% note payable due February 2050	18,245	18,245
	68,316	69,271

[1] The 2023 interest rate is the 2020 OEB approved short-term debt rate of 2.75% (2022 - 2.75%).

In 2023, NRLP repaid promissory notes totaling $955 thousand (2022 - $955 thousand). No promissory notes were issued in 2023 and 2022.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

The Partnership classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities the Partnership has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2023 and 2022, the carrying amounts of cash and cash equivalents, accounts receivable, and inter-company payable are representative of fair value due to the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial liabilities at December 31, 2023 and 2022 is as follows:

As at December 31, 2023 *(thousands of dollars)*	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Notes payable	68,316	60,304	—	60,304	—
	68,316	60,304	—	60,304	—

As at December 31, 2022 *(thousands of dollars)*	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Notes payable	69,271	58,705	—	58,705	—
	69,271	58,705	—	58,705	—

The fair values of the fixed-rate notes payable are based on unadjusted period-end market prices for the same or similar debt of the same remaining maturity. The fair values of the floating-rate notes payable are the same as the carrying values because the interest rates are referenced to the OEB demand short-term and long-term debt rates.

There were no transfers between any of the fair value levels during the years ended December 31, 2023 and 2022.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Partnership's business.

Market Risk

Market risk refers primarily to the risk of loss which results from changes in values, foreign exchange rates and interest rates. The Partnership is exposed to fluctuations in interest rates as its regulated return on equity is derived using a formulaic approach that takes anticipated interest rates into account. The Partnership's regulated return on equity has been approved until 2024. The Partnership is not currently exposed to commodity price risk or foreign exchange risk.

A hypothetical 100 basis points increase in interest rates associated with variable-rate debt would have resulted in no significant impact to the Partnership's net income for the years ended December 31, 2023 and 2022.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2023 and 2022, all of the trades accounts receivable was recorded as a result of earning revenues from the IESO. The Partnership does not recognize allowance for doubtful accounts with respect to trade accounts receivable from the IESO as there is no risk of loss associated with such amounts.

Liquidity Risk

Liquidity risk refers to the Partnership's ability to meet its financial obligations as they come due. The Partnership meets its short-term liquidity requirements through cash and cash equivalents on hand, funds from operations, and inter-company payable with Hydro One. The short-term liquidity available to the Partnership should be sufficient to fund normal operating requirements.

8. REGULATORY LIABILITIES

Regulatory liabilities arise as a result of the rate-setting process. NRLP has recorded the following regulatory liabilities:

As at December 31 *(thousands of dollars)*	2023	2022
Regulatory liabilities:		
Earnings sharing mechanism deferral account	591	354
Total regulatory liabilities	591	354

Earnings Sharing Mechanism Deferral Account

In April 2020, the OEB accepted NRLP's Settlement Proposal for 2020-2024 Transmission Rates, which included the establishment of an earnings sharing mechanism deferral account to record over-earnings including tax impacts, if any, realized for any year from 2020 to 2024. Under this mechanism, NRLP shares 50% of regulated earnings that exceed the OEB-approved regulatory return-on-equity by more than 100 basis points with ratepayers. This account is asymmetrical to the benefit of ratepayers.

9. PARTNERS' EQUITY

NRLP is authorized to issue an unlimited number of partnership units. The units are voting and participate equally in profits, losses and capital distributions of NRLP. Any units issued by NRLP must be first offered to the existing partners in proportion to their ownership interests. At December 31, 2023, NRLP had 47,772,000 units issued and outstanding (2022 - 47,772,000).

As the SNGRDC and Mississaugas FN are tax exempt entities, the amount of income or loss corresponding to taxes recovered in transmission rates is allocated to the taxable partners, Hydro One Partners, and the remaining balance is allocated to all partners in proportion to their ownership interests.

At December 31, 2023 and 2022, partners' equity was allocated to the SNGRDC, Mississaugas FN and the Hydro One Partners as follows:

Year ended December 31, 2023 *(thousands of dollars, except number of units)*	SNGRDC	Mississaugas FN	Hydro One Partners	Total
Number of units - December 31, 2023	11,943,000	9,554,400	26,274,600	47,772,000
Partners' equity - January 1, 2023	11,754	9,388	25,753	46,895
Distributions to partners	(1,307)	(1,046)	(2,928)	(5,281)
Change in cash advances to partners	—	—	—	—
Net income and comprehensive income	1,139	911	2,506	4,556
Partners' equity - December 31, 2023	**11,586**	**9,253**	**25,331**	**46,170**

Year ended December 31, 2022 *(thousands of dollars, except number of units)*	SNGRDC	Mississaugas FN	Hydro One Partners	Total
Number of units - December 31, 2022	11,943,000	9,554,400	26,274,600	47,772,000
Partners' equity - January 1, 2022	12,335	9,852	27,133	49,320
Distributions to partners	(1,913)	(1,530)	(4,261)	(7,704)
Change in cash advances to partners	169	135	321	625
Net income and comprehensive income	1,163	931	2,560	4,654
Partners' equity - December 31, 2022	**11,754**	**9,388**	**25,753**	**46,895**

10. RELATED PARTY TRANSACTIONS

The Partnership is 55% indirectly owned by Hydro One, 25% owned by the SNGRDC and 20% owned by the Mississaugas FN. Hydro One is owned by Hydro One Limited. The Province is a shareholder of Hydro One Limited with approximately 47.14% (2022 - 47.20%) ownership at December 31, 2023. The IESO is a related party to the Partnership because it is controlled or significantly influenced by the Province. The following is a summary of the Partnership's related party transactions during the years ended December 31, 2023 and 2022:

Year ended December 31 *(thousands of dollars)*

Related Party	Transaction	2023	2022
IESO	Revenues for transmission services	8,779	8,495
B2M Trust	Notes payable repaid	955	955
	Interest expense on notes payable	1,637	1,656
Hydro One Networks	Distributions and cash advances paid	2,923	3,933
	Services received - costs incurred	1,032	529
HOIP	Distributions and cash advances paid	5	7
SNGRDC	Distributions and cash advances paid	1,307	1,744
Mississaugas FN	Distributions and cash advances paid	1,046	1,395

The amounts due to and from related parties at December 31, 2023 and 2022 are as follows:

As at December 31 *(thousands of dollars)*	2023	2022
Accounts receivable[1]	711	715
Inter-company payable[2]	187	82
Notes payable, including current portion	68,316	69,271
Accrued interest	574	590

[1] Entire accounts receivable balance is due from the IESO.

[2] Amounts due to or from Hydro One and its subsidiaries, Hydro One Networks and HOIP, by the Partnership are included in the inter-company payable balances, and include expenses paid and amounts collected by Hydro One and its subsidiaries that relate to the Partnership.

11. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 *(thousands of dollars)*	**2023**	**2022**
Accounts receivable	4	354
Other assets	(15)	(6)
Accrued liabilities	(62)	(32)
Accrued interest	(16)	(7)
	(89)	309

12. SUBSEQUENT EVENTS

Cash Advances

On January 8, 2024, cash advances in the amount of $1,000 thousand were paid to partners, of which $250 thousand, $200 thousand and $550 thousand were paid to SNGRDC, Mississaugas FN and the Hydro One Partners, respectively.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2022

To the Partners of Niagara Reinforcement Limited Partnership

Opinion

We have audited the financial statements of Niagara Reinforcement Limited Partnership (the Entity), which comprise:

- the balance sheet as at December 31, 2022;
- the statement of operations and comprehensive income for the year then ended;
- the statement of partners' equity for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended December 31, 2022 of the Entity are prepared, in all material respects, in accordance with the financial reporting framework described in Note 2 in the financial statements.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 2 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting framework described in Note 2 in the financial statements; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 23, 2023

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2020

Year ended December 31 *(thousands of Canadian dollars)*	**2022**	**2021**
Revenues *(Notes 7, 9)*	8,495	8,340
Costs		
Operation, maintenance and administration	616	514
Depreciation	1,592	1,592
	2,208	2,106
Income before financing charges	**6,287**	**6,234**
Financing charges *(Note 9)*	1,633	1,670
Net income and comprehensive income	**4,654**	**4,564**

See accompanying notes to Financial Statements.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
BALANCE SHEETS
At December 31, 2022 and 2021

As at December 31 *(thousands of Canadian dollars)*	**2022**	**2021**
Assets		
Current assets:		
Cash and cash equivalents	2,748	3,971
Accounts receivable *(Note 9)*	715	1,069
Other assets	30	24
	3,493	5,064
Property, plant and equipment *(Note 4)*	113,855	115,447
Total assets	**117,348**	**120,511**
Liabilities		
Current liabilities:		
Inter-company payable *(Note 9)*	82	52
Accrued liabilities	156	188
Accrued interest *(Note 9)*	590	597
	828	837
Long-term liabilities:		
Regulatory liabilities *(Note 7)*	354	128
Notes payable *(Notes 5, 6, 9)*	69,271	70,226
Total liabilities	**70,453**	**71,191**
Subsequent Events (Note 11)		
Partners' equity *(Note 8)*	46,895	49,320
Total liabilities and partners' equity	**117,348**	**120,511**

See accompanying notes to Financial Statements.

On behalf of Hydro One Indigenous Partnerships Inc., in its capacity as general partner of Niagara Reinforcement Limited Partnership:

Christopher Lopez
Sole Director

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY
For the years ended December 31, 2022 and 2021

Year ended December 31, 2022

(thousands of Canadian dollars, except number of units) (Note 8)	Number of units	Unit value
January 1, 2022	47,772,000	49,320
Distributions to partners	—	(7,704)
Change in cash advances to partners	—	625
Net income and comprehensive income	—	4,654
December 31, 2022	**47,772,000**	**46,895**

Year ended December 31, 2021

(thousands of Canadian dollars, except number of units) (Note 8)	Number of units	Unit value
January 1, 2021	47,772,000	48,756
Distributions to partners	—	(3,375)
Change in cash advances to partners	—	(625)
Net income and comprehensive income	—	4,564
December 31, 2021	**47,772,000**	**49,320**

See accompanying notes to Financial Statements.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

Year ended December 31 *(thousands of Canadian dollars)*	**2022**	**2021**
Operating activities		
Net income	4,654	4,564
Adjustments for:		
Depreciation	1,592	1,592
Regulatory accounts	226	4,343
Changes in non-cash balances related to operations *(Note 10)*	309	(153)
Net cash from operating activities	**6,781**	**10,346**
Financing activities		
Notes payable repaid	(955)	(3,432)
Distributions paid to partners	(4,079)	(375)
Cash advances paid to partners	(3,000)	(3,625)
Change in inter-company payable	30	(556)
Net cash used in financing activities	**(8,004)**	**(7,988)**
Net change in cash and cash equivalents	(1,223)	2,358
Cash and cash equivalents, beginning of year	3,971	1,613
Cash and cash equivalents, end of year	**2,748**	**3,971**

See accompanying notes to Financial Statements.

1. DESCRIPTION OF THE BUSINESS

Niagara Reinforcement Limited Partnership (NRLP or the Partnership) was formed on September 19, 2018, under the laws of the Province of Ontario (Province). At December 31, 2022, NRLP was 54.9% owned by Hydro One Networks Inc. (Hydro One Networks) and 0.1% owned by Hydro One Indigenous Partnerships Inc. (HOIP or the General Partner), collectively, the Hydro One Partners, and 25% owned by the Six Nations of the Grand River Development Corporation (SNGRDC) and 20% owned, through a trust, by the Mississaugas of the Credit First Nation (Mississaugas FN). Hydro One Networks and HOIP are wholly-owned subsidiaries of Hydro One Inc. (Hydro One), which is a wholly-owned subsidiary of Hydro One Limited.

NRLP is managed by the General Partner. The General Partner was incorporated on March 22, 2013, under the *Business Corporations Act* (Ontario) under the name of Hydro One B2M LP Inc. and changed its name to Hydro One Indigenous Partnerships Inc. effective November 19, 2019. HOIP was appointed as the new general partner for NRLP on January 1, 2020 and holds the general partner interests and carries out the general partner responsibilities of NRLP.

The Partnership owns a new 230 kV transmission line (Niagara Line) in the Niagara region. The Niagara Line enables generators in the Niagara area to connect to the load centres of the Greater Toronto and Hamilton areas. Hydro One Networks maintains and operates the Niagara Line in accordance with an operation and management services agreement.

The electricity rates of the Partnership are regulated by the Ontario Energy Board (OEB).

Rate Setting

On October 25, 2019, NRLP filed its revenue cap incentive rate application for 2020-2024. On December 19, 2019, the OEB approved NRLP’s proposed 2020 revenue requirement on an interim basis effective January 1, 2020. On April 9, 2020, final OEB approval of 2020 revenue requirement of $8,662 thousand was received.

On December 17, 2020, the OEB issued its decision approving NRLP’s revenue cap index adjustment application for 2021 base revenue requirement of $8,228 thousand beginning January 1, 2021. On the same day, the OEB issued its decision and order setting the final 2021 Uniform Transmission Rates, which included the approval of a one-year disposition period for NRLP's 2020 foregone revenue including interest, beginning on January 1, 2021. This resulted in a 2021 rates revenue requirement of $12,458 thousand.

On December 16, 2021, the OEB approved NRLP's revenue cap index adjustment application for 2022 base revenue requirement of $8,281 thousand beginning January 1, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements are prepared and presented in accordance with the accounting policies summarized below and in Canadian dollars. These policies are consistent with United States (US) Generally Accepted Accounting Principles (GAAP), with the exception that (1) the financial statements were not prepared as though the transfer of the Niagara Line assets had occurred at the beginning of the year in which the transfer occurred and (2) the comparative year information was not retrospectively adjusted, as required under US GAAP for common control transactions. These financial statements have been prepared to provide the financial position, results of operations and cash flows of the Partnership on the basis of the date of the transfer of the Niagara Line assets on September 18, 2019. As a result, the financial statements may not be suitable for any other purpose.

The Partnership performed an evaluation of subsequent events through to March 23, 2023, the date these financial statements were available to be issued, to determine whether any events or transactions warranted recognition and disclosure in these financial statements. See Note 11 - Subsequent Events.

Use of Management Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates on an ongoing basis based upon historical experience, current conditions, and assumptions believed to be reasonable at the time the assumptions are made, with any adjustments being recognized in results of operations in the period they arise.

Regulatory Accounting

The OEB has the general power to include or exclude revenues, costs, gains or losses in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have been applied in an unregulated company. Such change in timing involves the application of rate-regulated accounting in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 980, Regulated Operations within the Partnership's regulated business, giving rise to the recognition of regulatory assets and liabilities. Regulatory assets generally represent certain amounts receivable from future electricity customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. Regulatory liabilities generally represent amounts that are refundable to electricity customers in future rates.

The Partnership continually assesses the likelihood of settling its regulatory assets and liabilities and continues to believe that it is probable that the OEB will include them in setting future rates. If, at some future date, the Partnership judges that it is no longer probable that the OEB will include a regulatory asset or liability in setting future rates, the appropriate carrying amount would be reflected in results of operations prospectively from the date the Partnership’s assessment is made, unless the change meets the requirements for a subsequent event adjustment.

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity of three months or less.

Revenue Recognition

Revenues predominantly consist of transmission tariffs, which are collected through OEB-approved UTRs which are applied against the monthly peak demand for electricity across the Partnership's high-voltage network. OEB-approved UTRs are based on an approved revenue requirement that includes a rate of return. The transmission tariffs are designed to recover revenues necessary to support the Partnership's transmission system with sufficient capacity to accommodate the maximum expected demand which is influenced by weather and economic conditions. Revenues are recognized as electricity is transmitted and delivered to customers.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable represent earned revenue for electricity transmitted and delivered to customers and receivable from the Independent Electricity System Operator (IESO). Trade accounts receivable are recorded at the amount reported by the IESO. No allowance for doubtful accounts is recognized with respect to trade accounts receivable as there is no risk of loss associated with such amounts.

Income Taxes

NRLP, as a limited partnership, is not a taxable entity for federal and provincial income tax purposes. Accordingly, no current or deferred tax expenses are recognized in the Partnership’s financial statements.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost, net of any accumulated impairment losses. The cost of additions, including betterments and replacement asset components, is included on the balance sheets as property, plant and equipment.

The original cost of property, plant and equipment includes direct materials, direct labour (including employee benefits), contracted services, attributable capitalized financing costs, asset retirement costs, and direct and indirect overheads that are related to the capital project or program. Indirect overheads include a portion of corporate costs such as finance, treasury, human resources, and information technology. Overhead costs, including corporate functions and field services costs, are capitalized on a fully allocated basis, consistent with an OEB-approved methodology.

NRLP's assets include those used for the transmission of high-voltage electricity, including transmission lines, support structures, foundations, insulators, connecting hardware and grounding systems.

Depreciation

The cost of property, plant and equipment is depreciated on a straight-line basis based on the estimated remaining service life of each asset category. The average service life and depreciation rates for the Partnership’s assets are as follows:

Average Service Life	72 years
Depreciation Rates - Range	1.3% - 1.4%
Depreciation Rates - Average	1.3%

In accordance with group depreciation practices, the original cost of property, plant and equipment, or major components thereof, that are normally retired, is charged to accumulated depreciation with no gain or loss being reflected in results of operations. Where a disposition of property, plant and equipment occurs through sale, a gain or loss is calculated based on proceeds and such gain or loss is included in depreciation expense.

Long-Lived Asset Impairment

When circumstances indicate the carrying value of long-lived assets may not be recoverable, the Partnership evaluates whether the carrying value of such assets has been impaired. For such long-lived assets, the Partnership evaluates whether impairment may exist by estimating future estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, a probability-weighted approach is used to develop estimates of future undiscounted cash flows. If the carrying value of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, an impairment loss is recorded, measured as the excess of the carrying value of the asset over its fair value. As a result, the asset's carrying value is adjusted to its estimated fair value.

The carrying costs of NRLP's long-lived assets are included in rate base where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable. As at December 31, 2022, no asset impairment had been recorded.

Financial Assets and Liabilities

All financial assets and liabilities are classified into one of the following five categories: held-to-maturity; loans and receivables; held-for-trading; other liabilities; or available-for-sale. Financial assets and liabilities classified as held-for-trading are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Accounts receivable are classified as loans and receivables. The Partnership considers the carrying amount of accounts receivable to be a reasonable estimate of fair value because of the short time to maturity of these instruments. No allowance for doubtful accounts is recognized with respect to all accounts receivable as there is no risk of loss associated with such amounts. All financial instrument transactions are recorded at trade date.

The Partnership determines the classification of its financial assets and liabilities at the date of initial recognition. The Partnership designates certain of its financial assets and liabilities to be held at fair value, when it is consistent with the Partnership's risk management policy disclosed in Note 6 - Fair Value of Financial Instruments and Risk Management.

3. NEW ACCOUNTING PRONOUNCEMENTS

The following tables present Accounting Standard Updates (ASUs) issued by the Financial Accounting Standards Board that are applicable to NRLP:

Recently Adopted Accounting Guidance

Guidance	Date issued	Description	Effective date	Impact
ASU 2021-10	November 2021	The update addresses the diversity on the recognition, measurement, presentation and disclosure of government assistance received by business entities.	January 1, 2022	No impact upon adoption

Recently Issued Accounting Guidance Not Yet Adopted

Guidance	Date issued	Description	Effective date	Anticipated Impact
ASU 2022-02	March 2022	The amendments eliminate the troubled debt restructuring (TDR) accounting model for entities that have adopted Topic 326 Financial Instrument – Credit Losses and modifies the guidance on vintage disclosure requirements to require disclosure of current-period gross write-offs by year of origination.	January 1, 2023	Under assessment

4. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2022 *(thousands of dollars)*	Property, Plant and Equipment	Accumulated Depreciation	Total
Transmission	119,423	5,568	113,855

As at December 31, 2021 *(thousands of dollars)*	Property, Plant and Equipment	Accumulated Depreciation	Total
Transmission	119,423	3,976	115,447

5. NOTES PAYABLE

The following table presents the balances of the promissory notes at December 31, 2022 and 2021:

As at December 31 *(thousands of dollars)*	2022	2021
Notes payable to B2M Trust:		
Floating-rate note payable due September 2024[1]	4,618	4,682
1.78% note payable due February 2025	22,090	22,981
2.18% note payable due February 2030	24,318	24,318
2.73% note payable due February 2050	18,245	18,245
	69,271	70,226

[1] The 2022 interest rate is the 2020 OEB approved short-term debt rate of 2.75% (2021 - 2.75%).

In 2022, NRLP repaid promissory notes totalling $955 thousand (2021 - $3,432 thousand). No promissory notes were issued to to B2M Trust or Hydro One Networks in 2022 and 2021.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received in the sale of an asset or the amount that would be paid to transfer a liability.

The Partnership classifies its fair value measurements based on the following hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities the Partnership has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occur with sufficient frequency and volume to provide ongoing pricing information.

Level 2 inputs are those other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 inputs are any fair value measurements that include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

Non-Derivative Financial Assets and Liabilities

At December 31, 2022 and 2021, the carrying amounts of cash and cash equivalents, accounts receivable, and inter-company payable are representative of fair value due to the short-term nature of these instruments.

Fair Value Hierarchy

The fair value hierarchy of financial liabilities at December 31, 2022 and 2021 is as follows:

As at December 31, 2022 *(thousands of dollars)*	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Notes payable	69,271	58,705	—	58,705	—
	69,271	58,705	—	58,705	—

As at December 31, 2021 *(thousands of dollars)*	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
Notes payable	70,226	69,065	—	69,065	—
	70,226	69,065	—	69,065	—

The fair values of the fixed-rate notes payable are based on unadjusted period-end market price for the same or similar debt of the same remaining maturity. The fair values of the floating-rate notes payable are the same as the carrying values because the interest rates are referenced to the OEB demand short-term and long-term debt rates.

There were no transfers between any of the fair value levels during the years ended December 31, 2022 and 2021.

Risk Management

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Partnership's business.

Market Risk

Market risk refers primarily to the risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates. The Partnership is exposed to fluctuations in interest rates as its regulated return on equity is derived using a formulaic approach that takes anticipated interest rates into account. The Partnership's regulated return on equity has been approved until 2024. The Partnership is not currently exposed to commodity price risk or foreign exchange risks.

A hypothetical 100 basis points increase in interest rates associated with variable-rate debt would have resulted in no significant impact to the Partnership's net income for the years ended December 31, 2022 and 2021.

Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. At December 31, 2022 and 2021, all of the trades accounts receivable was recorded as a result of earning revenues from the IESO. The Partnership does not recognize allowance for doubtful accounts with respect to trade accounts receivable from the IESO as there is no risk of loss associated with such amounts.

Liquidity Risk

Liquidity risk refers to the Partnership's ability to meet its financial obligations as they come due. The Partnership meets its short-term liquidity requirements through cash on hand as well as the inter-company payable with Hydro One and funds from operations. The short-term liquidity available to the Partnership should be sufficient to fund normal operating requirements.

7. REGULATORY LIABILITIES

Regulatory liabilities arise as a result of the rate-setting process. NRLP has recorded the following regulatory liabilities:

As at December 31 *(thousands of dollars)*	**2022**	**2021**
Regulatory liabilities:		
Earnings sharing mechanism deferral account	354	128
Total regulatory liabilities	354	128
Less: current portion	—	—
	354	128

Earnings Sharing Mechanism Deferral Account

In April 2020, the OEB accepted NRLP's Settlement Proposal for 2020-2024 Transmission Rates, which included the establishment of an earnings sharing mechanism deferral account to record over-earnings including tax impacts, if any, realized for any year from 2020 to 2024. Under this mechanism, NRLP shares 50% of regulated earnings that exceed the OEB-approved regulatory return-on-equity by more than 100 basis points with ratepayers. This account is asymmetrical to the benefit of ratepayers.

8. PARTNERS' EQUITY

NRLP is authorized to issue an unlimited number of partnership units. The units are voting and participate equally in profits, losses and capital distributions of NRLP. Any units issued by NRLP must be first offered to the existing partners in proportion to their ownership interests. At December 31, 2022, NRLP had 47,772,000 units issued and outstanding (2021 - 47,772,000).

As the SNGRDC and Mississaugas FN are tax exempt entities, the amount of income or loss corresponding to taxes recovered in transmission rates is allocated to the taxable partners, Hydro One Partners, and the remaining balance is allocated to all partners in proportion to their ownership interests.

At December 31, 2022 and 2021, partners' equity was allocated to the SNGRDC, Mississaugas FN and the Hydro One Partners as follows:

Year ended December 31, 2022 *(thousands of dollars, except number of units)*	**SNGRDC**	**Mississaugas FN**	**Hydro One Partners**	**Total**
Number of units - December 31, 2022	11,943,000	9,554,400	26,274,600	47,772,000
Partners' equity - January 1, 2022	12,335	9,852	27,133	49,320
Distributions to partners	(1,913)	(1,530)	(4,261)	(7,704)
Change in cash advances to partners	169	135	321	625
Net income and comprehensive income	1,163	931	2,560	4,654
Partners' equity - December 31, 2022	**11,754**	**9,388**	**25,753**	**46,895**

Year ended December 31, 2021 *(thousands of dollars, except number of units)*	**SNGRDC**	**Mississaugas FN**	**Hydro One Partners**	**Total**
Number of units - December 31, 2021	11,943,000	9,554,400	26,274,600	47,772,000
Partners' equity - January 1, 2021	12,207	9,750	26,799	48,756
Distributions to partners	(831)	(665)	(1,879)	(3,375)
Change in cash advances to partners	(169)	(135)	(321)	(625)
Net income and comprehensive income	1,128	902	2,534	4,564
Partners' equity - December 31, 2021	**12,335**	**9,852**	**27,133**	**49,320**

9. RELATED PARTY TRANSACTIONS

The Partnership is 55% indirectly owned by Hydro One, 25% owned by the SNGRDC and 20% owned by the Mississaugas FN. Hydro One is owned by Hydro One Limited. The Province is a shareholder of Hydro One Limited with approximately 47.2% ownership at December 31, 2022. The IESO is a related party to the Partnership because it is controlled or significantly influenced by the Province. The following is a summary of the Partnership's related party transactions during the years ended December 31, 2022 and 2021:

Year ended December 31 *(thousands of dollars)*

Related Party	**Transaction**	**2022**	**2021**
IESO	Revenues for transmission services	8,495	8,340
B2M Trust	Notes payable repaid	955	1,432
	Interest expense on notes payable	1,656	1,677
Hydro One Networks	Distributions and cash advances paid	3,933	2,196
	Notes payable repaid	—	2,000
	Interest expense on notes payable	—	8
	Services received - costs incurred	529	369
HOIP	Distributions and cash advances paid	7	4
SNGRDC	Distributions and cash advances paid	1,744	1,000
Mississaugas FN	Distributions and cash advances paid	1,395	800

The amounts due to and from related parties at December 31, 2022 and 2021 are as follows:

As at December 31 *(thousands of dollars)*	**2022**	**2021**
Accounts receivable[1]	715	1,069
Inter-company payable[2]	82	52
Notes payable, including current portion	69,271	70,226
Accrued interest	590	597

[1] Entire accounts receivable balance is due from IESO.

[2] Amounts due to or from Hydro One and its subsidiaries, Hydro One Networks and HOIP, by the Partnership are included in the inter-company payable balances, and include expenses paid and amounts collected by Hydro One and its subsidiaries that relate to the Partnership.

10. STATEMENTS OF CASH FLOWS

The changes in non-cash balances related to operations consist of the following:

Year ended December 31 *(thousands of dollars)*	**2022**	**2021**
Accounts receivable	354	(291)
Other assets	(6)	(17)
Accrued liabilities	(32)	166
Accrued interest	(7)	(11)
	309	(153)

11. SUBSEQUENT EVENTS

Cash Advances

On January 11, 2023, cash advances in the amount of $1,000 thousand were paid to partners, of which $250 thousand, $200 thousand and $550 thousand were paid to SNGRDC, Mississaugas FN and the Hydro One Partners, respectively.

RECONCILIATION OF REGULATORY FINANCIAL RESULTS WITH AUDITED FINANCIAL STATEMENTS (2023)

	Total per Exhibit A-06-02-01 ($K) (a)	Adjustments ($K) (b)	Utility Income ($K) (c)
Revenues			
Revenues	8,779	218	8,997
Costs			
Operation, maintenance, and administration	1,058	0	1,058
Depreciation	1,591	0	1,591
Income before financing charges and income tax expense	**6,130**	**218**	**6,348**
Financing charges	1,574	32	1,606
Income tax expense	0	69	69
Net Income	**4,556**	**117**	**4,673**

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ISSUES LIST

A. GENERAL

1. Has NRLP responded appropriately to all relevant Ontario Energy Board (OEB) directions from previous proceedings?
2. Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?

B. REVENUE REQUIREMENT FRAMEWORK

3. Is the proposed revenue requirement framework appropriate?
4. Is the proposed Earnings Sharing Mechanism appropriate?

C. TRANSMISSION SYSTEM PLAN

5. Are the proposed spending levels for capital appropriate?

D. PERFORMANCE

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

E. OPERATIONS MAINTENANCE & ADMINISTRATION COSTS

7. Are the proposed spending levels for OM&A in 2025-2029 appropriate, including consideration of factors such as system reliability and asset condition?
8. Are the amounts proposed to be included in the revenue requirement for income taxes appropriate?
9. Is the proposed depreciation expense appropriate?

F. RATE BASE & COST OF CAPITAL

10. Are the amounts proposed for rate base and capital structure reasonable?
11. Is the forecast of long-term debt appropriate?
12. Is the 2025 update of the cost of long-term debt appropriate?

G. DEFERRAL/VARIANCE ACCOUNTS

13. Are the proposed deferral and variance accounts appropriate?

TRANSMISSION SYSTEM OVERVIEW

1.0 INTRODUCTION

Niagara Reinforcement Limited Partnership (NRLP) is licensed by the Ontario Energy Board (OEB) to own, operate and maintain transmission facilities in the Province of Ontario, specifically circuits Q26M and Q35M running from Allanburg West Junction to Middleport TS. This Exhibit provides a description of NRLP's transmission assets, and a discussion on the requirements for NRLP within the electricity industry and regulatory framework in Ontario.

2.0 DESCRIPTION OF NRLP TRANSMISSION ASSETS

NRLP's transmission assets are comprised solely of a 230kV double-circuit transmission line housing the circuits known as Q26M and Q35M. These circuits have a combined capacity of approximately 1,200 MW.

The route of NRLP's 230kV double circuit transmission line runs along an existing Hydro One right-of-way between Allanburg West Junction and Middleport TS, as depicted in the map in Figure 1.

NRLP's assets include a new 230kV double circuit line from Allanburg West Junction, approximately 1 km away from Allanburg TS, to Middleport TS. Each circuit is approximately 76 km in length. Hydro One owns the terminating stations and line junctions (Allanburg TS, Middleport TS, and Allanburg West Junction).

The demarcation points for each of NRLP's circuits from Hydro One's transmission system are:

- Circuit Q26M: terminating at the west end of Allanburg West Junction at tower #6, inclusive, and at the south end at Middleport TS at tower #320, inclusive; and
- Circuit Q35M: terminating at the west end of Allanburg West Junction at tower #6, inclusive, and at the south end at Middleport TS at tower #320, inclusive.

Additionally, Hydro One owns the assets from the line disconnects at Caledonia Q35M-C9 Junction and St. Anns Junction, which are normally open alternate supply points from Q35M to C9 and Q2AH respectively.

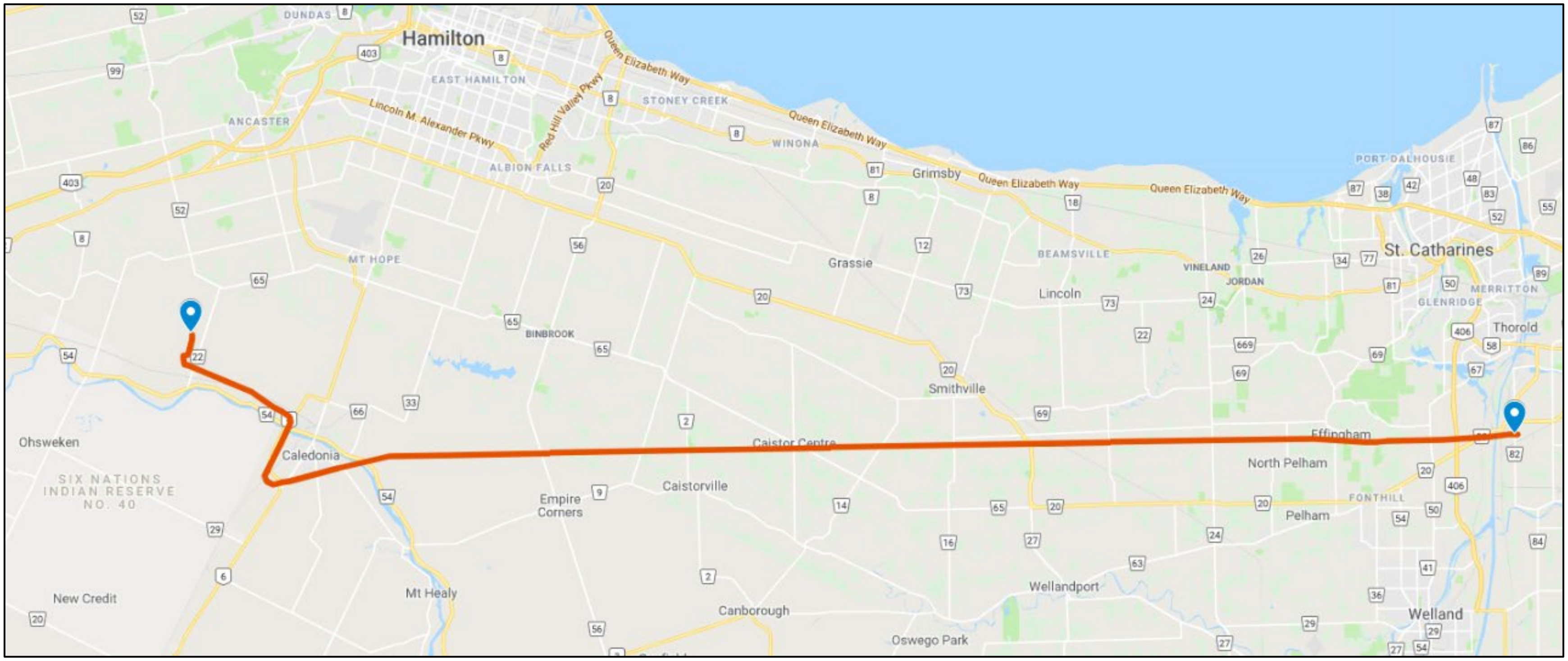
The major components of these circuits include overhead conductors, steel support structures and foundations, insulators, and connecting hardware and grounding systems. NRLP also has rights to Hydro One's existing transmission corridor on which the circuits are located. A summary of NRLP's key assets are provided in Table 1.

Table 1 - Asset Summary

NRLP Assets	
Fixed Assets (Net Book Value)	$113 M*
Transmission System Voltages	230kV
Overhead Transmission Lines	456 kms[1]
Steel Support Structures	348 towers
Line Insulators	2668 strings

*Value as of December 31, 2023 as documented in Exhibit C-01-01.

[1] Each of the 2 circuits is 76km in length with 3 phases (conductor strings) per circuit.



1 **Figure 1: NRLP Transmission System Map**

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COMPANY VALUES AND STRATEGIC OBJECTIVES

1.0 INTRODUCTION

This Exhibit provides an overview of Niagara Reinforcement Limited Partnership (NRLP)'s business objectives and company values. It also outlines NRLP's strategic goals and five-year vision.

2.0 NRLP'S PRIORITIES & OBJECTIVES

NRLP's priorities include safety, reliable & efficient stewardship of assets, and conducting its business in a manner that respects Indigenous peoples and their traditions.

The five-year vision associated with NRLP's strategic objectives is shown in Table 1. In managing its transmission assets, NRLP is committed to meeting the OEB's Renewed Regulatory Framework (RRF) outcomes as demonstrated by the alignment of NRLP's strategic objectives to the RRF outcomes.

Table 1 - NRLP Strategic Objectives

RRF Outcomes	Strategic Objectives	Five-Year Vision
Customer Focus	Reliable Transmission	Maintain top-tier transmission reliability performance and improve long-term system reliability.
	Foster Indigenous Relationships	To foster positive relationships with the Indigenous communities of the partners.
Operational Effectiveness	Injury-Free	Ensure NRLP's operations and management services agreement is executed in accordance with good utility practice for employee and public safety.
	Cost Control	Secure a reasonable service agreement with Hydro One Networks Inc. that minimizes cost.
Public Policy Responsiveness	Public Policy Responsiveness	Support government objectives by delivering on obligations mandated by government through legislation and regulatory requirements.
	Protecting the Environment	Sustainably manage NRLP's environmental footprint.
Financial Performance	Owner's Value	Achieve the Regulated Return on Equity allowed by the Ontario Energy Board.
	Ratepayer Value	Plan and strategically execute responsible investment in rate base assets to ensure the safety and reliability of the grid while ensuring manageable and stable rate impacts over the course of the planning period.

NRLP is proposing to track its performance using the outcomes described in Exhibit D-01-01 to ensure NRLP satisfies its five-year plan.

External and unexpected factors may impact NRLP's achievement of its outcomes. These include examples such as unforeseen weather events and material changes to codes and standards. However, all operation & maintenance work is completed to ensure compliance with regulatory requirements, good utility practice, and manage spending within budget.

SUMMARY OF CAPITAL EXPENDITURES AND IN-SERVICE ADDITIONS

The 230kV double circuit transmission line was energized on August 30, 2019. Roughly 90% of the assets were constructed in 2006. The remaining 10% of the assets were constructed and in-serviced in 2019. No capital spending was required for the 2020-2024 period. For 2025, one system renewal capital project valued at $150k is proposed. In line with manufacturer recommendations, a total of 28 towers on circuit Q26M need to have z-braces added to the middle arm in order to address a design deficiency on certain tower types and prevent potential cracks. To minimize cost, execution of this work is planned in conjunction with similar work on adjacent assets owned by Hydro One Networks Inc. Further details on the life cycle and condition assessments are included in NRLP's Transmission System Plan found in Attachment 1 to this Exhibit.

Although a 230kV double circuit transmission line, if maintained properly, is extremely durable and resilient in normal circumstances, extraordinary events (including tornados and ice formations) can occur and cause damage to the line. These types of extreme weather events, while uncommon, may result in unplanned capital spending to repair the system. Due to the risk of major storm damage or other events, NRLP is proposing to continue to use a z-factor approach[1] to seek relief for unplanned spending. NRLP is satisfied with the efficacy of this mechanism to protect the partners from the impacts that could result from unforeseen events and is not requesting a change. In accordance with the OEB's Filing Requirements,[2] this mechanism would apply to the recovery of material costs (that meet the eligibility criteria) associated with unforeseen events that are outside the control of the transmitter's ability to manage, such as storms causing damage to its assets. To date, NRLP has not utilized the z-factor mechanism.

[1] See EB-2015-0026, Decision and Order, page 10
[2] See Section 2.8.12 of the OEB Filing Requirements for Electricity Transmission Applications

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Transmission System Plan

Historical Period and Bridge Year: 2020-2024

Test Year and Forecast Period: 2025-2029

Niagara Reinforcement Limited Partnership

TABLE OF CONTENTS

1.0 INTRODUCTION

Niagara Reinforcement Limited Partnership (NRLP) prepared this 2025 to 2029 Transmission System Plan (TSP) in accordance with Chapter 2 of the Ontario Energy Board's (OEB) *Filing Requirements for Electricity Transmission Applications* published on February 11, 2016, with further guidance from Chapters 3 and 5 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications* (*Incentive Rate-Setting Applications* and *Distribution System Plan*), revised on June 15, 2023 and December 15, 2022, respectively (together, the "Filing Requirements").

The planning tools, processes, and investments outlined in this TSP are based upon the current state of the assets owned by the partnership, most of which are relatively new. With the exception of one small, planned capital project, this TSP has been prepared for information purposes to support the overall Application and to be responsive to the Filing Requirements.

2.0 TRANSMISSION SYSTEM PLAN

2.1 TRANSMISSION SYSTEM PLAN OVERVIEW (*OEB Filing Req. 2.4*)

This section summarizes the key components that make up the integrated TSP and contextualizes the quantitative and qualitative information provided throughout.

2.1.1 KEY ELEMENTS OF THE PLAN

NRLP's transmission assets are limited to the components of a 230kV double circuit transmission line. This line was placed into service on August 30, 2019. Given the relatively new vintage of this line, only one capital project is planned for 2025 – 2029 planning period. Details of the capital project are included in Exhibit B-01-03 and in section 4.3 below.

The forecast OM&A expenditure is a relatively small portion of the rate proposal representing, on average, less than 15% of total revenue requirement. The proposed OM&A expense will ensure that the NRLP assets are operated and maintained in accordance with good utility practice and reliability standards.

2.1.2 CUSTOMER PREFERENCES AND EXPECTATIONS

NRLP's 230kV double circuit transmission line is part of Ontario's bulk electric system, which helps to ensure adequacy of supply for the province by connecting to major generating sources and delivering that power to major load centers in Ontario. NRLP has no delivery points and therefore has no customers that it directly serves. Therefore, the partnership has not performed any independent customer opinion research.

NRLP's five-year plan supports the general objective of maintaining long-term system reliability while ensuring manageable and stable rate impacts to ratepayers over the course of the planning period. The plan proposes one capital project and includes a modest OM&A budget to maintain NRLP's transmission reliability. NRLP is renewing its Service Level Agreement (SLA) with HONI to continue providing maintenance and operational services on the transmission line for the next five years. Having this service provider, with its breadth of capabilities and local knowledge, provides assurance that the assets will be operated and maintained in accordance with good utility practices and reliability standards.

2.1.3 ANTICIPATED SOURCES OF EFFICIENCIES

The majority of NRLP's OM&A expense (accounting for approximately 58% of the average annual OM&A expense for 2025 - 2029) are for services provided by HONI through an SLA. Efficiencies gained by HONI are passed through to NRLP. NRLP's asset is a 230kV double circuit transmission line that is located close to other transmission lines owned by HONI. Given the proximity of the assets, there are meaningful efficiencies inherent in having one party, HONI, plan and perform the work on lines simultaneously.

NRLP's controllable costs are minimal but do include certain administrative expenses. Over the past period, NRLP has been able to recognize lower costs in such things as insurance and the Managing Director's office, which are reflected in this Application.

2.1.4 PERIOD COVERED AND VINTAGE OF INFORMATION

This TSP covers a five-year historical period of 2020 to 2024, and a five-year forecast period from 2025 to 2029 inclusive. The information contained in this TSP is considered current as of year-end of 2023, unless otherwise noted.

2.1.5 IMPORTANT CHANGES TO THE ASSET MANAGEMENT PROCESS

NRLP has not made any changes to how it manages its assets. NRLP continues to retain HONI under an SLA to plan, organize, and execute the operation and maintenance of the assets, and provide corporate and administrative support. NRLP relies upon HONI's asset management process to develop its plan, as articulated in Section 3.1 Asset Lifecycle Optimization Policies and Practices below.

2.1.6 CONTINGENCIES OF PLAN

NRLP is proposing one capital project over the five-year term of this Application. However, since the total expenditure is a modest $150k for this project, there are no planned contingencies for costs required. The primary execution risk for this project is obtaining a planned outage in 2025. If the requested outage is not feasible by late 2025 or is rejected due to system requirements, NRLP will complete an aerial inspection of the impacted towers to identify if any immediate mitigation work is required. Otherwise, NRLP will complete the work at a subsequent available outage.

2.1.7 GRID MODERNIZATION

At this time, NRLP is not implementing any capital plans for future initiatives such as distributed energy resources, grid modernization or climate change.

2.2 PLANNING WITH THIRD PARTIES (*OEB Filing Req. 2.4.2*)

NRLP is not a lead transmitter for any of the regional planning regions. NRLP's transmission line is part of the bulk system. The bulk system planning is under the purview of the Independent Electricity System Operator (IESO) and is coordinated as part of that undertaking. If requested, NRLP will participate in the bulk system planning process and/or regional bulk system planning process, as per Section 3C of the Transmission System Code and the OEB endorsed Planning Process Working Group (the PPWG) Report, in compliance with NRLP's obligations as a licensed transmitter. To date, NRLP has not received such a request and is not expecting such a request in the foreseeable future.

2.3 PERFORMANCE MEASUREMENT FOR CONTINUOUS IMPROVEMENT

NRLP is proposing to continue to track its performance by utilizing measures equivalent to those approved for B2M LP by the OEB in proceeding EB-2019-0182 and for NRLP in proceeding EB-2018-0275. This is to ensure that NRLP is meeting its five-year plan as described in this Application. The performance measures will be tracked annually, and the results of this tracking will be reported to the OEB at the next proceeding. Further details on the methods and measures, as well as on the historical performance and forecast targets, are documented in Exhibit D-01-01.

3.0 ASSET MANAGEMENT PROCESS (*OEB FILING REQ. 2.4.1*)

3.1 ASSET MANAGEMENT PROCESS OVERVIEW

NRLP seeks to identify and prioritize asset maintenance and capital investments in an optimal way throughout the life cycle of its assets. To achieve this goal, NRLP works with HONI to undertake a strategic and methodical asset management process, drawing upon HONI's extensive expertise and experience to monitor its transmission system assets, identify and define needs, and determine the optimal timing for investment and maintenance activities in the future. In doing so, NRLP strives to ensure that it can deliver, over the long term, a level of transmission service that is responsive to operational needs, while also minimizing rate impacts and risks to electricity customers of Ontario.

3.2 OVERVIEW OF ASSETS MANAGED

This section summarizes the detailed characteristics and data on the assets covered by the asset management process, including service area, system configuration, asset condition, and asset utilization.

3.2.1 FEATURES OF THE SERVICE AREA

NRLP's 230kV double circuit transmission line includes the circuits specifically named Q26M and Q35M – running westerly from Allanburg TS located on Barron Road in the City of Thorold, traversing the counties of Welland, Lincoln and Haldimand, before terminating outside of Middleport TS located on Baptist Church Road in the County of Brant. A map of the territory covered by the line is displayed in Figure 1. These are primarily rural areas and farmland that generally allow for easy access to perform maintenance activities. However, the climate in these areas varies by season and may experience a variety of extreme weather conditions, such as blizzards, hail, ice storms, lightning, thunderstorms, extreme heat and tornadoes.

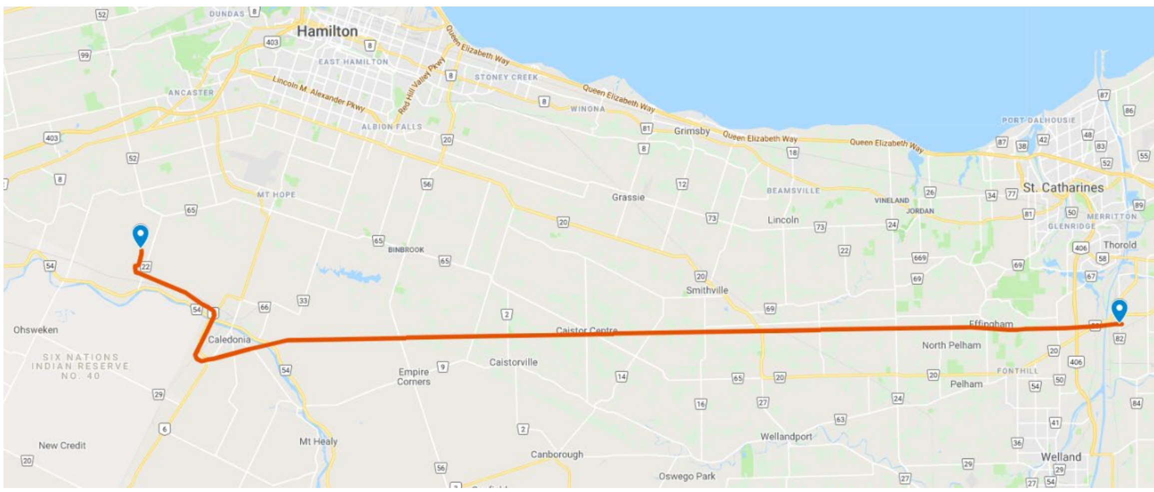

Figure 1: Map of Area Traversed by NRLP Line

3.2.2 SYSTEM CONFIGURATION

Table 1 provides a high-level description and quantity of major transmission assets that comprise the NRLP transmission line.

Table 1 - Asset Summary

Asset Type	Description	Quantity
Conductor	The conductor of an overhead transmission line is the asset responsible for transporting electricity between system nodes.	456 kms[1]
Steel Towers	Steel structures elevate transmission lines above the ground, providing clearance from ground objects and separation between the circuit conductors and other line components.	348 structures
Insulators	Insulators provide mechanical support for overhead conductors and must provide electrical isolation between the energized conductors they support and the grounded towers to which they are attached.	2,668 strings

These asset types are similar to those on HONI's transmission system. For further detailed descriptions of each asset component and the maintenance plans please refer to HONI's Joint Rate Application (EB-2021-0110) in Exhibit B-02-01, Section 2.1.2.2, Key Transmission Assets.

3.2.3 ASSET CONDITION

This section presents the service profile and condition of NRLP's key transmission assets. Roughly 90% of the assets were constructed in 2006. However, these assets were idle for 10 years until these assets, as well as the remaining 10% of the assets were constructed and in-serviced in 2019. The asset profile, as noted in Table 2, provides the average age of the components and the Expected Service Life (ESL). Major assets that were constructed prior to 2019 are identified as "Legacy" in Table 2.

<u>In-Service Profile</u>

The ESL is defined as the average time duration in years that assets can be expected to operate under normal system conditions and is determined by considering manufacturer guidelines and HONI's historical asset retirement data. Assets operating beyond ESL generally have an increasing likelihood of failure. NRLP assets were placed into service

[1] Each of the 2 circuits is 76km in length with 3 phases (conductor strings) per circuit.

on August 30, 2019 and any reasonable expectation of failure, due to ESL-related factors, is decades in the future.

The asset profile, as noted in Table 2, provides the average age of the components and the ESL.

Table 2 - Asset Service Profile

Asset Type	Quantity	Average Age (years)	Expected Service Life (years)
Conductors (Legacy)	408 km	18	90
Conductors	48 km	5	90
Steel Towers (Legacy)	310 towers	18	80
Steel Towers	38 towers	5	80
Insulator Strings (Legacy)	2017 strings	18	70
Insulator Strings	651 strings	5	70

Condition

The asset condition is noted in Table 3. Asset condition assessments are conducted for each asset as they reach an individual age threshold, which varies depending on asset type. These assessments are the primary driver for determining if assets on the system need to be replaced. Condition assessment results are categorized as "Good", "Fair", or "Poor" as per definitions below:

- **Good:** These assets are new or show minimal signs of deterioration.
- **Fair:** Assets that are experiencing deterioration and the condition of these assets is monitored for progression of further deterioration.
- **Poor:** Assets that have deteriorated to a point where their ability to continue providing the intended functionality or service is at risk.

Table 3 - Asset Condition Summary

Asset Type	Quantity	Poor	Fair	Good
Conductors	456 km	0%	0%	100%
Steel Towers	348 towers	0%	0%	100%
Insulators	2668 strings	0%	0%	100%

All of NRLP's assets are less than 18 years old; therefore, little degradation has occurred, and these assets are considered to be in good condition.

3.2.4 ASSET UTILIZATION

NRLP's circuits have a combined capacity of approximately 1,200 MW. This 230kV double circuit transmission line is part of the bulk system and is operated in accordance with the planning criteria as part of the IESO-controlled grid. The adequacy of the bulk system is assessed by the IESO as part of the bulk system planning processes in accordance with NERC and NPCC Standards, including the IESO's Ontario Resource Transmission Assessment Criteria (ORTAC). The bulk system is currently within acceptable capacity levels.

3.3 ASSET LIFECYCLE OPTIMIZATION POLICIES AND PRACTICES

As documented in Section 3.1, NRLP works with HONI to undertake a strategic and methodical asset management process, drawing upon HONI's extensive expertise and experience to monitor its transmission system assets. HONI has developed and implemented asset strategies for various components of the transmission system. The specific strategies related to overhead transmission line assets are outlined in detail in HONI's Joint Rate Application (EB-2021-0110) in Exhibit B-02-01, Section 2.2. The following sections provide an overview of the specific operations and maintenance activities and replacement strategies applicable to NRLP.

3.3.1 ROUTINE OPERATION AND MAINTENANCE

On behalf of NRLP, HONI performs routine operation and maintenance of NRLP's transmission assets as follows.

Operating Services:

Operating services include the monitoring and control of the transmission system, in accordance with the requirements of NRLP's Transmission Licence and services required to fulfill all of NRLP's obligations under its Connection Agreement and the IESO-NRLP operating requirements. These services include, but are not limited to, the following:

- Alarm/asset monitoring, and minor control;

- Asset operation and switching;
- Emergency response to transmission system events;
- Outage processing;
- Crew dispatching;
- Record maintenance; and
- IT Support of the power system applications used by operators.

<u>Maintenance Services:</u>

The maintenance services include all planned and corrective maintenance services on the transmission line assets and rights-of-way in accordance with the requirements and obligations of NRLP's Transmission Licence. Further details are outlined below.

a) Overhead Transmission Lines

On behalf of NRLP, HONI routinely inspects the overhead transmission lines by ground and aerial-based patrols to identify safety and reliability defects. If significant defects are identified during the patrols, HONI undertakes emergency repairs and response to restore power or minor corrective work to resolve reliability and safety problems with transmission line assets when necessary. This is unplanned work that constitutes minor corrective action and does not constitute replacement of major assets (towers, conductors, insulators etc.). As assets age, separate detailed assessments are also performed on individual conductor and structure assets to monitor the assets condition and determine when replacement is required.

b) Transmission Rights-of-Way

On behalf of NRLP, HONI performs regular maintenance to maintain clearance distances between the energized circuits (Q26M and Q35M) and the vegetation located on and adjacent to the transmission right-of-way. In Southern Ontario, vegetation maintenance is performed on clearing cycles of six years. Cycle lengths have been set to ensure that rights-of-way are in good condition and maintain a sustainable level of reliability between maintenance cycles. NRLP's transmission line is subject to NERC Reliability Standard FAC-003 entitled '*Transmission Vegetation management Reliability Standard*', which requires NRLP to report all sustained outages caused by vegetation on 230kV circuits within NRLP's control. If vegetation management issues arise mid-cycle, HONI would undertake corrective action to resolve reliability and safety problems.

A summary of the planned maintenance activities and frequency of maintenance can be found in Table 4.

Table 4 - Summary of Planned Maintenance Activities

Asset	Maintenance	Frequency	Description
Overhead Transmission Lines	Helicopter Patrol	3 years	High-speed patrol to identify major defects on overhead transmission line assets.
	Ground Patrol	12 years	More detailed ground-based patrol to identify defects on overhead transmission line assets.
	Thermovision	2 years	Identifies defective transmission line components by detecting their heat signature using infrared cameras.
Transmission Rights of Way	Line Clearing	6 years	Consists of trimming tree branches and removing any unhealthy trees on the edge of or adjacent to the right-of-way that has the potential to exceed NRLP's clearances to the overhead transmission lines.
	Brush Control	6 years	Includes manual cutting, herbicide application and/or mechanical clearing to manage vegetation growth on the right-of-way to ensure adequate clearances and access to NRLP's overhead transmission lines.
	Condition Patrol	6 years	A mid-cycle working inspection to identify and mitigate any vegetation which requires maintenance prior to the next scheduled line clearing or brush control activity.
	Property Owner Notifications	6 years	Prior to the execution of right-of-way vegetation maintenance, HONI contacts all required adjacent property owners and external stakeholders to communicate maintenance plans.
	Annual Vegetation Patrol	1 year	In accordance with NERC Standard FAC-003, NRLP is required to annually inspect all 230kV circuits.

3.3.2 ASSET REPLACEMENT

NRLP's planned replacement strategy is aligned with HONI's. Assets are replaced based on condition assessments. Once an asset is determined to have a high condition risk, it is scheduled and prioritized for replacement. In the event of material unplanned capital replacement, NRLP proposes utilizing a z-factor claim approach in accordance with Section 2.8.12 of the OEB Filing Requirements, if necessary.

3.4 SYSTEM CAPABILITY ASSESSMENT FOR RENEWABLE ENERGY GENERATION

The NRLP 230kV double circuit transmission line is operated in accordance with the planning criteria as part of the IESO-controlled grid based on the load, generation and import patterns. The NRLP circuits, Q26M and Q35M, continue to allow the transfer of committed generating resources and potential to enable new renewable resources in the Niagara region. If new generation connection requests emerge, the assessment of capacity need or limitation and its planning would be under the purview of the IESO as part of the bulk system planning. At this time, there is no renewable energy generation connection forecast affecting NRLP's assets.

4.0 CAPITAL EXPENDITURE PLAN *(OEB Filing Req. 2.4.3)*

This section provides the details of the overall plan that NRLP plans to undertake over the 2025 to 2029 period and other pertinent information regarding the elements of the planning process.

4.1 CAPITAL PLANNING PROCESS OVERVIEW

On behalf of NRLP, HONI completes an annual investment planning process to establish a plan that appropriately reflects operational needs, while minimizing rate impacts. This planning process ultimately forms part of the overall asset management process, which is aimed at identifying and scoping the optimal timing of capital investments and asset maintenance throughout the lifecycle of assets, as discussed in Section 3.3 above. NRLP's 2025 to 2029 plan is an output of this asset management framework.

4.2 CAPITAL EXPENDITURE SUMMARY

Table 5 provides a summary of NRLP's overall plan. There was no capital spending for the 2020 to 2024 period. For 2025 to 2029, one system renewal capital project valued at $150k is proposed. Details are provided in Section 4.3 below.

4.3 JUSTIFYING CAPITAL EXPENDITURES

For this rate filing, one System Renewal capital project, Tower Arm Reinforcement, is being proposed for in-servicing in 2025. The lattice towers used in the system are designed and constructed with many individual components and each component plays a role in ensuring the integrity of a structure. If a component is missing or there is a defect, it could impact the tower's integrity and lead to a failure.

In 2021, HONI confirmed that certain 230-kV towers in its system were prone to experiencing middle arm hanger vibration and fatigue causing cracks, reducing the strength of the structure. After review of all towers owned by NRLP, 28 towers were identified as needing refurbishment. More particularly, it was determined that Z-braces need to be added to the middle arm in order to address the identified design deficiency on tower type X10S and to prevent potential cracks. This project is non-discretionary to maintain the full life of the asset. HONI has significant experience with the project scope and has estimated project costs to be $5,300 per tower on a fully allocated basis. This is the basis for estimating overall project cost at $150k.

This project is similar to a project approved by OEB on a larger scale for HONI as part of proceeding EB-2021-0110. The scope is the same as the Tower Member Refurbishment Program provided in EB-2021-0110, Exhibit B-02-01, section 2.11, Investment Summary Document (ISD) T-SR-06, Tower Foundation Assess/Clean/Coat & Life Extension Program. To minimize execution risks including resource and planned outage availability, execution of this work is being planned in conjunction with similar work on adjacent portions of this circuit owned by HONI. This coordination helps keep costs low for ratepayers.

5.0 OPERATION AND MAINTENANCE EXPENDITURES

As outlined in Table 5 below, the average OM&A annualized forecast for the 2025 to 2029 period is $1.2M. The 2020 Test Year OM&A approved in EB-2018-0275 rate filing was $0.8M. This represents a $0.4M increase over the 2020 test year. The average annualized forecast OM&A spend for the 2020 to 2024 period is $0.8M which is on par with the 2020 Test Year approved OM&A of $0.8M.

Higher OM&A forecasts for the 2025 to 2029 period are primarily due to all portions of NRLP's ROW undergoing major vegetation maintenance in 2029. As outlined in Table 4, Line Clearing and Brush Control cyclic maintenance activities are scheduled for ROWs every six years. These activities have significantly higher unit costs compared to other vegetation management and patrol activities.

Starting 2023, NRLP is also charged transfer pricing by HONI for the use of certain Shared Assets. The Shared Asset costs allocated to NRLP include those for major fixed assets and intangible assets, as well as minor fixed assets. Shared Asset Allocation is forecast to be $0.1M annually for the 2025 to 2029 period, and mainly relates to HONI's SAP system, an enterprise-wide system that integrates work management, finance, supply chain and other enterprise software. Use of these systems is required for HONI to coordinate and execute its asset management process and subsequent maintenance activities for NRLP.

Further details are presented in Exhibit F-02-01.

Table 5 - Overall Plan ($Millions)

OEB Appendix 2-AB

OEB Category	Historical															Forecast				
	2020			2021			2022			2023			2024			2025	2026	2027	2028	2029
	Plan	Act	Var	Plan	Act	Var	Plan	Act	Var	Plan	Act	Var	Plan	Frcst	Var	Test	Test	Test	Test	Test
System Access	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
System Renewal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.15	0.0	0.0	0.0	0.0
System Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Plant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.15**	**0.0**	**0.0**	**0.0**	**0.0**
Total OM&A	**0.8**	**0.7**	**(0.2)**	**0.9**	**0.5**	**(0.3)**	**0.9**	**0.6**	**(0.2)**	**0.9**	**1.1**	**0.2**	**0.9**	**1.3**	**0.4**	**1.1**	**1.1**	**1.0**	**1.1**	**1.9**

RATE BASE

1.0 INTRODUCTION

This exhibit outlines NRLP's rate base for the test years of 2025-2029, provides a description of each rate base component, and includes a comparison between the OEB approved 2020 rate base and historical actual figures.

The rate base underlying the revenue requirement for the test year includes a forecast of net utility plant, calculated on a mid-year average basis. No working capital has been requested, as discussed in section 4 below.

2.0 COMPARISON OF OEB APPROVED VS. ACTUAL RATE BASE

Table 1 below compares actual 2020 amounts to the 2020 rate base approved by the OEB in NRLP's 2020 revenue requirement application (EB-2018-0275).

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 1 - 2020 OEB-approved versus 2020 Historic Year Rate Base ($M)

Rate Base Component	2020 Actual	2020 OEB-approved	Variance
Mid-Year Gross Plant	119.4	119.4	(0.0)
Less: Mid-Year Accumulated Depreciation	(1.6)	(1.6)	0.0
Mid-Year Net Utility Plant	**117.8**	**117.8**	**(0.0)**
Cash Working Capital	0.0	0.0	0.0
Materials & Supply Inventory	0.0	0.0	0.0
Total Rate Base	**117.8**	**117.8**	**(0.0)**

Actual rate base in 2020 is in line with the OEB-approved rate base.

3.0 UTILITY RATE BASE FORECAST

NRLP's utility rate base calculations for the test years are filed at Exhibit C-01-01, Attachment 5.

NRLP's approved rate base for the 2020 historical year is compared to the 2025 test year in Table 2. NRLP's most recent historical year, the 2024 bridge year and the 2025 to 2029 forecast years are shown in Table 3. The mid-year gross plant balance reflects the forecast capital expenditure programs and in-service additions.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 2 - Transmission Rate Base ($M)

Description	2020 OEB-approved	Test 2025
Mid-Year Gross Plant	119.4	119.5
Mid-Year Accumulated Depreciation	(1.6)	(9.6)
Mid-Year Net Plant	**117.8**	**109.9**
Cash Working Capital	0.0	0.0
Materials and Supply Inventory	0.0	0.0
Transmission Rate Base	**117.8**	**109.9**
% Change		(6.7%)

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 3 - Transmission Rate Base ($M)

Description	Actual	Bridge	Test				
	2023	2024	2025	2026	2027	2028	2029
Mid-Year Gross Plant	119.4	119.4	119.5	119.6	119.6	119.6	119.6
Mid-Year Accumulated Depreciation	(6.4)	(8.0)	(9.6)	(11.2)	(12.8)	(14.5)	(16.1)
Mid-Year Net Plant	**113.1**	**111.5**	**109.9**	**108.4**	**106.7**	**105.1**	**103.5**
Cash Working Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Supply Inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transmission Rate Base	**113.1**	**111.5**	**109.9**	**108.4**	**106.7**	**105.1**	**103.5**
Year over year % change		(1.4%)	(1.4%)	(1.4%)	(1.5%)	(1.5%)	(1.6%)

Table 4 provides historical and bridge year continuity of total fixed assets. Further details in gross plant are discussed in Exhibit B-01-03, Attachment 1, Sections 3.2 through 4.3, and the in-service forecast is outlined in Section 4 below.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 4 - Continuity of Fixed Assets Summary ($M)

Description	OEB-Approved	Historic Years				Bridge	Test
	2020	2020	2021	2022	2023	2024	2025
Opening Gross Asset Balance	119.4	119.4	119.4	119.4	119.4	119.4	119.4
In-Service Additions	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Retirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers / Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Gross Asset Balance	**119.4**	**119.4**	**119.4**	**119.4**	**119.4**	**119.4**	**119.6**

Table 5 includes a continuity of 2025 to 2029 forecast in-service additions, as follows:

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 5 - Continuity of Fixed Assets Summary ($M)

Description	Test				
	2025	2026	2027	2028	2029
Opening Gross Asset Balance	119.4	119.6	119.6	119.6	119.6
In-Service Additions	0.2	0.0	0.0	0.0	0.0
Retirements	0.0	0.0	0.0	0.0	0.0
Sales	0.0	0.0	0.0	0.0	0.0
Transfers / Other	0.0	0.0	0.0	0.0	0.0
Closing Gross Asset Balance	**119.6**	**119.6**	**119.6**	**119.6**	**119.6**

4.0 CASH WORKING CAPITAL

Consistent with the prior approved transmission rate application for 2020 to 2024 rates, NRLP's expenses and revenues are planned to be generally synchronized such that no working capital has been requested in this Application. Despite not having undertaken an independent assessment, NRLP believes that it continues to be appropriate to have approximately zero working capital requirement, analogous to that of B2M Limited Partnership (B2M LP).

5.0 IN-SERVICE ADDITIONS

In-service additions represent increases to rate base as a result of capital work being declared in-service and ready for use.

During the rate period, there is a planned system renewal capital expenditure of $150K to be in-serviced in 2025. Further details can be found in the TSP within Exhibit B-01-03, Attachment 1, Sections 4.2 and 4.3.

CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT

This attachment has been filed separately in MS Excel format.

NRLP
Continuity of Property, Plant and Equipment - Accumulated Depreciation
Historical (2020-2023), Bridge (2024) & Test (2025-2029) Years
Year Ending December 31
Total - Gross Balances
($ Millions)

Line No.	Year	Opening Balance	Additions	Retirements	Sales	Transfers In/Out and Other	Closing Balance	Average
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
Historic								
1	2020	0.8	1.6	0.0	0.0	0.0	2.4	1.6
2	2021	2.4	1.6	0.0	0.0	0.0	4.0	3.2
3	2022	4.0	1.6	0.0	0.0	0.0	5.6	4.8
4	2023	5.6	1.6	0.0	0.0	0.0	7.2	6.4
Bridge								
5	2024	7.2	1.6	0.0	0.0	0.0	8.8	8.0
Test								
6	2025	8.8	1.6	0.0	0.0	0.0	10.4	9.6
7	2026	10.4	1.6	0.0	0.0	0.0	12.0	11.2
8	2027	12.0	1.6	0.0	0.0	0.0	13.7	12.8
9	2028	13.7	1.6	0.0	0.0	0.0	15.3	14.5
10	2029	15.3	1.6	0.0	0.0	0.0	16.9	16.1

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard USGAAP
Year 2025

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals [6]**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals [6]**	**Closing Balance**	**Net Book Value**
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.0	$ 0.2		$ 80.2	$ 5.6	$ 1.1		$ 6.7	$ 73.5
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 3.1	$ 0.6		$ 3.7	$ 35.7
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -			$ -	$ -
		Sub-Total	**$ 119.4**	**$ 0.2**	**$ -**	**$ 119.6**	**$ 8.8**	**$ 1.6**	**$ -**	**$ 10.4**	**$ 109.2**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.4**	**$ 0.2**	**$ -**	**$ 119.6**	**$ 8.8**	**$ 1.6**	**$ -**	**$ 10.4**	**$ 109.2**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						**$ 1.6**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1 Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2 The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).

3 The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

4 The additions in column (E) must not include construction work in progress (CWIP).

5 Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.

6 The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard	USGAAP
Year	2025

			Cost				Accumulated Depreciation				
CCA Class [2]	OEB Account [3]	Description [3]	Opening Balance	Additions [4]	Disposals [6]	Closing Balance	Opening Balance	Additions	Disposals [6]	Closing Balance	Net Book Value
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.0	$ 0.2		$ 80.2	$ 5.6	$ 1.1		$ 6.7	$ 73.5
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 3.1	$ 0.6		$ 3.7	$ 35.7
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -				$ -
										$ -	$ -
		Sub-Total	**$ 119.4**	**$ 0.2**	**$ -**	**$ 119.6**	**$ 8.8**	**$ 1.6**	**$ -**	**$ 10.4**	**$ 109.2**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.4**	**$ 0.2**	**$ -**	**$ 119.6**	**$ 8.8**	**$ 1.6**	**$ -**	**$ 10.4**	**$ 109.2**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						**$ 1.6**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1 Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2 The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).

3 The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

4 The additions in column (E) must not include construction work in progress (CWIP).

5 Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.

6 The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard USGAAP
Year 2026

CCA Class [2]	OEB Account [3]	Description [3]	Cost: Opening Balance	Cost: Additions [4]	Cost: Disposals [6]	Cost: Closing Balance	Accumulated Depreciation: Opening Balance	Accumulated Depreciation: Additions	Accumulated Depreciation: Disposals [6]	Accumulated Depreciation: Closing Balance	Net Book Value
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.2			$ 80.2	$ 6.7	$ 1.1		$ 7.8	$ 72.4
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 3.7	$ 0.6		$ 4.2	$ 35.2
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -				$ -
										$ -	$ -
		Sub-Total	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 10.4**	**$ 1.6**	**$ -**	**$ 12.0**	**$ 108**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 10.4**	**$ 1.6**	**$ -**	**$ 12.0**	**$ 107.5**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						**$ 1.6**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1. Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2. The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).

3. The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

4. The additions in column (E) must not include construction work in progress (CWIP).

5. Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.

6. The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard USGAAP
Year 2027

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals [6]**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals [6]**	**Closing Balance**	**Net Book Value**
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.2			$ 80.2	$ 7.8	$ 1.1		$ 8.9	$ 71.3
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 4.2	$ 0.6		$ 4.8	$ 34.6
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -				$ -
										$ -	$ -
		Sub-Total	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 12.0**	**$ 1.6**	**$ -**	**$ 13.7**	**$ 105.9**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 12.0**	**$ 1.6**	**$ -**	**$ 13.7**	**$ 105.9**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						$ 1.6			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1. Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
2. The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).
3. The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
4. The additions in column (E) must not include construction work in progress (CWIP).
5. Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.
6. The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard: USGAAP
Year: 2028

CCA Class [2]	OEB Account [3]	Description [3]	Cost: Opening Balance	Cost: Additions [4]	Cost: Disposals [6]	Cost: Closing Balance	Accumulated Depreciation: Opening Balance	Accumulated Depreciation: Additions	Accumulated Depreciation: Disposals [6]	Accumulated Depreciation: Closing Balance	Net Book Value
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.2			$ 80.2	$ 8.9	$ 1.1		$ 9.9	$ 70.2
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 4.8	$ 0.6		$ 5.4	$ 34.0
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -				$ -
										$ -	$ -
		Sub-Total	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 13.7**	**$ 1.6**	**$ -**	**$ 15.3**	**$ 104.3**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 13.7**	**$ 1.6**	**$ -**	**$ 15.3**	**$ 104.3**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						**$ 1.6**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1. Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
2. The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).
3. The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
4. The additions in column (E) must not include construction work in progress (CWIP).
5. Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.
6. The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

Appendix 2-BA
Fixed Asset Continuity Schedule [1]

Accounting Standard USGAAP
Year 2029

			Cost				Accumulated Depreciation				
CCA Class [2]	OEB Account [3]	Description [3]	Opening Balance	Additions [4]	Disposals [6]	Closing Balance	Opening Balance	Additions	Disposals [6]	Closing Balance	Net Book Value
12	1610	Intangibles	$ -			$ -	$ -			$ -	$ -
12	1611	Computer Software (Formally known as Account 1925)	$ -			$ -	$ -			$ -	$ -
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
	1665	Fuel holders, producers and acc.	$ -			$ -	$ -			$ -	$ -
	1675	Generators	$ -			$ -	$ -			$ -	$ -
N/A	1615	Land	$ -			$ -	$ -			$ -	$ -
1	1620	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
N/A	1705	Land	$ -			$ -	$ -			$ -	$ -
14.1	1706	Land rights	$ -			$ -	$ -			$ -	$ -
1	1708	Buildings and fixtures	$ -			$ -	$ -			$ -	$ -
47	1715	Station equipment	$ -			$ -	$ -			$ -	$ -
47	1720	Towers and fixtures	$ 80.2			$ 80.2	$ 9.9	$ 1.1		$ 11.0	$ 69.2
47	1730	Overhead conductors and devices	$ 39.4			$ 39.4	$ 5.4	$ 0.6		$ 5.9	$ 33.5
47	1735	Underground conduit	$ -			$ -	$ -			$ -	$ -
47	1740	Underground conductors and devices	$ -			$ -	$ -			$ -	$ -
17	1745	Roads and trails	$ -			$ -	$ -			$ -	$ -
N/A	1905	Land	$ -			$ -	$ -			$ -	$ -
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
8	1915	Office Furniture & Equipment	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ -			$ -	$ -			$ -	$ -
	1925	Computer software	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ -			$ -	$ -			$ -	$ -
8	1935	Stores Equipment	$ -			$ -	$ -			$ -	$ -
8	1940	Tools, Shop & Garage Equipment	$ -			$ -	$ -			$ -	$ -
8	1945	Measurement & Testing Equipment	$ -			$ -	$ -			$ -	$ -
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ -			$ -	$ -			$ -	$ -
8	1960	Miscellaneous Equipment	$ -			$ -	$ -			$ -	$ -
47	1970	Load Management Controls Customer Premises	$ -			$ -	$ -			$ -	$ -
47	1975	Load Management Controls Utility Premises	$ -			$ -	$ -			$ -	$ -
47	1980	System Supervisor Equipment	$ -			$ -	$ -			$ -	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ -			$ -	$ -			$ -	$ -
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue5	$ -			$ -	$ -				$ -
										$ -	$ -
		Sub-Total	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 15.3**	**$ 1.6**	**$ -**	**$ 16.9**	**$ 102.6**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)	$ -			$ -	$ -			$ -	$ -
		Total PP&E	**$ 119.6**	**$ -**	**$ -**	**$ 119.6**	**$ 15.3**	**$ 1.6**	**$ -**	**$ 16.9**	**$ 102.6**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable6									
		Total						**$ 1.6**			

10		Transportation
8		Stores Equipment

Less: *Fully Allocated Depreciation*	
Transportation	
Stores Equipment	
Net Depreciation	$ 1.6

Notes:

1 Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2 The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3).

3 The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.

4 The additions in column (E) must not include construction work in progress (CWIP).

5 Effective on the date of IFRS adoption, customer contributions will no longer be recorded in Account 1995 Contributions & Grants, but will be recorded in Account 2440, Deferred Revenues.

6 The applicant must ensure that all asset disposals have been clearly identified in the Chapter 2 Appendices for all historic, bridge and test years. Where a distributor for general financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings, the distributor shall reclassify such gains and losses as depreciation expense, and disclose the amount separately.

NRLP
Statement of Average Rate Base
Bridge Year (2024) and Test Years (2025-2029)
Year Ending December 31
($ Millions)

Line No.	Particulars		2024	2025	2026	2027	2028	2029
	Electric Utility Plant							
1	**Gross plant**							
	Transmission Corridor Land and Rights		0.0	0.0	0.0	0.0	0.0	0.0
	Towers and Fixtures		80.0	80.2	80.2	80.2	80.2	80.2
	Conductors and Devices		39.4	39.4	39.4	39.4	39.4	39.4
	Roads and Trails		0.0	0.0	0.0	0.0	0.0	0.0
	Total Gross Plant		119.4	119.6	119.6	119.6	119.6	119.6
2	Accumulated Depreciation		8.8	10.4	12.0	13.7	15.3	16.9
3	Net plant in-service		110.7	109.2	107.5	105.9	104.3	102.6
4	Average net plant for rate base		111.5	109.9	108.4	106.7	105.1	103.5
5	Construction work in progress		0.0	0.0	0.0	0.0	0.0	0.0
6	Average net utility plant	$	111.5	109.9	108.4	106.7	105.1	103.5
	Working Capital							
7	Cash working capital		0.0	0.0	0.0	0.0	0.0	0.0
8	Materials and Supplies Inventory		0.0	0.0	0.0	0.0	0.0	0.0
9	Total working capital		0.0	0.0	0.0	0.0	0.0	0.0
10	Total rate base	$	111.5	109.9	108.4	106.7	105.1	103.5

PERFORMANCE MEASURES

1.0 INTRODUCTION

Given the nature of NRLP's system as a transmission line with no associated station assets or delivery points, the performance of the equipment does not lend itself to applying the typical measures that might be in place for other transmitters. NRLP's assets consist of a single 230kV double circuit transmission line between the Allanburg Transmission Station and Middleport Transmission Station, but do not include any terminal breakers or other operable assets. The demarcation point of each of the circuits is at a tower outside of the station or junction, as noted in Exhibit B-01-01.

In NRLP's application for 2020 – 2024 revenue requirement (EB-2018-0275); NRLP proposed to track and demonstrate its performance by utilizing the same performance measures as were approved by the OEB for B2M LP in B2M LP's initial rate application (EB-2015-0026). It was recognized that filing a set of measures identical B2M LP served to accomplish the following:

a. Provide meaningful comparisons in asset performance with a similar transmitter,
b. Minimize ratepayer costs by optimizing administrative costs through a single set of items, and,
c. Provide the OEB and customers with confidence that NRLP is meeting its five-year plan as described in that Application.

NRLP does not have any customer delivery points (or meter assets), which are the basis of interruption-based reliability performance measures like SAIDI and SAIFI. As a result, the traditional definition of SAIDI and SAIFI cannot be applied to NRLP. In the settlement agreement to NRLP's 2020 – 2024 revenue requirement proceeding (EB-2018-0275), the parties agreed that in the absence of SAIDI and SAIFI metrics, NRLP would provide two additional performance metrics, which measure interruptions to Hydro One delivery points caused by NRLP's circuits (T-SAIDI NRLP Contribution and T-SAIFI NRLP Contribution). The revised performance metric descriptions are provided in Appendix A below.

2.0 PERFORMANCE MEASURES

NRLP is proposing to continue to track its performance by utilizing the measures approved by the OEB in the NRLP Settlement Agreement in EB-2018-0275. Below are the proposed performance measures:

- Transmission System Average Interruption Frequency NRLP Contribution;
- Transmission System Average Interruption Duration NRLP Contribution;
- Average System Availability;
- NERC Vegetation Compliance; and
- Maintenance Cost per Circuit Kilometer.

The performance measures will be tracked annually, and the results of this tracking will be reported to the OEB at the next proceeding. NRLP has aligned its performance measures to the OEB's Renewed Regulatory Framework (RRF) outcomes to ensure that NRLP is monitoring and measuring performance relative to these outcomes.

Since NRLP's system was in-serviced in August 2019, and the OEB Decision and Order for EB-2018-0275 was provided in December 2019, performance data for NRLP was tracked beginning 2020. Table 1 provides a summary of the results for the years 2020 to 2023, forecast for 2024, and proposed targets for the years 2025 and 2029.

Table 1 - NRLP Performance Measures

RRF Outcomes	Performance Measure	Actual Results				Forecast	Target				
		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Operational Excellence	Average System Availability (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Operational Excellence	T-SAIDI NRLP Contribution	0	0	0	0	0	0	0	0	0	0
Operational Excellence	T-SAIFI NRLP Contribution	0	0	0	0	0	0	0	0	0	0
Public Policy Responsiveness	NERC Vegetation Compliance	Comply	Comply	Comply	Comply	Comply	Comply	Comply	Comply	Comply	Comply
Operational Excellence	Maintenance Cost ($K) per circuit kilometre[1]	0.06	0.03	0.18	1.20	2.37	0.20	0.47	0.21	0.76	5.88

In all cases, the performance measures verify that the assets are operating within expected parameters and continue to serve the electricity consumers of Ontario effectively.

The variations in the NRLP Maintenance expenses are mainly the result of the cyclical vegetation management program required for compliance with NERC standards. The system is divided into three ROW projects that undergo major vegetation management maintenance in the form of Line Clearing and Brush Control every six years.

To optimize resourcing and contracting of brush control work, all three ROW projects in the historical period were aligned such that they were all on the same cycle. To accommodate this strategy, two of the three projects that were scheduled for cyclical maintenance in 2025 were brought forward to 2023 to ensure they were all on the same cycle. Since it is less than 6 years since the asset was in-serviced in September 2019 (four growing seasons instead of six) vegetation density to mitigate is anticipated to be lower for this first maintenance cycle. Line Clearing, which cost $170k for all three projects,

[1] Circuit kms refer to total route kms multiplied by number of circuits per km. For NRLP, this is 76 kms x 2 circuits = 152 kms.

was completed in 2023. Brush Control, forecasted to cost $330k for all three Right of Way projects, is being completed in 2024. The total Line Clearing and Brush Control cost is forecasted to be $500k. The next Line Clearing and Brush Control for all three projects is scheduled for 2029 and is anticipated to cost roughly $900k. This is in-line with vegetation maintenance costs anticipated for similar 230 kV right of way projects within Hydro One Networks Inc. As a result, Maintenance Unit Costs per Circuit Kilometer are higher in years 2023, 2024, and 2029 to reflect planned major vegetation maintenance activity.

Other than these forestry expenses, the overall maintenance expenses remain well below what would otherwise be expected of an average circuit. However, given the limited operational scope of the NRLP assets, the cost comparisons may not be a fair comparison to the average costs of other transmitters. The comparison may suggest that other transmitters are higher cost, when in fact this may be due primarily to the broader set of assets in place.

APPENDIX A – DESCRIPTION OF THE PERFORMANCE MEASURES

Average System Availability

"System Availability" is a measure of the extent to which the transmission line(s) are available for use within the system. For the purposes of quantifying this metric, the cause of the forced outages that would contribute to the unavailability of the transmission lines would be limited to factors affecting assets owned by NRLP as opposed to any other equipment, owned by HONI, which could also cause the transmission line(s) to be removed from service.

$$\boxed{= \ 1 - \left(\frac{\sum_{i=1}^{N_L} F_{Li}}{\mathrm{T_L}} \right) \ \mathrm{x}\,100\%}$$

- F_{Li} is the annual forced outage duration in hours due to transmission line-related outages of circuit L_i.
- T_L is the inventory (expressed in 100 km-hours) of all in-service transmission circuits.
- N_L is the total number of in-service transmission circuits

Contribution to Delivery Point Performance

NRLP Assets do not contain any delivery points. As a result, traditional delivery point performance metrics do not apply. In this place, two substitute performance metrics are utilized.

T-SAIDI (Transmission System Average Interruption Duration Index) Contribution (minutes per DP per year) measures the NRLP asset contribution to HONI's overall SAIDI. Similarly, T-SAIFI (Transmission System Average Interruption Frequency Index) Contribution (# of interruptions per DP per year) measures the NRLP asset contribution to HONI's overall SAIFI.

The formulae for the two measures are as follows:

$$T - SAIFI_{NRLP\ Contribution} = \frac{\sum_{i=1}^{k}(SF_i + MF_i)}{n}$$

$$T - SAIDI_{NRLP\ Contribution} = \frac{\sum_{i=1}^{k}(SD_i)}{n}$$

Where:

- *n* is the total number of HONI delivery points.
- *k* is the total number of HONI delivery points that may be impacted by NRLP circuits.
- SF and MF are the number of sustained and momentary interruptions experienced at Delivery Point i in a given year caused by NRLP circuits.
- SD is the duration of the sustained interruptions experienced at Delivery Point i in a given year caused by NRLP circuits.

Only forced direct outages are included in performance measures. Lines being removed from service due to non-circuit issues, i.e. subordinate outages, are excluded from performance measures. Only line outages are included in performance measures. Line terminal outages, such as outages caused by P&C mis-operations, are excluded from performance measures as these terminal assets are not owned by NRLP.

<u>NERC Vegetation Compliance</u>

NERC Vegetation Compliance is a measure of the extent to which NRLP is compliant with NERC's Standard FAC-003-05 'Transmission Vegetation Management'. NERC developed a Transmission Vegetation Management Standard with the objective to prevent vegetation-related outages which could contribute to a cascading grid failure, especially under heavy electrical loading conditions. Each transmission owner is required to have a transmission vegetation management program designed to control vegetation on the active transmission line ROW in accordance with the requirements in NERC Standard FAC-003-05. Compliance with the Standard is mandatory and enforceable.

REVENUE REQUIREMENT

1.0 SUMMARY OF REVENUE REQUIREMENT

NRLP follows standard regulatory practice and has calculated its revenue requirement as follows:

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 1 - Revenue Requirement ($M)

Components	2025	2026	2027	2028	2029	Reference
OM&A	1.1	1.1	1.0	1.1	1.9	Exhibit F-01-01
Depreciation	1.6	1.6	1.6	1.6	1.6	Exhibit F-05-01
Income Taxes	0.1	0.1	0.1	0.1	0.1	Exhibit F-06-01, Attachment 1
Return on Capital	6.2	6.2	6.1	6.0	5.9	Exhibit G-01-01
Total Revenue Requirement	**9.0**	**8.9**	**8.8**	**8.8**	**9.5**	
Deduct External Revenues and Other[1]	(0.6)	0.0	0.0	0.0	0.0	Exhibit H-01-01
Rates Revenue Requirement	**8.4**	**8.9**	**8.8**	**8.8**	**9.5**	Exhibit E-01-01, Attachment 1

The above rates revenue requirement is the amount required by NRLP to achieve its business objectives, responsible stewardship of a safe and reliable system, and impact on rates. The above rates revenue requirement is also a reflection of NRLP's commitment to operating at the lowest practical cost. An excel version of the 2025 to 2029 revenue requirements has been provided at Attachment 1 of Exhibit E-01-01.

2.0 CALCULATION OF REVENUE REQUIREMENT

The details of the revenue requirement components are as follows:

[1] This comprises of the disposition of Earnings Sharing Mechanism (ESM) regulatory account

Updated in Interrogatory I-01-01 filed September 9, 2024

1 **Table 2 - OM&A Expense ($M)***

	2025	2026	2027	2028	2029
Service Level Agreement Costs	0.5	0.6	0.5	0.6	1.4
Incremental Expenses	0.6	0.5	0.5	0.5	0.5
Total OM&A	**1.1**	**1.1**	**1.0**	**1.1**	**1.9**

* Exhibit F-02-01

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 3 - Depreciation and Amortization Expense ($M)*

	2025	2026	2027	2028	2029
Depreciation	1.6	1.6	1.6	1.6	1.6
Total Depreciation Expense	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**

* Exhibit F-05-01

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 4 - Corporate Income Taxes ($M)*

	2025	2026	2027	2028	2029
Regulatory Taxable Income (after loss Carryforward)	0.0	0.0	0.0	0.0	0.0
Income Tax Rate	26.5%	26.5%	26.5%	26.5%	26.5%
Corporate Income Tax *(Does not apply if less than zero)*	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Accounting Income	2.3	2.3	2.2	2.2	2.2
OCMT Rate	2.7%	2.7%	2.7%	2.7%	2.7%
Net Income Taxes (OCMT)	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

* Exhibit F-06-01

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 5 - Return on Capital ($M)*

	2025	2026	2027	2028	2029
Return on Debt	2.2	2.2	2.2	2.1	2.1
Return on Equity	4.1	4.0	3.9	3.9	3.8
Return on Capital	**6.2**	**6.2**	**6.1**	**6.0**	**5.9**

* Exhibit G-01-01

3.0 REVENUE REQUIREMENT – YEAR OVER YEAR COMPARISON

The following comparisons in the revenue requirement between the 2025 test year, the 2024 bridge year and the last OEB-approved year (2020) are provided below.

3.1 2025 TEST YEAR COMPARED TO 2024 OEB APPROVED

The change in the total revenue requirement of $0.4M (5.0%) from 2024 approved revenue requirement to the 2025 revenue requirement is predominantly driven by higher OM&A, as well as cost of debt, given the maturity of NRLP's previous five-year long-term debt ($20.3 million).

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 6 - Comparison of 2025 to 2024 OEB-approved

Description	2024 ($M)	2025 ($M)	2025 vs. 2024 ($M)	2025 vs. 2024 (%)
Total Revenue Requirement	8.6	8.9	0.4	5.0%

4.0 2025 TEST YEAR VS 2020 OEB-APPROVED

The difference in the 2025 revenue requirement compared to the 2020 OEB-approved test year is predominantly driven by higher cost of OM&A and debt given the maturity of NRLP's previous five-year long-term debt ($20.3 million), as further explained in Exhibit F-02-01 and Exhibit G-01-01, respectively.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 7 - Impact of the Individual Component on Total Revenue Requirement

Description	2020 ($M)	2025 ($M)	2025 vs. 2020 ($M)	2025 vs. 2020 (%)
OM&A	0.8	1.1	0.2	27%
Rate Base	5.6	5.7	0.1	1%
Cost of debt	1.7	2.2	0.5	29%
Tax	0.1	0.1	0.0	1%
Impact on Total Revenue Requirement	**8.2**	**9.0**	**0.8**	**10%**

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NRLP
Calculation of Revenue Requirement (2025 to 2029)
Year Ending December 31
($ Millions)

Line No.	Particulars		Test 2025	Test 2026	Test 2027	Test 2028	Test 2029
			(a)	(b)	(c)	(d)	(e)
	Cost of Service						
1	Operating, maintenance & administrative	$	1.1	1.1	1.0	1.1	1.9
2	Depreciation		1.6	1.6	1.6	1.6	1.6
3	Income taxes		0.1	0.1	0.1	0.1	0.1
4	Cost of service excluding return on capital	$	2.8	2.8	2.7	2.8	3.6
5	Return on capital		6.2	6.2	6.1	6.0	5.9
6	Total revenue requirement	$	9.0	8.9	8.8	8.8	9.5

OPERATING COSTS SUMMARY

1.0 INTRODUCTION

This Exhibit presents an overview of NRLP's operating costs and includes the following elements, for which the overall costs are shown in Table 1 below:

- Operation, Maintenance and Administrative (OM&A),
- Depreciation and Amortization, and
- Income Taxes.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 1 - Operating Costs ($M)

Description	Historical Years				Bridge Year	Forecast				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OM&A	0.7	0.5	0.6	1.1	1.3	1.1	1.1	1.0	1.1	1.9
Depreciation and Amortization	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Income Taxes	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Operating Costs	**2.4**	**2.2**	**2.3**	**2.7**	**2.9**	**2.8**	**2.8**	**2.7**	**2.8**	**3.6**

The annual average proposed operating costs for the 2025 – 2029 is forecast to be $2.9M, an $0.5M increase compared to 2020 – 2024. The increase in OM&A expenses is primarily due to higher vegetation management maintenance needs in 2029, as well higher advisory committee costs and shared asset allocation. This increase is partially offset by the lower depreciation, as documented in Exhibit F-02-01 and Exhibit F-05-01, respectively.

2.0 KEY ELEMENTS OF OPERATING COSTS

NRLP's operating costs forecast has been developed to sustain the safe and reliable operation of its transmission assets.

2.1 OPERATION, MAINTENANCE AND ADMINISTRATIVE (OM&A)

NRLP is managed by its general partner, Hydro One Indigenous Partnerships GP Inc. (HOIP GP), which retains Hydro One Networks (HONI), under a Service Level Agreement, to plan and organize the operation and maintenance of the assets and provide certain corporate and administrative support as outlined in Exhibit F-03-01.

OM&A expenses are derived from various work programs and functions performed by or on behalf of the Partnership. Further details on the OM&A costs are provided in Exhibit F-02-01.

2.2 DEPRECIATION AND AMORTIZATION

The depreciation expense for NRLP in this Application is supported by a depreciation study completed by Alliance Consulting Group which leverages the service life parameters approved for HONI Transmission in support of Hydro One's 2023 to 2027 Custom IR application (EB-2021-0110) while adjusting for NRLP’s depreciation reserves to calculate NRLP’s depreciation rate and depreciation expense. Further details are provided in Exhibit F-05-01.

2.3 INCOME TAXES

Under the *Income Tax Act*, a partnership is not taxable but is required to compute its taxable income, which is then allocated to its partners. Details of the calculation of the Income Tax expense are shown in Exhibit F-06-01.

SUMMARY OF OM&A EXPENDITURES

1.0 SUMMARY OF OM&A EXPENDITURES

The proposed Operation, Maintenance, and Administration (OM&A) expenses will support the work required by NRLP to meet public and employee safety objectives, maintain transmission reliability, and comply with regulatory requirements, and environmental requirements. Key components in the build-up of OM&A requirements include:

- Service Level Agreement (SLA) with HONI, and
- Ongoing Incremental Expenses directly incurred by the Partnership.

Table 1 provides a summary of the actual and forecast OM&A expenditures for each year of the rate term, and a breakdown of the key components within OM&A. Tables 2 and 3 provide the breakdown of SLA Costs, and Incremental Expenses respectively. Descriptions of the components within SLA, Incremental Expenses, and variance explanations within each of these components (where applicable) are provided in Section 2.0 below.

Overall, NRLP's OM&A spending is low in comparison to other transmitters in Ontario. This relates primarily to the characteristics of the assets that it owns. NRLP owns a 76 km 230kV double-circuit transmission line that requires periodic vegetation management and operating services. Otherwise, costs are low because the line is relatively new, and the company owns no station assets. Additionally, this type of asset is extremely reliable and has a low probability of fault or other incident requiring corrective maintenance or repair expenditures.

More details on the historical and future spending on each of these components are included below.

Updated in Interrogatory I-01-01 filed September 9, 2024

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

	Historical												Bridge		Test Period				
	2020			2021			2022			2023			2024		2025	2026	2027	2028	2029
	Plan*	Actual	Var	Plan*	Actual	Var	Plan*	Actual	Var	Plan*	Actual	Var	Plan*	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
SLA Costs	0.5	0.4	(0.1)	0.5	0.3	(0.3)	0.5	0.3	(0.2)	0.5	0.7	0.2	0.6	0.8	0.5	0.6	0.5	0.6	1.4
Incremental Expenses	0.3	0.2	(0.1)	0.3	0.2	(0.1)	0.3	0.3	0.0	0.3	0.3	0.2	0.3	0.5	0.6	0.5	0.5	0.5	0.5
Total OM&A	**0.8**	**0.7**	**(0.2)**	**0.9**	**0.5**	**(0.3)**	**0.9**	**0.6**	**(0.2)**	**0.9**	**1.1**	**0.2**	**0.9**	**1.3**	**1.1**	**1.1**	**1.0**	**1.1**	**1.9**

* The Plan values reflect the test year values (2020) approved by the OEB as part of the previous rate application, EB-2018-0275, as escalated by approved Revenue Cap Index values.

2.0 KEY COMPONENTS OF THE OM&A EXPENDITURES

2.1 SLA COSTS

The majority of the OM&A expenses required to satisfy the obligation and objectives of the company arise as a result of the SLA between HONI and NRLP. The services procured by NRLP from HONI are not reasonably available in the market in the manner, type, and quantity that fits with NRLP's requirements. There are no known service providers that can unilaterally provide these bundled services in this manner. Entering into a multi-vendor management arrangement would engender significant additional management costs. All services procured from HONI are done so on a fully allocated cost basis.

Table 2 presents the required funding for these services from 2025 to 2029. Further details on these services are provided in the following sections.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 2 - Total SLA Costs ($M)

	Actual				Bridge	Test Period (Forecast)				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Maintenance Expenses	0.1	0.0	0.0	0.2	0.4	0.0	0.1	0.0	0.1	0.9
Shared Asset Allocation	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Administrative and Corporate Expenses	0.4	0.3	0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Total SLA Costs	**0.4**	**0.3**	**0.3**	**0.7**	**0.8**	**0.5**	**0.6**	**0.5**	**0.6**	**1.4**

2.1.1 MAINTENANCE EXPENSES

The Maintenance expenses relate to maintenance services performed by HONI, on behalf of NRLP under the SLA. Examples of the services received are listed below:

- Overhead Transmission Lines maintenance including thermovision, helicopter and ground patrols; and

- Transmission ROW maintenance, including mandatory annual NERC vegetation patrols, line clearing, brush control, condition patrol and property owner notifications.

Further details on the maintenance services are presented in NRLP's Transmission System Plan in Attachment 1 to Exhibit B-01-03.

Maintenance Variance and Forecast Explanation

As observed in Table 1, the magnitude of the SLA annual variance was between ($0.3M) and $0.2M for the 2020 – 2024 period. The variations in the NRLP maintenance expenses are mainly the result of the cyclical nature of vegetation management program required for compliance with NERC standards. As explained in Exhibit B-01-03, Attachment 1 Section 3.3, major vegetation maintenance (Line Clearing and Brush Control) activities are only completed once every six years on the ROW. Aerial and ground vegetation patrol & mitigation programs completed during other years have significantly lower unit costs associated with them.

For 2020 – 2024, maintenance costs were lower than plan due to fewer defects identified to mitigate during patrol programs. In addition, planned work was brought forward to optimize resourcing and contracting of brush control work which resulted in fewer defects for planned programs.

NRLP is divided into three ROW projects for vegetation management purposes. To optimize contracting of brush work, two of the three projects that were scheduled for cyclical maintenance in 2025 were brought forward to 2023 to ensure they were all on the same cycle. Since the system was in-serviced in August 2019, there were only four growing seasons between maintenance cycles instead of six. As a result, vegetation density to mitigate is anticipated to be lower for this first maintenance cycle. Line Clearing for all three projects was completed in 2023, Brush Control for all three projects is being completed in 2024. The total Line Clearing and Brush Control cost is forecasted to be $500k. For 2025 – 2029, the O&M cost forecasted for the overall period is $1.1M. The next Line Clearing and Brush Control for all three projects is scheduled for 2029 and is forecasted to cost roughly $900k. These are reflected in the forecasted O&M values in Table 2.

2.1.2 SHARED ASSET ALLOCATION

NRLP is charged transfer pricing by HONI for the use of certain Shared Assets. The Shared Assets allocated to NRLP include major fixed assets and intangible assets, as well as minor fixed assets. The forecast amounts of $0.1M per year mainly relates to use of HONI's SAP system, an enterprise-wide system that integrates work management, finance, supply chain, and other enterprise software. Further details on the Shared Asset Allocation are described in Exhibit F-03-01.

2.1.3 ADMINISTRATIVE AND CORPORATE EXPENSES INCLUDING OPERATING SERVICES

The Administrative and Corporate Expenses include the costs arising from the support functions provided by HONI to NRLP for administrative services and systems. The investment in those systems and the cost of their operation are incurred by HONI but are allocated to Hydro One Inc. and its affiliates, including NRLP, based on the Black and Veatch study that was approved in 2023-2027 Hydro One Distribution and Transmission Custom IR Application (EB-2021-0110).

This methodology lowers costs for all of the HONI affiliates by providing access to a sophisticated administration infrastructure at a lower cost than if each built its own unique and independent system. This sharing of the costs for a unified infrastructure benefits ratepayers through lower rates and has been accepted by the OEB in numerous previous proceedings. Per the methodology, corporate cost allocations now include operating services as described below:

- Monitoring/Control of the transmission system, including alarm monitoring, asset monitoring, and minor control;

- Asset Operation within HONI-prescribed limits including the application of HONI equipment directives and switching on HONI's transmission system to regulate NRLP 's transmission system;
- Emergency Response to transmission system events, including response to IESO-directed emergency actions, and implementation of load shedding;
- Outage Processing including scheduling, planning, and submitting to IESO;
- Crew Dispatching, including 24/7 assessment, contacting, and dispatching;
- Record Maintenance including retention of logged items, retention of SCADA information, and trip reports; and
- Power System IT Support of the power system applications used by operators.

Further details on the common corporate costs and cost allocation methodology are provided in Exhibit F-04-01.

2.2 INCREMENTAL EXPENSES

There are certain functions that must be executed directly by NRLP to meet its obligations and objectives that are not supported by the SLA with HONI. Table 3 presents the required funding for performance of these functions for 2025 to 2029. Further details on these functions are provided in the following sections.

Updated in Interrogatory I-01-01 filed September 9, 2024

Table 3 - Total Incremental Expenses ($M)

Description	Historical								Bridge	Test Period (Forecast)				
	2020		2021		2022		2023		2024	2025	2026	2027	2028	2029
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Insurance	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Regulatory	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Administrative	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Managing Director's Office	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Total Incremental Expense	**0.3**	**0.2**	**0.3**	**0.2**	**0.3**	**0.3**	**0.3**	**0.3**	**0.5**	**0.6**	**0.5**	**0.5**	**0.5**	**0.5**

INSURANCE

NRLP is obligated, by its partnership agreement and by good utility practice, to maintain an appropriate level of insurance to protect its assets, its owners, and its customers from catastrophic loss. NRLP is fortunate to be able to leverage the existing HONI insurance policies, rather than procuring insurance protection unilaterally. This results in considerable savings for NRLP. The annual premiums for this insurance are about $0.1M.

REGULATORY

NRLP incurs regulatory expenses related to its transmission revenue requirement application proceedings, which require rebasing on a five-year term based on the OEB Filing Requirements. The total amount anticipated in 2025 is $0.1 M to cover costs for notice, studies, intervenors, OEB hearing charges and other items incurred directly by NRLP. NRLP does expect a similar level of regulatory expenses in the preparation of its next five-year transmission rate application and will need to manage this expense within the approved envelope.

ADMINISTRATIVE

NRLP incurs administrative expenses for other external fees and expenses not otherwise covered, such as auditor and professional fees, statutory remittances, and other items. The administrative expenses included in the test years are $0.1 M annually, which are in line with the actual spend in the historical years.

MANAGING DIRECTOR’S OFFICE

The partnership has a Managing Director, who is empowered to oversee and operate the partnership. The duties of this person include:

- Monitoring and ensuring that the terms and conditions of the partnership agreement are fulfilled;
- Working with employees from HONI and other entities to ensure that the Applicant and its assets are properly maintained and administered;
- Managing and Chairing Advisory Committee meetings with the partners on a regular basis, as spelled out in the partnership agreement;

- Ensuring that the partners are kept well informed and advised of the partnership's operations, and educated on what it means to be a transmission owner and operator in Ontario;
- Authorizing the disbursement of funds by the partnership to meets its obligations and expenses;
- Instituting communications with communities and the public at large, through meetings, websites and other media;
- Representing the partnership with various stakeholders at hearings, industry events and other situations; and
- Any and all other duties that may be required to represent the partnership and effectively support its operations.

To complete these tasks, the Managing Director's Office is provided with an annual budget for things such as salary, office, communication, and other expenses that may be required. As such, the Managing Director's Office expense included in the test years is $0.2M annually.

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AFFILIATE SERVICE AGREEMENTS

1.0 INTRODUCTION

This exhibit discusses the agreements between NRLP and HONI for operations services, maintenance services, and common administrative and corporate services.

2.0 THE DEVELOPMENT OF THE SERVICE LEVEL AGREEMENT

NRLP and HONI identified the nature of the services required for the safe and prudent operation of NRLP's transmission assets in accordance with good utility practice. An Agreement for Operations and Management Services (the Agreement), dated September 18, 2019, capturing these requirements was reviewed and approved by each company's accountable officer for a term of five years, which auto-renews thereafter.

3.0 TERMS AND CONDITIONS

In accordance with the Applicant's transmission licence, the Affiliate Relationships Code (ARC), and all other applicable codes, rules, orders and decisions of the OEB, the Agreement describes the terms and conditions of the services that HONI provides to NRLP. These include the provisions of operations and management services, fees and taxes, invoicing and payment, budgets, accounts and right to audit, liability and force majeure events, dispute resolution procedures, confidentiality and intellectual property, and term and termination of the agreement. More details on the key clauses are provided below.

3.1 PROVISION OF OPERATIONS AND MANAGEMENT SERVICES

The Agreement addresses the provision by HONI to NRLP of operations, maintenance, and certain common administrative and corporate services. A description of the services contained in the Agreement is provided in Table 1.

Table 1 - Service Level Agreement

Services Provider	Services Recipient(s)	Description of Services
Hydro One Networks Inc.	NRLP	**a) Operations Services** – monitoring and control of the transmission system, in accordance with the requirements of NRLP's transmission licence and all services required to fulfill all of NRLP's obligations under its Connection Agreement and the IESO-NRLP operating requirements.
Hydro One Networks Inc.	NRLP	**b) Maintenance Services** – all maintenance, repair and refurbishment services, in accordance with the requirements of NRLP's transmission licence and all services required to fulfill all of NRLP's obligations under its Connection Agreement and the IESO-NRLP operating requirements.
Hydro One Networks Inc.	NRLP	**c) Administrative and Corporate Services** – some corporate and administrative services provided by HONI, including finance and regulatory support, tax advice and returns preparation, treasury, communications and government relations, legal advice, real estate support, corporate security services, and First Nations support.

3.2 FEES

Pursuant to the ARC, where a utility provides to an affiliate a service, resource, product or use of an asset , for which a reasonably competitive market exists, the utility shall charge no less than the greater of (i) the market price of that service, product, resource or use of asset, or (ii) the utility's fully-allocated cost to provide that service, product, resource or use of asset. In purchasing such a service, resource, product or use of an asset from an affiliate, a utility shall pay no more than the market price for that service, product, resource or use of an asset. Where no reasonably competitive market exists, a utility shall charge no less than its fully-allocated cost to provide the service, product, resource or use of asset, and a utility receiving such service, product, resource or use of asset shall pay no more than the affiliate's fully-allocated cost to provide the service, product, resource or use of asset. The level of costs for NRLP's services was determined in accordance with the principles above, where the fees charged for the operations services and management services provided by HONI to NRLP are set in line with fully-allocated costs, as further described Exhibit F-03-01, Attachment 1.

The services procured by NRLP from HONI are not reasonably available in the market in the manner, type and quantity that fits with NRLP's requirements. There is no known provider that can unilaterally provide these bundled services in this manner. To enter into a multi-vendor management would give rise to significant additional management costs. As a result, the services procured from HONI are done so on a fully-allocated cost basis. For a demonstration of the efficacy of the costs, NRLP relies on the Black & Veatch study of NRLP's costs previously completed for HONI and shared with NRLP.

3.3 BUDGETS, ACCOUNTS AND RIGHT TO AUDIT

HONI will provide NRLP/HOIP with a proposed annual operating, maintenance and capital improvement budget for NRLP for the subsequent fiscal year at least 60 days prior to the commencement of the next fiscal year. The NRLP annual budget is accompanied by an annual operating plan prepared by HONI. HOIP notifies HONI, within 30 days after receipt of the budget, of any issues with respect to the proposed budget, and the two parties cooperate with each other in developing a mutually acceptable budget for NRLP within the next 30 days.

HONI and HOIP agree that the budget may be amended from time to time by mutual agreement to reflect revisions necessitated by circumstances such as changes in applicable laws, additions or deletions to the scope of the services, emergencies and force majeure events.

If HONI becomes aware that the costs of services for the current fiscal year may exceed the budget by 5% or more, HONI must promptly notify HOIP of such anticipated budget overrun and provide HOIP with a proposed amendment to the budget.

HOIP must notify HONI within 30 days after receipt of HONI's proposed budget amendment of any issues, and the parties must cooperate with each other in developing a mutually acceptable amendment to the budget. Except in the case of an emergency, HONI is not allowed to perform any services without the prior approval of HOIP, if such services would result in a cost overrun.

In the event of an accident or emergency relating to the NRLP assets, HONI may take action to address the situation without obtaining approval from HOIP. This may result in spending funds deemed by HONI to be reasonably necessary under the circumstances. As promptly and as reasonably practicable after HONI establishes control over such accident or emergency, HONI must furnish HOIP with a reasonably detailed written description of the accident or emergency and the manner in which such accident or emergency was handled by HONI. As well, NRLP must pay HONI for these costs as incurred but may enter a dispute if so warranted.

Except in the case of an emergency, HONI must perform all services in accordance with the annual operating plan accompanying the budget. HONI and HOIP agree to keep all necessary and proper accounts and records relating to services provided by HONI, and these accounts and records shall be open to audit and inspection for a period of six years.

3.4 DISPUTE RESOLUTION PROCEDURE

If the parties have a dispute under the agreement that cannot be resolved by a conference of their respective senior officers, a written notice outlining the specifics of the dispute will be passed to the parties’ respective Leaders. Five business days after receipt of written notice, if the dispute remains unresolved, the matter is referred to arbitration for final resolution.

3.5 SHARED ASSET ALLOCATION

NRLP is charged transfer pricing by HONI for the use of certain shared assets. The service level agreement between NRLP and HONI for services provided to, or received from, HONI are described above. The shared assets allocated to NRLP include major fixed assets and intangible assets, as well as minor fixed assets. For example, one significant shared asset is the SAP system, which is software that integrates work management, finance, supply chain and customer service and other enterprise software. The methodology for calculating the transfer pricing is described in more detail in HONI’s 2023 to 2027 Custom IR application in EB-2021-0110, Exhibit E-04-08, Attachment 1. The OEB accepted HONI's use of the Black and Veatch's Shared Asset allocation methodology in the HONI's 2023 to 2027 Custom IR proceeding.

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THIS AGREEMENT FOR OPERATIONS SERVICES AND MANAGEMENT SERVICES effective as of the 18th day of September, 2019

BETWEEN:

Hydro One Networks Inc. ("Hydro One Networks")

- and –

Hydro One Indigenous Partnerships GP Inc. ("GPco")

- and -

Niagara Reinforcement Limited Partnership ("NRLP") by its general partner Hydro One Indigenous Partnerships GP Inc.

WHEREAS:

1) NRLP is the transmitter licensed under the *Ontario Energy Board Act* (the "Act") to own and operate the electric transmission tower line spanning from the Allanburg Transformer Station near Niagara Falls, Ontario to the Middleport Transformer Station near Caledonia, Ontario (the "NR Line"), which line went into commercial service in 2019.

2) GPco is an affiliate of Hydro One Networks within the meaning of the ARC.

3) NRLP wishes to subcontract the operation of the NR Line to Hydro One Networks as further set out herein.

4) GPco wishes to obtain the assistance of Hydro One Networks, from time to time, in connection with certain management functions associated with the transmission business of NRLP.

5) The Parties are entering into this Agreement to define their respective rights and obligations with respect to management and operation of the NR Line.

NOW THEREFORE in consideration of the foregoing and the mutual covenants, agreements, terms and conditions contained herein, the Parties intending to be legally bound hereby agree as follows:

ARTICLE I: DEFINITIONS

1.1 Defined Terms

Capitalized terms which are not otherwise defined herein shall have the meaning given to them in the ARC. The following capitalized terms, wherever used in this Agreement, shall have the following meanings:

"**Act**" means the *Ontario Energy Board Act, 1998*;

"**Agreement**" means this Agreement and all amendments made hereto by written Agreement between the Parties in accordance with the terms of this Agreement;

"**ARC**" means the *Affiliate Relationships Code for Electricity Distributors and Transmitters* issued by the OEB in accordance with the Act, as amended from time to time;

"**Bill 58 Lands**" are those lands which were transferred in fee simple from Hydro One Networks Inc. to Her Majesty the Queen in Right of Ontario as of December 31, 2002 pursuant to Section 114.2(1) of the *Electricity Act, 1998*, as amended.

"**Claims**" means all losses, costs, damages, expenses, injuries, liabilities, claims, demands and penalties, including reasonable legal fees, experts' fees and court costs, whether incurred through settlement or otherwise, and interest on each of these items, in each case whether arising prior to or after the termination of this Agreement.

"**Connection Agreement**" means the connection agreement which NRLP has or will have entered into with Hydro One Networks governing the interconnection of the NR Line with the transmission systems owned and operated by Hydro One Networks;

"**Fees**" means the Operations Fees and the Management Fees;

"**Force Majeure Event**" means, in relation to a Person, any event or circumstance, or combination of events or circumstances,

(i) that is beyond the reasonable control of the Person;

(ii) that adversely affects the performance by the Person of its obligations under this Agreement; and

(iii) the adverse effects of which could not have been reasonably foreseen or prevented, overcome, remedied or mitigated in whole or in part by the Person through the exercise of diligence and reasonable care and includes, but is not limited to, acts of war (whether declared or undeclared), invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, civil disobedience or disturbances, vandalism or acts of terrorism, strikes, lockouts, restrictive work practices or other labour disturbances, unlawful arrests or restraints by government or governmental, administrative or regulatory agencies or authorities unless the result of a violation by the Person of a permit, licence or other authorization or of any applicable law, and acts of God including lightning, earthquake, fire, flood, landslide, unusually heavy or prolonged rain or accumulation of snow or ice or lack of water arising from weather or environmental problems; provided however, for greater certainty, that the lack, insufficiency or non-availability of funds shall not constitute a Force Majeure Event;

"**Good Utility Practice**" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America;

"**IESO**" means the Independent Electricity System Operator established under the *Electricity Act, 1998*, or its successor;

"**IESO-NRLP Operating Agreement**" means the operating agreement which NRLP has or will enter with the IESO through which the IESO ensures that the NR Line will be operated in a manner which does not compromise the operation or reliability of the IESO-controlled grid to which the NR Line is connected;

"**Management Activities**" means the activities to be undertaken by GPco in connection with the management of transmission business of NRLP which include:

(i) obtaining (including preparation of applications therefor and submission thereof) licences, permits, approvals and rates required in connection with the NR Line, the transmission of electricity thereby and the operation, maintenance, repair and replacement thereof;

(ii) obtaining (including preparation of applications therefor and submission thereof) licences, permits, approvals and rates required in connection with the NR Line and the transmission of electricity thereby;

(iii) representation of NRLP before the OEB;

(iv) the making or filing of declarations, filings and registrations with, or notices to, governmental authorities;

(v) filing and managing warranty claims;

(vi) procuring and maintaining the necessary inventory of replacement parts;

(vii) maintaining records for NRLP;

(viii) defending any litigation commenced against NRLP; and

(ix) such other management activites associated with running the transmission business of NRLP.

"**Management Fees**" means the fees for the Management Services, calculated and adjusted in accordance with this Agreement;

"**Management Services**" means services to be provided by Hydro One Networks to GPco to assist GPco with the performance of the Management Activities, which services will be requested in writing by GPco from time to time;

"**NRLP Transmission Licence**" means the licence or licences issued to NRLP by the OEB pursuant to the Act and in effect from time to time;

"**OEB**" means the Ontario Energy Board established pursuant to the Act;

"**Operations Fees**" means the fees for the Operations Services, calculated and adjusted in accordance with this Agreement;

"**Operations Services**" means all services required in order to operate the NR Line, including without limitation, all operating, maintenance, repair and refurbishment matters and including, without limiting the generality of the foregoing, all services in relation to the monitoring and control of the transmission of electricity across the NR Line in accordance with the NRLP Transmission Licence and all services required to fulfill all of NRLP's obligations under the Connection Agreement and the IESO-NRLP Operating Agreement;

"**Person**" means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, governmental authority, incorporated or unincorporated entity, or incorporated or unincorporated association of any nature; and

"**Taxes**" means any and all applicable federal, state, provincial, or municipal taxes and duties including, but not limited to, sales, use, excise, value added, gross receipts, privilege or other non-recoverable taxes that are mandated or imposed on (i) Hydro One Networks by any jurisdiction or governmental entity in relation to the Operations Services and Management Services (other than taxes that are imposed upon the income, property, payroll or capital of Hydro One Networks), (ii) NRLP (other than taxes that are imposed upon the income, property, payroll or capital of NRLP or any of the partners of NRLP) , or GPco (other than taxes that are imposed upon the income, property, payroll or capital of GPco).

ARTICLE II: PROVISION OF OPERATIONS AND MANAGEMENT SERVICES

2.1 Hydro One Networks shall be the exclusive supplier of Operations Services to NRLP commencing on the effective date of this Agreement, provided that NRLP may perform any Operations Services or engage another supplier to perform such services if Hydro One Networks is in default in performing its material obligations hereunder or is unable to perform its material obligations hereunder by reason of a Force Majeure Event, to the extent such services are required to ensure the continued operation of the NR Line.

2.2 GPco shall be responsible for all Management Activities related to the transmission business of NRLP. GPco may make a request in writing, from time to time, to Hydro One Networks, for Management Services to assist GPco in connection with the Management Activities. Hydro One Networks agrees to provide to GPco those Management Services requested in writing by GPco.

2.3 Hydro One Networks shall at all times provide Operations Services and Management Services in accordance with Good Utility Practice, the NRLP Transmission Licence, the ARC, all other applicable codes, rules, orders and decisions of the OEB which are binding upon the NR Line, all applicable law, and provided they are not inconsistent with any of the foregoing, Hydro One Networks' own policies and procedures (which may include government directives), and shall do so in the same manner and to the same extent as it provides similar services in connection with its wholly-owned regulated transmission business. Hydro One Networks shall comply with all applicable laws in providing the Operations Services and Management Services.

2.4 To the extent that Hydro One Networks also provides services similar to the Operations Services or Management Services in respect of its own assets or business, Hydro One Networks will provide such Operations Services and Management Services in a non-discriminatory manner as if it were providing such services to itself or receiving a similar service in relation to its own transmission assets or business. The Fees for such Operations Services and Management Services shall be consistent with the costs incurred by Hydro One Networks for such similar services in relation to Hydro One Networks' transmission assets or business activities which are substantially similar to the NR Line and business activities of NRLP.

2.5 Upon expiration of this Agreement or termination of this Agreement for reasons other than the default of NRLP, and provided that NRLP is not in default of paying the Fees owing hereunder, Hydro One Networks shall provide, at the request of NRLP, reasonable transition support services to facilitate transition to another operating and management services entity, reimbursable on the basis of the "fully allocated cost" (as defined in the ARC), and otherwise on the terms hereof, for a period of six months following the expiration or effective date of termination of this Agreement, or such shorter period as NRLP may request.

2.6 Hydro One Networks shall obtain and maintain in force throughout the term of this Agreement, insurance coverage that a reasonable and prudent Person operating a transmission business of a comparable size and scale of Hydro One Networks would carry as part of its business. Hydro One Network's liability insurance shall name NRLP as an additional insured and include a cross-liability and severability of interest clause and a waiver of subrogation clause by the insurer against NRLP. In addition, such liability insurance policy shall specify that it is primary coverage and not contributory with or in excess of any other insurance that may be maintained by NRLP except in the circumstance where pursuant to Section 2.8, Hydro One Networks chooses to add NRLP as an additional named insured under Hydro One Networks' insurance program.

2.7 Subject to the provisions of Section 2.8, NRLP shall obtain and maintain in force throughout the term of this Agreement, insurance coverage that a reasonable and prudent transmitter would carry as part of its transmissions business, including, without limitation, property insurance and commercial general liability insurance. Such liability insurance shall name (i) Hydro One Networks and (ii) with respect to Bill 58 Lands, Her Majesty the Queen in Right of Ontario, as represented by the Minister of Government and Consumer Services, and Ontario Infrastructure and Lands Corporation ("Her Majesty") as additional insureds, include a cross-liability and severability of interest clause and a waiver of subrogation clause by the insurer against Hydro One Networks and, as applicable, Her Majesty. In addition, the insurance policies shall specify that they are primary coverage and not contributory with or in excess of any other insurance that may be maintained by Hydro One Networks or Her Majesty. Hydro One Networks will procure such coverage for NRLP as part of the Operations Services.

2.8 Notwithstanding the foregoing and in the alternative, in consultation with NRLP, Hydro One Networks may choose to add NRLP as an additional named insured under Hydro One Networks' insurance program and allocate to NRLP as Fees, a portion of the premium therefor and any incremental costs borne by Hydro One Networks in accommodating the unique circumstances of NRLP (e.g. reducing deductibles to such reasonable levels requested by NRLP), provided that the amount of the insurance premium allocated to NRLP as Fees (including any incremental costs) shall not exceed the cost of insurance described in Section 2.7 if it were to be obtained as stand-alone insurance coverage.

ARTICLE III: FEES

3.1 NRLP shall pay, without duplication, the Operations Fees and all applicable Taxes to Hydro One Networks for the performance of the Operations Services.

3.2 GPco shall pay, without duplication, the Management Fees and all applicable Taxes to Hydro One Networks for the performance of the Management Services.

3.3 The Fees for Operations Services and Management Services shall be those costs reasonably incurred by Hydro One Networks in connection with the provision of Operations Services and Management Services in the manner and to the extent provided for hereunder and which are allocated to NRLP and GPco in a manner consistent with the ARC.

3.4 Fees may be set with reference to actual or estimated consumption and may be charged on a flat fee or per unit basis. Hydro One Networks, acting reasonably and in consultation with NRLP or GPco, as applicable, may elect the most convenient bases for setting Fees. Provided that the approach is acceptable to the OEB, Hydro One Networks may allocate a portion of its transmission business-related costs to NRLP, including a portion of certain types of “direct costs” (as defined in the ARC). Hydro One Networks shall, from time to time as required to keep the information current, and in any event, no less frequently than annually, provide NRLP with a breakdown of Hydro One Network’s fully allocated costs of providing the Operations Services.

3.5 GPco shall use commercially reasonable efforts to recover the Fees payable hereunder by NRLP and GPco in the NRLP transmission rate revenue requirement submissions to the OEB and representations to be made to the OEB in connection therewith.

ARTICLE IV: INVOICING AND PAYMENT

4.1 All amounts payable by NRLP and GPco to Hydro One Networks under this Agreement shall be paid in accordance with the invoices rendered by Hydro One Networks to be issued on a periodic basis matching the time period for which NRLP receives payments for the transmission of electricity. NRLP and GPco shall pay Hydro One Networks’ invoices within 30 days of receipt thereof.

ARTICLE V: BUDGETS, ACCOUNTS AND RIGHT TO AUDIT

5.1 Hydro One Networks shall, for each fiscal year of the term hereof, including any extension of the Initial Term (as defined below) (other than the first year of the Initial Term), provide GPco with a proposed annual operating, maintenance and capital improvement budget for the subsequent fiscal year of NRLP (the "**Budget**") at least sixty (60) days prior to the commencement of the next fiscal year. Such annual Budget shall be accompanied by an annual operating plan prepared by Hydro One Networks setting forth the underlying assumptions and plans in connection with the Budget, and setting forth a brief description of any major system repairs anticipated to be required in such fiscal year. GPco shall notify Hydro One Networks as soon as reasonably practicable, but no later than thirty (30) days after receipt of the Budget, of any questions, comments, objections or suggested modifications which it may have with respect to such proposed Budget, and the parties shall cooperate with each other in developing a mutually acceptable Budget within thirty (30) days thereof. If GPco fails to raise any questions, comments, objections or suggested modifications to the proposed Budget within thirty (30) days after receipt of the proposed Budget, the proposed Budget shall be deemed to have been approved. The parties acknowledge that they have agreed to an annual Budget for the first fiscal year (or part thereof) of the Initial Term of this Agreement.

5.2 Each Budget will represent Hydro One Networks' estimate of all fully allocated costs for providing the Operations Services under this Agreement during the period to which the Budget relates, and its estimate of all capital improvements required for providing the Operations Services, during the period to which the Budget relates.

5.3 The parties agree that the Budget may be amended from time to time by mutual agreement to reflect revisions necessitated by unanticipated circumstances including, but not limited to, changes in applicable law, additions or deletions to the scope of the Operations Services hereunder, emergencies and Force Majeure events, provided that Hydro One Networks shall not be required to amend the Budget more frequently than would be required under its normal business and operations practices.

5.4 The Budget shall reflect anticipated costs of Operations Services by Hydro One Networks on a monthly or quarterly basis and shall be organized by categories mutually agreed upon by the parties. If Hydro One Networks becomes aware that the costs of Operations Services for the current fiscal year may exceed the Budget by 5% or more of the total amount of the Budget, Hydro One Networks shall promptly notify GPco of such anticipated budget overrun and provide GPco a proposed amendment to the Budget. GPco shall notify Hydro One Networks as soon as reasonably practicable, but no later than thirty (30) days after receipt of Hydro One Networks' proposed Budget amendment of any questions, comments, objections or suggested modifications thereto and the parties shall cooperate with each other in developing a mutually acceptable amendment to the Budget. If GPco fails to raise any questions, comments, objections or suggested modifications to the proposed Budget amendment within the specified period, Hydro One Networks' proposed amendment shall be deemed to have been approved. Hydro One Networks shall not, without the written approval of GPco amending the Budget or otherwise authorizing such expenditure, perform any further services or incur any further costs that would result in or increase such Budget overrun, except in the case of an emergency as provided in Section 5.7.

5.5 If by the start of any fiscal year the parties are unable to reach agreement concerning the Budget for such year, then, until such time as agreement is reached, the Budget for such year shall be based on the corresponding portions of the Budget for the preceding fiscal year, adjusted as follows: (i) with respect to items of expense that do not involve capital additions or improvements, to reflect the net change, if any, between the most recently published Ontario Consumer Price Index, published by Statistics Canada, not seasonally adjusted and the corresponding index in effect twelve months prior, and (ii) with respect to items of expense involving capital additions or improvements, to reflect the net change, if any, between the most recently published Producer Price Index for Capital Equipment, not seasonally adjusted, and the corresponding index in effect twelve months prior.

5.6 In the event that Hydro One Networks determines that a capital improvement, addition, alteration, repair or replacement not included in the Budget that has an impact of more than 5% of the total amount of the Budget should be made to the NR Line in order to operate the NR Line safely or comply with any laws, regulations or orders of any governmental authority, including laws, regulations or orders relating to environmental compliance or employee safety, Hydro One Networks shall provide GPco with a written notice describing the nature of and reason for the improvement, addition, alteration, repair or replacement. Hydro One Networks shall not make any such improvement, addition, alteration, repair or replacement without GPco's prior consent, which consent shall not be unreasonably withheld or delayed. In the event that GPco refuses to approve of any such Hydro One Networks recommended improvement, addition, alteration, repair or replacement, Hydro One Networks shall have the option to terminate this Agreement in accordance with Section 9.3

5.7 In the event of an accident or emergency relating to the NR Line, Hydro One Networks may, without obtaining any approvals of GPco which might otherwise be required hereunder, take any action, including, but not limited to, committing or expending funds, deemed by Hydro One Networks to be reasonably necessary under the circumstances. As promptly as reasonably practicable after Hydro One Networks establishes control over such accident or emergency, Hydro One Networks shall furnish to GPco a reasonably detailed written description of the accident or emergency and the manner in which such accident or emergency was handled by Hydro One Networks. Hydro One Networks shall be entitled to compensation for costs incurred pursuant to this Section 5.7 in addition to all other compensation provided for under this Agreement.

5.8 Except as provided by Section 5.7 in the case of an emergency, Hydro One Networks shall perform all services hereunder in accordance with the annual operating plan accompanying the Budget.

5.9 The parties hereby agree to keep all necessary and proper accounts and records relating to the subject matter hereof. Such accounts and records, including invoices, receipts, time cards and vouchers shall at all reasonable times be open to audit, inspection and copying by each Party to this Agreement. Accounts and records shall be preserved and kept available for audit for a period of six years.

ARTICLE VI: LIMITATION OF LIABILITY AND FORCE MAJEURE EVENTS

6.1 Other than for sums payable under this Agreement, Hydro One Networks shall only be liable to NRLP and GPco and NRLP and GPco shall only be liable to Hydro One Networks for any damages that arise directly out of its gross negligence or willful misconduct in meeting its respective obligations under this Agreement. Notwithstanding the generality of the foregoing, neither party shall be liable to the other party under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential or incidental damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in statute, contract, tort or otherwise.

6.2 In any event, except with respect to gross negligence or willful misconduct, the total liability of Hydro One Networks to NRLP and GPco and the total liability of NRLP and GPco to Hydro One Networks in connection with this Agreement whether it arises by statute, contract, tort or otherwise, will not exceed the value of the total amounts payable by NRLP and GPco to Hydro One Networks for the Operations Services and Management Services in the year that such liability is incurred.

6.3 No party shall be liable to the other for any loss, damage or delay, or inability to perform any obligation under this Agreement in whole or in part due to a Force Majeure Event.

6.4 NRLP will indemnify and save harmless Hydro One Networks providing Operations Services from and against any and all Claims that Hydro One Networks may suffer, sustain or incur in connection with the provision of the Operations Services except to the extent caused or arising from the gross negligence or wilful misconduct of Hydro One Networks.

6.5 If a Force Majeure Event prevents a party from performing any of its obligations under this Agreement, such party shall (1) expeditiously, and without delay, notify the other party of the Force Majeure Event and its good faith assessment of the effect that the

Force Majeure Event will have on its ability to perform any of its obligations, which notice shall be confirmed in writing as soon as reasonably practicable if such immediate notice is not in writing; (2) not be entitled to suspend performance of any of its obligations under the Agreement to any greater extent or for any longer duration than is caused by the Force Majeure Event; (3) use commercially reasonable efforts to mitigate the effects of such Force Majeure Event and to resume full performance of its obligations hereunder; (4) keep the other party informed of such efforts on a continuing basis; and (5) provide written notice to the other party of the resumption of the performance of any obligations affected by the Force Majeure Event.

6.6 Notwithstanding any of the foregoing, settlement of any strike, lockout, or labour dispute constituting a Force Majeure Event shall be within the sole discretion of the party to the Agreement involved in such strike, lockout, or labour dispute and the requirement that a party must use commercially reasonable efforts to mitigate the effects of a Force Majeure Event and resume full performance hereunder shall not apply to strikes, lockouts, or labour disputes.

ARTICLE VII: DISPUTE RESOLUTION PROCEDURES

7.1 Any controversy, dispute, difference, question or claim (collectively "Dispute"), arising between the parties in connection with the interpretation, performance, construction or implementation of this Agreement that cannot be resolved by a conference of senior officers of Hydro One Networks and GPco shall be settled in accordance with this section. The aggrieved party shall send the other party written notice identifying the Dispute, the amount involved, if any, and the remedy sought. The Presidents from each party shall confer in an effort to resolve the Dispute. If the Presidents are unable to resolve the Dispute within 5 business days after receipt of the written notice of the Dispute, then a Party may refer the Dispute to adjudication in court or, if all Parties agree, to arbitration before a single arbitrator. Insofar as they do not conflict with this Section 7.1, the Rules for Procedure for Commercial Arbitration of the Arbitration and Mediation Institute of Canada Inc./International Chamber of Commerce Rules of Arbitration in effect at the date of commencement of any arbitration held under this Agreement will apply to the arbitration. A Party may enter any judgment upon any award rendered by the arbitrator in any court having jurisdiction. The arbitration will be conducted in English under the *Arbitration Act, 1991* (Ontario) and will take place in either the City of Toronto or such other place as the Parties may agree and at such time and place as the arbitrator may fix. Notwithstanding the foregoing, if the subject matter of any Dispute is also the subject matter of a Dispute under Article 13 of the Limited Partnership Agreement governing NRLP, the resolution of the Dispute under the Article 13 of the Limited Partnership Agreement governing NRLP shall govern and be applicable to the resolution of the Dispute under this Agreement and such matter shall not be subject to further arbitration or adjudication under this Agreement.

ARTICLE VIII: CONFIDENTIALITY AND INTELLECTUAL PROPERTY

8.1 Each party (the "Receiving Party") shall maintain in strict confidence this Agreement and the existence and contents thereof and all confidential or proprietary information of the other party, (the "Disclosing Party") or any of the Disclosing Party's directors, officers, employees, consultants, agents or legal, financial or professional advisors (the "Disclosing Party Representatives") (collectively the "Confidential Information"). Except as permitted herein, the Receiving Party shall not publish, reproduce, or disclose, either directly or indirectly, the said Confidential Information to any third party and shall not use the said Confidential Information for any purpose other than for purposes of this Agreement without the prior written consent of the Disclosing Party. The Receiving Party may disclose the Confidential Information only to its partners, shareholder, directors, officers, employees, consultants, agents, professional advisors or lenders (the "Receiving Party Representatives") having a need to know same and who have undertaken a like obligation to maintain its confidentiality. For greater certainty, Confidential Information includes any and all personal information (as that term is defined in the *Freedom of Information and Protection of Privacy Act* (Ontario) and the *Personal Information Protection and Electronic Documents Act* (Canada), as they may be amended) and any and all information regarding a consumer, retailer, wholesale buyer, wholesale supplier, or a generator, provided by the Disclosing Party to the Receiving Party for purposes of this Agreement.

8.2 The Receiving Party undertakes to protect and safeguard all Confidential Information in its possession or under its control and received by the Disclosing Party, in the manner described in Schedule "A" attached hereto. The Disclosing Party may, on reasonable notice, and during regular business hours, audit the information management practices of the Receiving Party to confirm compliance with the terms and conditions of this Article VIII and all applicable statutes, regulations, by-laws, standards and codes, as amended.

8.3 The Receiving Party undertakes to notify the Disclosing Party immediately upon discovery of any unauthorized use and/or disclosure of any of the Disclosing Party's Confidential Information, to co-operate with the Disclosing Party to help regain possession of such Confidential Information, and to prevent its further unauthorized use and/or disclosure.

8.4 The foregoing obligations with respect to confidentiality, use, reproduction, dissemination, publication and non-disclosure herein shall not apply to any information that:

(i) is previously known to or lawfully in the possession of the Receiving Party prior to the date of disclosure as evidenced by the Receiving Party's written record;

(ii) is independently known to or discovered by the Receiving Party, without any reference to the information or material;

(iii) is obtained by the Receiving Party from an arm's length third party having a bona fide right to disclose same and who was not otherwise under an obligation of confidence or fiduciary duty to the Disclosing Party or the Disclosing Party Representatives;

(iv) is or becomes public knowledge through no fault or omission of, or breach of this Agreement by, the Receiving Party or the Receiving Party Representatives; or

(v) is required to be disclosed pursuant to a final judicial or governmental order or other legal process, including, without limitation, an order of or legal process involving a regulatory authority such as the Ontario Energy Board.

8.5 The parties acknowledge and agree that the Confidential Information (other than Confidential Information contained in this Agreement which shall be jointly owned by the parties) shall remain the sole and exclusive property of the Disclosing Party that has disclosed the Confidential Information, and the Disclosing Party shall retain all right, title and interest in and to the Confidential Information it has disclosed to the Receiving Party.

8.6 The Receiving Party agrees that it shall keep a record of written Confidential Information furnished to it by the Disclosing Party in a location separate from those locations where the Receiving Party has stored information in respect of other third parties for which it performs work and it shall advise the Disclosing Party of such location.

8.7 All Confidential Information furnished by the Disclosing Party (other than this Agreement), including that portion of the Confidential Information which is contained in analyses, compilations, studies or other documents prepared by the Receiving Party or by the Receiving Party Representatives, is the Disclosing Party's property and will be returned immediately to the Disclosing Party upon its request except that any information, plans, layouts, specifications, descriptions or other information necessary to the continued operation and maintenance of the NR Line and its parts and components, or to the replacement of any such parts or components, need not be returned and may be used or applied in the continued operation and maintenance of the NR Line.

ARTICLE IX: TERM AND TERMINATION

9.1 This Agreement shall continue in full force and effect for an initial term of five years (the “Initial Term”) and unless terminated in accordance with Section 9.2, shall thereafter be automatically renewed for successive periods of five years upon the same terms and conditions.

9.2 Either party may terminate this Agreement, effective at the end of the then current five-year term, on at least twelve months' prior written notice.

9.3 Hydro One Networks may terminate this Agreement on 60 days prior written notice in the event that NRLP refuses to approve a capital improvement, addition, alteration, repair or replacement recommended by Hydro One Networks in accordance with Section 5.6.

9.4 In the event of termination or expiration of this Agreement: (i) Hydro One Networks shall deliver to GPco all books, records and accounts which it has developed and maintained relating solely to the NR Line or its operations or the business of NRLP and return all property owned by NRLP, and (ii) the Parties shall take all steps as may be reasonably required to complete any final accounting between them or to provide for the completion of matters contemplated hereunder.

ARTICLE X: GENERAL

10.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

10.2 The rights and obligations of the parties under this Agreement shall at all times be subject to all applicable laws, regulations, orders and directives of any authority of competent jurisdiction, including the OEB, and shall be deemed to be amended to the extent required to comply with same.

10.3 This Agreement constitutes the entire Agreement between the parties with respect to the Operations Services and Management Services and supersedes all prior oral or written representations and Agreements concerning the subject matter of this Agreement.

10.4 This Agreement shall extend to, be binding upon and enure to the benefit of the permitted assigns and the respective successors of NRLP, GPco and Hydro One Networks.

10.5 Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

10.6 If any party determines that in its reasonable discretion that any further instruments or other actions seem necessary or desirable to carry out the terms of this Agreement, the other parties shall execute and deliver all such instruments and do all such actions as such parties agree in their reasonable discretion as necessary or desirable to carry out the terms of this Agreement.

10.7 No delay or failure in exercising any right under this Agreement or any partial or single exercise of any right, will constitute a waiver of that right or any other rights under this Agreement. No consent to a breach of any express or implied term set out in this Agreement constitutes consent to any subsequent breach.

10.8 If any term, covenant or condition of this Agreement or the application or effect of any such term, covenant or condition is held to be invalid as to any Person, entity or circumstance or is determined to be not in the public interest by any court or government agency of competent jurisdiction, then such term, covenant or condition shall remain in effect to the maximum extent permitted by law and, all other terms, covenants and conditions of this Agreement and their application shall not be affected, but shall remain in full force and effect and the parties shall be relieved of their respective obligations under this Agreement only to the extent necessary to comply with the court or government agency holding.

10.9 This Agreement does not and shall not be construed to create or establish a partnership, agency, joint venture, lease, licence or any other relationship between the parties hereto, nor constitute either party as an agent of the other. Neither party hereto shall hold itself out to others by act or omission, contrary to the terms of this Agreement.

10.10 This Agreement and the rights and obligations hereunder may not be assigned in whole or in part by Hydro One Networks except with the prior written consent of NRLP, in its sole discretion. This Agreement and the rights and obligations hereunder may not be assigned in whole or in part by NRLP other than (i) to the transferee of the NR Line approved by the OEB, or (ii) with the prior written consent of Hydro One Networks, in its sole discretion.

10.11 This Agreement and any amendment, supplement, restatement or termination of this Agreement in whole or in part may be executed and delivered in counterparts by means of portable document format (PDF), electronic signature or other transmission method, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their proper officers duly authorized in that behalf as of this 18th day of September, 2019.

HYDRO ONE NETWORKS INC.

By: ______________________________

Name: Chris Lopez
Title: Chief Financial Officer

I have the authority to bind the Corporation.

NIAGARA REINFORCEMENT LIMITED PARTNERSHIP, by its general partner HYDRO ONE INDIGENOUS PARTNERSHIPS GP INC.

By: ______________________________

Name: Chris Lopez
Title: President

I have the authority to bind the Corporation.

HYDRO ONE INDIGENOUS PARTNERSHIPS GP INC.

By: ______________________________

Name: Chris Lopez
Title: President

I have the authority to bind the Corporation.

Schedule "A"

Receiving Party Security Safeguards Regarding Confidential Information Received from the Disclosing Party

The Receiving Party shall protect the Confidential Information by security safeguards appropriate to the sensitivity of the information.

1) The Receiving Party shall protect the Confidential Information against such risks as loss or theft, unauthorized access, disclosure, copying, use, modification or destruction, through appropriate security measures, regardless of the format in which it is held.

2) All of the Receiving Party's Representatives with access to the Confidential Information shall be contractually required to respect the confidentiality of that information.

3) The Receiving Party acknowledges and agrees that the nature of the safeguards will vary depending on the sensitivity, amount, distribution and format of the information, and the method of storage. The Receiving Party shall ensure that more sensitive information will be safeguarded by a higher level of protection.

4) The Receiving Party shall ensure that methods of protection will include:

(a) physical measures, for example, locked filing cabinets and restricted access to offices;

(b) organizational measures, for example, controlling entry to data centers and limiting access to information on a "need-to-know" basis;

(c) technological measures, for example, the use of passwords and encryption; and

(d) investigative measures, in cases where the Receiving Party has reasonable grounds to believe that the Confidential Information is being inappropriately collected, used or disclosed by anyone whom in law the Receiving Party is responsible.

COMMON CORPORATE COSTS, COST ALLOCATION METHODOLOGY

Common Corporate Costs are costs incurred to provide service on a shared basis among HONI and its affiliates, including NRLP. The provision of these services is centralized to enable them to be delivered efficiently. Common Corporate Costs are allocated among HONI and its affiliates, including NRLP, using an established methodology that is based on cost causality principles.

Common Corporate Costs include Corporate Common Functions and Services (CCF&S), Asset Management, Information Technology, and Operating Programs. As it relates to NRLP, the allocated CCF&S costs are for services provided by Finance, Taxation, Planning, Security Operations, Real Estate Services, Indigenous Relations, Regulatory Affairs and General Counsel.

Since 2004, in connection with each major cost of service application, Hydro One has commissioned a study by Black and Veatch to recommend a best practice methodology to allocate common corporate costs among the business entities using the common services. The adopted methodology represents the industry's best practices, identifying appropriate cost drivers to reflect cost causality and benefits received. In this Application, NRLP has included the same corporate cost allocation highlighted by independent expert Black & Veatch in Hydro One's 2023 to 2027 Custom IR application (EB-2021-0110).

The forecast allocation of Common Corporate Costs to NRLP for the test years (2025 to 2029) is forecast to be $0.40M annually. This is materially consistent when considering grid operation costs that are now included in common corporate costs. The actual allocated Common Corporate Costs for NRLP for the period 2020 to 2024 averaged $0.35M annually. The historical actual allocated Common Corporate Costs were higher than the OEB approved levels ($0.2M) for that period due to the inclusion of grid operating service costs into corporate costs as well as from higher cost pressures on support activities during the rate period as described in Exhibit F-02-01.

DEPRECIATION EXPENSES

1.0 INTRODUCTION

The purpose of this exhibit is to summarize the method and amount of NRLP's depreciation and amortization expense for the 2025 to 2029 forecast years.

2.0 DEPRECIATION METHODOLOGY

The depreciation and amortization expense included in NRLP's application transmission revenue requirement for the 2020 to 2024 period (EB-2018-0275) was supported by an independent depreciation study conducted by Foster Associates Inc. (Foster) for HONI's 2020-2022 Transmission Revenue Requirement application (EB-2019-0082). The OEB accepted the Foster depreciation study for the purposes of determining NRLP's depreciation rates and depreciation expense for the 2020 to 2024 rate period.

For its 2023 to 2027 Custom IR application (EB-2021-0110), HONI engaged Alliance Consulting Group (Alliance) to perform a new depreciation study covering HONI's transmission, distribution and common assets as the basis for HONI's Transmission and Distribution depreciation and amortization expenses from 2023 to 2027. The OEB approved those expenses and the basis for their calculation. For a summary of the changes in the depreciation methodology between the Foster depreciation study and the Alliance depreciation study approved in HONI's 2023 to 2027 Custom IR rebasing application, please refer to Exhibit E-08-01 of EB-2021-0110.[1]

Consistent with the approach taken in its 2020-2024 revenue requirement application in EB-2018-0275, NRLP adopted HONI's transmission depreciation rates when this Application was originally filed. NRLP sought to confirm this approach with Alliance and engaged Alliance to perform a depreciation study, which leveraged the service life parameters from HONI's Alliance depreciation study. As a single asset transmission utility, NRLP's assets are similar in nature to HONI's transmission assets and are

[1] EB-2021-0110, Exhibit E-08-01, section 1.3; and Exhibit E-08-01, Attachment 1

expected to perform in the same manner as assets on which HONI's depreciation study was based. The plant account service life parameters from HONI transmission assets were then adjusted for NRLP's depreciation reserves to form NRLP's updated depreciation rate and depreciation expense for the 2025 to 2029 period. See Exhibit F, Tab 5, Schedule 1, Attachment 3.

3.0 DEPRECIATION EXPENSE

As discussed above, NRLP's depreciation study was used to determine the depreciation expense for the test years. Historical and forecast depreciation expense from 2020 to 2029 are summarized in Table 1.

Table 1 - NRLP Depreciation and Amortization Expenses ($M)

Description	Historical				Bridge	Test				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Depreciation On Fixed Assets	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Less Capitalized Depreciation	-	-	-	-	-	-	-	-	-	-
Asset Removal Costs	-	-	-	-	-	-	-	-	-	-
Losses/(Gains) On Asset Disposition	-	-	-	-	-	-	-	-	-	-
Total	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**	**1.6**

Detailed depreciation schedules are filed at Exhibit F-05-01, Attachments 1 and 2.

Depreciation and Amortization Expenses

NRLP
Depreciation & Amortization Expenses
2020-2023 Historical, 2024 Bridge, 2025 Test
Year Ending December 31
($ Millions)

		2020		2021		2022		2023		2024		2025	
Line No.	**Particulars**	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)
		(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
	Depreciation Expenses												
1	Major Fixed Assets												
2	Towers and Fixtures	1.28%	1.0242	1.28%	1.0242	1.28%	1.0242	1.28%	1.0242	1.28%	1.0242	1.34%	1.0732
3	Overhead Lines	1.44%	0.5675	1.44%	0.5675	1.44%	0.5675	1.44%	0.5675	1.44%	0.5675	1.43%	0.5636
3	Depreciation on Fixed Assets	**1.34%**	1.5917	**1.34%**	1.5917	**1.34%**	1.5917	**1.34%**	1.5917	**1.34%**	1.5917	**1.37%**	1.6367
4	Less Capitalized Depreciation		-		-		-		-		-		-
5	Asset Removal Costs		-		-		-		-		-		-
6	Total Depreciation Expenses		1.59		1.59		1.59		1.59		1.59		1.64
	Amortization Expenses												
7	Other Amortization		-		-		-		-		-		-
8	Total Amortization Expenses		-		-		-		-		-		-
9	Total Depreciation & Amortization Expenses		1.59		1.59		1.59		1.59		1.59		1.64
10	Depreciation & Amortization for recovery		1.59		1.59		1.59		1.59		1.59		1.64

Depreciation and Amortization Expenses

NRLP
Depreciation & Amortization Expenses
2025 - 2029 Test Year
Year Ending December 31
($ Millions)

		2025		2026		2027		2028		2029	
Line No.	**Particulars**	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)	Deprn Rate	Provision ($M)
		(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
	Depreciation Expenses										
1	Major Fixed Assets										
2	Towers and Fixtures	1.34%	1.07	1.34%	1.07	1.34%	1.07	1.34%	1.07	1.34%	1.07
3	Overhead Lines	1.43%	0.56	1.43%	0.56	1.43%	0.56	1.43%	0.56	1.43%	0.56
4	Depreciation on Fixed Assets	**1.37%**	1.64	**1.37%**	1.64	**1.37%**	1.64	**1.37%**	1.64	**1.37%**	1.64
5	Less Capitalized Depreciation		-		-		-		-		-
6	Asset Removal Costs		-		-		-		-		-
7	Total Depreciation Expenses		1.64		1.64		1.64		1.64		1.64
	Amortization Expenses										
8	Other Amortization		-		-		-		-		-
9	Total Amortization Expenses		-		-		-		-		-
10	Total Depreciation & Amortization Expenses		1.64		1.64		1.64		1.64		1.64
11	Depreciation & Amortization for recovery		1.64		1.64		1.64		1.64		1.64

ALLIANCE CONSULTING GROUP

July 23, 2024

Mr. Jonathan Myers
Torys LLP
79 Wellington St. W. 30th Floor.
Box 270, TD South Tower
Toronto, Ontario, M5K 1N2, Canada

Re: Proposed Depreciation Rates Niagara Reinforcement Limited Partnership

Jonathan:

Alliance Consulting Group is pleased to present our findings on the depreciation rates for Niagara Reinforcement Limited Partnership (NRLP).

The scope of our depreciation study process included:

- Collection of plant and reserve data
- Reconciliation of assembled database to Company records
- Discussion with NRLP plant accounting and operations personnel regarding asset characteristics
- Evaluate asset characteristics and dispersion patterns in relation to approved lives for Hydro One Networks
- Analysis of recorded plant amounts and depreciation reserves, and
- Development of recommended depreciation rates for each category of plant account.

After review and discussions, we confirmed that the life parameters currently in use from the 2019 Depreciation Study for Hydro One Networks, Inc. (Hydro One) are representative of the assets in NRLP.

In the case of NRLP as with Hydro One, no net salvage is included in the accrual rate computations. Proposed annual depreciation expense amounts for all accounts were calculated by the straight-line, remaining life procedure used by Hydro One in its Joint Rate Application (EB-2021-0110).

To compute the proposed annual accrual rate, various computations are necessary. Attachment 1 shows the currently approved Hydro One parameters which are the recommended depreciation parameters that underlie the proposed rate computations. Attachment 2 shows the development of the composite remaining life for each plant account. Those computations are determined by the formula shown below.

$$\text{Composite Remaining Life} = \frac{\sum \text{Original Cost x Vintage Remaining Life}}{\sum \text{Original Cost}}$$

The next step in computing the proposed depreciation accrual rates was to determine the proposed annual accrual by taking the difference between the surviving investment, and the allocated book depreciation reserve divided by the composite remaining life to yield the annual depreciation expense. That computation is shown in the formula below.

$$\text{Proposed Annual Depreciation Expense} = \frac{\text{Original Cost – Book Reserve}}{\text{Composite Remaining Life}}$$

The final step to compute the proposed depreciation accrual rates was to divide the proposed annual depreciation expense by the original cost of the asset. That is shown in Attachment 3 and the formula below.

$$\text{Proposed Annual Depreciation Rate} = \frac{\text{Proposed Annual Depreciation Expense}}{\text{Original Cost}}$$

The proposed rates are based on NRLP plant and accumulated depreciation investment computed at December 31, 2023 using the same straight line, broad-group, remaining life depreciation system used in the Hydro One depreciation study. A comparison of these rates is shown in the table below.

Account	Description	Current Rate	Proposed Rate
1720	Towers and Fixtures	1.24%	1.34%
1730	Overhead Conductors and Devices	1.30%	1.43%

The last attachment (Attachment 4) shows an expense comparison between the current and proposed depreciation rates.

We wish to express our appreciation for this opportunity to be of service to NRLP and for the assistance provided to us. We would be pleased to discuss our results and review with you or others at your convenience.

Very truly yours,

Dane A. Watson

Dane A. Watson – Engagement Partner – Alliance Consulting Group

Attachment 1 - Depreciation Parameters used for Current and Proposed Depreciation Accrual Rates

Attachment 2 - Computation of Proposed Composite Remaining Life by Account

Attachment 3 - Computation of Proposed Depreciation Accrual Rate by Account

Attachment 4 - Comparison of Current and Proposed Accrual Rates and Proposed Depreciation Expense

Attachment 1

Niagara Reinforcement LP (NRLP)

Comparison of Current and Proposed Depreciation Parameters
AS OF DECEMBER 31, 2023

		Hydro One Current		NRLP Proposed	
Account	Description	Life	Curve	Life	Curve
1720	Towers and Fixtures	75	R3	75	R3
1730	Overhead Conductors and Devi	70	R4	70	R4

Attachment 2

Niagara Reinforcement LP (NRLP)
Computation of Proposed Composite Remaining Life
AS OF DECEMBER 31, 2023

Account	Vintage Year	Age	Plant Amount	Proposed Average Service Life	Proposed Vintage Remaining Life	Plant x Vintage Remaining Life	Proposed Composite Remaining Life
1720	2019	4.5	80,013,202.50	75.00	70.58	5,647,631,881.96	
1720 Total			80,013,202.50			5,647,631,881.96	70.58
1730	2019	4.5	39,409,487.80	70.00	65.51	2,581,540,173.56	
1730 Total			39,409,487.80			2,581,540,173.56	65.51
Grand Total			119,422,690.30			8,229,172,055.52	

Attachment 3

Niagara Reinforcement LP (NRLP)
CALCULATION OF DEPRECIATION RATES
USING SL- BROAD GROUP REMAINING LIFE RATES
AS OF DECEMBER 31, 2023

Account	Description	Plant Balance Total at 12/31/2023	Book Reserve 12/31/2023	Unaccrued Balance	Proposed Composite Remaining Life	Proposed Annual Accrual	Proposed Annual Accrual Rate
1720	Towers and Fixtures	80,013,202.50	4,604,759.76	75,408,442.74	70.58	1,068,354.16	1.34%
1730	Overhead Conductors and Devices	39,409,487.80	2,553,734.78	36,855,753.02	65.51	562,635.58	1.43%
		119,422,690.30	7,158,494.54	112,264,195.76		1,630,989.74	

Attachment 4

Niagara Reinforcement LP (NRLP)
Comparison of Current and Proposed Depreciation Rates and Expense
AS OF DECEMBER 31, 2023

			Hydro One Current Rates		Proposed		
Account	**Description**	**Plant Balance Total at 12/31/2023**	**Annual Accrual Rate**	**Annual Accrual**	**Annual Accrual Rate**	**Annual Accrual**	**Difference Annual Accrual**
1720	Towers and Fixtures	80,013,202.50	1.24%	992,163.71	1.34%	1,068,354.16	76,190.45
1730	Overhead Conductors and Devices	39,409,487.80	1.30%	512,323.34	1.43%	562,635.58	50,312.24
		119,422,690.30		1,504,487.05		1,630,989.74	126,502.68

CORPORATE INCOME TAXES

1.0 OVERVIEW

This exhibit explains how NRLP calculates its regulatory income tax expenses for the purposes of rate recovery. Exhibit F-06-01, Attachments 1 and 2 contain detailed calculations of regulatory income tax expense for the bridge and test year, including supporting schedules and reconciliations as needed. Exhibit F-07-01, Attachment 1 includes a copy of the most recent tax return. The information provided in this Application is consistent with section 2.8.11 of the Filing Requirements.

2.0 OVERVIEW OF INCOME TAXES

2.1 INTRODUCTION

NRLP is a limited partnership formed under the *Limited Partnerships Act* (Ontario). A partnership is generally not taxable under the *Income Tax Act*. A partnership is required to compute its taxable income, which is then allocated to its partners who are responsible for reporting income and payment of taxes thereon. The partners of NRLP are as follows:

Partners*	Interests	Description
Hydro One Networks Inc. (HONI)	LP	A corporation owned directly by Hydro One Inc.
Hydro One Indigenous Partnerships Inc. (HOIP)	GP	A corporation owned indirectly by Hydro One Inc.
Toronto Purchase Trust (MCFN)	LP	A trust owned directly by Mississaugas of the Credit First Nation
11100726 Canada Limited (SNGR)	LP	A corporation owned directly by Six Nations of the Grand River First Nation

MCFN and SNGR, its beneficiaries or shareholders are exempt from Corporate Income Tax. Therefore, the taxable income in NRLP allocated to MCFN and SNGR will not be subject to income tax. This ultimately leads to less total income tax paid, which is a savings for ratepayers.

2.2 REGULATORY INCOME TAX EXPENSE

Regulatory Income Taxes for NRLP are determined by applying the statutory income tax rate to the portion of regulatory taxable income allocated to HONI and HOIP, the taxable corporate partners of NRLP.

2.3 ONTARIO CORPORATE MINIMUM TAX (OCMT)

OCMT is designed to impose a minimum tax based on financial statement income calculated without most tax adjustments. The OCMT paid in the year can be applied to reduce taxes payable in a future year(s).[1] HONI and HOIP are subject to OCMT in the bridge year 2024 and the forecast years as shown in Exhibit F-06-01, Attachment 1. If applicable, NRLP will use OCMT expense incurred in the bridge and test years to reduce income tax expenses in the future years when there is a sufficient level of taxable income. Since NRLP is not expected to have taxable income for the bridge and test period taxation years, OCMT will, therefore, be applicable. This OCMT paid will be accumulated as OCMT credits and may be utilized in the future to reduce future Ontario income taxes payable. The OCMT credits carried forward are computed based solely on the activities of NRLP.

2.3.1 INCOME TAX RATE (FEDERAL AND ONTARIO)

The statutory income tax rate is expected to be 26.5% for the test years. Any variance between actual taxes payable and forecast taxes, because of tax policy and legislation changes, will be captured in a variance account for tax rate changes as per Section 7.1 of the 2006 Electricity Distribution Rate (EDR) Handbook, described further in Exhibit H-01-01.

3.0 RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND TAXABLE INCOME

Reconciliation between the regulatory net income before tax (NIBT) and taxable income for the historical years is provided in Exhibit F-06-01, Attachment 1. This schedule contains the income tax computation and also shows how the taxable income is computed

[1] OCMT has a 20-year carry forward period and it will expire if it remains unutilized after a 20-year period.

by making adjustments to the regulatory NIBT for items such as depreciation and CCA. The calculation of test year CCA is provided in Exhibit F-06-01, Attachment 2.

Reconciliation between the accounting NIBT and taxable income for the historical years 2020-2023 is provided in Exhibit F-06-01, Attachment 1. The calculation of CCA for the historical years is provided in Exhibit F-06-01, Attachment 1.

To make it easier to follow these reconciliations, NRLP has separated the tax adjustments into the following categories:

1. Recurring items that must be added (deducted) because they have been included in the OM&A expenses in arriving at the revenue requirement, or for which appropriate tax adjustments are made (for example, depreciation versus CCA); and
2. Recurring items not in the revenue requirement.

4.0 OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME

The starting point for the computation of NRLP taxable income is the NIBT as shown on the utility's income statement for the year. The NIBT is prepared by using U.S. Generally Accepted Accounting Principles, but taxable income is computed using the relevant tax legislation, interpretations and assessing practices. Therefore, adjustments are made, where applicable, to the NIBT to arrive at taxable income. Most of these adjustments are made to account for timing differences. Adjustments for timing differences can arise when: (1) expenditures are both capitalized and depreciated over time for both financial accounting and tax requirements, but the depreciation rates and depreciation methodology are different; or (2) costs that are expensed for financial accounting purposes but not for tax purposes or vice versa. A common item that increases NIBT (i.e., it is added back to NIBT for tax purposes) is financial accounting depreciation and amortization with CCA being the common item that reduces NIBT (i.e., it is deducted from NIBT for tax purposes). Consequently, it is imperative that the NIBT be adjusted for amounts that have been included (or deducted) for accounting purposes that are not income (or deductible) for tax return purposes.

NRLP has tax loss and OCMT credits carry forward, which are expected to fully offset its taxable income during the test years. Consequently, NRLP is not expected to have any regulatory income taxes payable other than OCMT during the test period.

5.0 TAXABLE TREATMENT OF REGULATORY ASSETS AND REGULATORY LIABILITIES

Regulatory assets and regulatory liabilities accounts are typically recognized on the utility's' balance sheets for forgone revenue, or for expenses that have been incurred for which recovery will be sought from ratepayers through future rates. Disposition of the deferral accounts is determined by the Board.

For example, in the illustrative example shown in Table 2, assuming that a 26.5% tax rate applies and a $100 expense is incurred, the utility will record a regulatory asset for the expense to be recovered in the future. Meanwhile, tax is allowed to enter a deduction of the $100 for the year in which the expense is incurred in computing taxable income. If the OEB subsequently approves recovery of this expense over a two-year period through a rate rider, the utility will include the approved recovery amounts in computing taxable income for the year in which it is billed to ratepayers. The net result is that the utility has recovered the $100 cost although the income or expense has been taxed or deducted in different years.

Table 2 - Example of the Income Tax Treatment of Regulatory Assets and Regulatory Liabilities Disposition

	Year 1	Year 2	Year 3	CUMULATIVE
Income (deduction)	(100)	50	50	Nil
Tax Refund (payable)	26.5	(13.25)	(13.25)	Nil
Cash Inflow (outflow)	(73.5)	36.75	36.75	Nil

Therefore, regulatory assets and regulatory liabilities accounts have not been included in computing tax payable for purposes of the revenue requirement since the associated tax benefit has or will be obtained through the tax system, generally within a reasonable time horizon (i.e., the application period). The above conclusions are consistent with section 2.8.11 of the Filing Requirements issued February 11, 2016.

6.0 CAPITAL GAINS TAX ON LIMITED PARTNERSHIP INTEREST

As explained in greater detail below, NRLP is expected to incur a capital gains tax after 2027 as HONI is expected to have a negative tax cost[2] driven by partnership distributions and tax losses in the initial years. While there will be negative tax costs for the 2028-2029 period, given the utilization of the loss carryforward available, there will be no regulatory tax impact relating to capital gains tax in this application period. NRLP has reflected this in the computation of regulatory taxes as an unavoidable cost inherent to the application of the relevant tax rules for the limited partnership ownership structure.

Ownership of the NRLP transmission line has been structured as a limited partnership, which is a flow-through legal entity, to enable the First Nation partners to take advantage of their tax-exempt status to reduce regulatory taxes that NRLP needs to recover from rates. By virtue of the partnership structure, 45% of NRLP's earnings attributable to the First Nation partners are exempt from income tax. This translates to estimated cumulative tax savings of approximately $8M over a 45-year period.[3]

The capital gains tax is an unavoidable cost driven by two factors: (i) annual distributions that are based on regulated earnings necessary to enable the First Nations to meet their obligations, and (ii) lower tax retained earnings in the initial years. The lower tax retained earnings in the initial years are driven by CCA deductions[4], which are generally higher than accounting depreciation under GAAP in the early years of the partnership. Based on the foregoing, the tax cost of the taxable limited partner (HONI) is expected to be negative

[2] For tax purposes, limited partners are required to track their partners' capital accounts to reflect their capital contributions and their pro-rata shares of the partnership's tax retained earnings, which are then reduced by cumulative distributions. When this tax cost is reduced to a negative amount, it will result in a capital gains tax for HONI as the sole taxable partner.

[3] The amount is not in present value and represents the cumulative net tax savings from the utilization of a partnership over the 45 years since the inception in 2019.

[4] NRLP has taken maximum CCA to reduce the taxes for the ratepayers in accordance with OEB guidance.

in 2028 and 2029 in a capital gains tax that is reflected in the taxable income schedule in these test years. This capital gains tax will remain in place at approximately the same levels for several years in the future. Notwithstanding this capital gains tax cost, the limited partnership structure results in a lower overall tax burden to ratepayers.[5]

7.0 INTEGRITY CHECKS

NRLP has performed the integrity checks as described in Section 2.8.11.2 of the Filing Requirements.

8.0 SUPPORTING ATTACHMENTS

The attachments supporting the determination of the income tax expense are provided in the following attachments:

Attachment 1: Calculation of Historical Utility Income Taxes and Capital Cost Allowance
Attachment 2: Calculation of Test Year Utility Income Taxes and Capital Cost Allowance

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[5] The overall tax payable in a limited partnership is lower than what the parties would pay in a traditional corporate structure given the tax status of the non-taxable partners.

CALCULATION OF UTILITY INCOME TAXES AND CAPITAL COST ALLOWANCE (2020 – 2023)

This attachment has been filed separately in MS Excel format.

NRLP

Calculation of Utility Income Taxes
Bridge (2024) and Test Years (2025 to 2029)
Year Ending December 31
($ Millions)

SUMMARY OF TAX EXPENSE

	2024	2025	2026	2027	2028	2029
Hydro One Networks Inc.	0.06	0.06	0.06	0.06	0.06	0.06
Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
11100726 Canada Limited (Six Nations)	0.00	0.00	0.00	0.00	0.00	0.00
Mississaugas of the New Credit First Nation Toronto Purchase Trust	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**

NRLP

Line No.	Particulars	2024 (a)	2025 (b)	2026 (c)	2027 (d)	2028 (e)	2029 (f)
	Determination of Taxable Income						
1	Regulatory Net Income (before tax)	3.86	4.11	4.05	3.99	3.93	3.87
2	Book to Tax Adjustments:						
3	Depreciation and amortization	1.59	1.64	1.64	1.64	1.64	1.64
4	Capital Cost Allowance	-6.51	-5.99	-5.51	-5.07	-4.67	-4.30
5	Other	0.00	0.00	0.00	0.00	0.00	0.00
6	Total Adjustments	-4.92	-4.36	-3.88	-3.44	-3.03	-2.66
7	**Regulatory Taxable Income/(Loss) before Loss Carry Forward**	**$ -1.06**	**$ -0.24**	**$ 0.18**	**$ 0.56**	**$ 0.90**	**$ 1.21**
	Allocation of Taxable Income						
8	Hydro One Networks Inc.	-0.56	-0.11	0.12	0.33	0.52	0.69
9	Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
10	11100726 Canada Limited (Six Nations)	-0.28	-0.08	0.03	0.12	0.21	0.29
11	Mississaugas of the New Credit First Nation Toronto Purchase Trust	-0.22	-0.06	0.02	0.10	0.17	0.23
12	Total	$ -1.06	$ -0.24	$ 0.18	$ 0.56	$ 0.90	$ 1.21
	Tax Rates						
12	Federal Tax	15.00 %	15.00 %	15.00 %	15.00 %	15.00 %	15.00 %
13	Provincial Tax	11.50 %	11.50 %	11.50 %	11.50 %	11.50 %	11.50 %
14	Total Tax Rate	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %

NRLP

Calculation of Utility Income Taxes
Bridge (2024) and Test Years (2025 to 2029)
Year Ending December 31
($ Millions)

SUMMARY OF TAX EXPENSE

	2024	2025	2026	2027	2028	2029
Hydro One Networks Inc.	0.06	0.06	0.06	0.06	0.06	0.06
Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
11100726 Canada Limited (Six Nations)	0.00	0.00	0.00	0.00	0.00	0.00
Mississaugas of the New Credit First Nation Toronto Purchase Trust	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**

Hydro One Networks Inc.

Line No.	Particulars	2024 (a)	2025 (a)	2026 (b)	2027 (c)	2028 (d)	2029 (e)
	Determination of Income Taxes						
1	Allocation of Taxable Income from NRLP	-0.56	-0.11	0.12	0.33	0.52	0.69
2	Taxable Capital Gains from NRLP	0.00	0.00	0.00	0.00	0.45	1.01 *
3	Taxable Income	-0.56	-0.11	0.12	0.33	0.97	1.70
4	Loss Carryforward	0.56	0.11	-0.12	-0.33	-0.97	-1.70
5	Taxable Income after loss carryforward	0.00	0.00	0.00	0.00	0.00	0.00
6	Tax Rate	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %
7	**Income Tax Expense**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**

*The capital gains inclusion is 50% based on currently enacted legislation and does not reflect the proposed increase to the capital gains of 2/3 as proposed in the 2024 Federal Budget

Line No.	Particulars	2024	2025	2026	2027	2028	2029
	Loss Continuity Schedule						
6	Opening Losses Carryforward	-6.70	-7.26	-7.36	-7.24	-6.91	-5.94
7	Losses (Incurred)/Utilized during the year	-0.56	-0.11	0.12	0.33	0.97	1.70
8	Closing Losses Carryforward	-7.26	-7.36	-7.24	-6.91	-5.94	-4.24
	Determination of Corporate Minimum Tax						
9	Allocation of Accounting Income from NRLP	2.14	2.29	2.25	2.22	2.18	2.15
10	Corporate Minimum Tax Rate	2.70 %	2.70 %	2.70 %	2.70 %	2.70 %	2.70 %
11	Corporate Minimum Tax Potentially Applicable	0.06	0.06	0.06	0.06	0.06	0.06
12	Ontario Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
13	**Corporate Minimum Tax Payable (Utilized)**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**
14	Opening CMT Credit Carryforward	0.30	0.36	0.42	0.48	0.54	0.60
15	CMT Credit Incurred/(utilized)	0.06	0.06	0.06	0.06	0.06	0.06
16	Closing CMT Credit Carryforward	0.36	0.42	0.48	0.54	0.60	0.66
17	**Total Taxes Expense for Hydro One Networks Inc.**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**	**$ 0.06**

NRLP

Calculation of Utility Income Taxes
Bridge (2024) and Test Years (2025 to 2029)
Year Ending December 31
($ Millions)

SUMMARY OF TAX EXPENSE

	2024	2025	2026	2027	2028	2029
Hydro One Networks Inc.	0.06	0.06	0.06	0.06	0.06	0.06
Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
11100726 Canada Limited (Six Nations)	0.00	0.00	0.00	0.00	0.00	0.00
Mississaugas of the New Credit First Nation Toronto Purchase Trust	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**

Hydro One Indigenous Partnerships GP Inc

Line No.	Particulars	2024	2025	2026	2027	2028	2029
		(a)	(a)	(b)	(c)	(d)	(e)
	Determination of Income Taxes						
1	Allocation of Taxable Income from NRLP	0.00	0.00	0.00	0.00	0.00	0.00
2	Loss Carryforward	0.00	0.00	0.00	0.00	0.00	0.00
3	Taxable Income after loss carryforward	0.00	0.00	0.00	0.00	0.00	0.00
4	Tax Rate	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %	26.50 %
5	Sub Total	0.00	0.00	0.00	0.00	0.00	0.00
6	Additional Taxes due to Negative ACB	0.00	0.00	0.00	0.00	0.00	0.00
7	**Income Tax Expense**	$ **0.00**	$ **0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Loss Continuity Schedule						
8	Opening Losses Carryforward	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
9	Losses (Incurred)/Utilized during the year	0.00	0.00	0.00	0.00	0.00	0.00
10	Closing Losses Carryforward	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01
	Determination of Corporate Minimum Tax						
11	Allocation of Accounting Income from NRLP	0.00	0.00	0.00	0.00	0.00	0.00
12	Corporate Minimum Tax Rate	2.70 %	2.70 %	2.70 %	2.70 %	2.70 %	2.70 %
13	Corporate Minimum Tax Potentially Applicable	0.00	0.00	0.00	0.00	0.00	0.00
14	Ontario Income Tax	0.00	0.00	0.00	0.00	0.00	0.00
15	**Corporate Minimum Tax Payable (Utilized)**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**
16	Opening CMT Credit Carryforward	0.00	0.00	0.00	0.00	0.00	0.00
17	CMT Credit Incurred/(utilized)	0.00	0.00	0.00	0.00	0.00	0.00
18	Closing CMT Credit Carryforward	0.00	0.00	0.00	0.00	0.00	0.00
19	**Total Taxes Expense for Hydro One Indigenous Partnerships GP Inc**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**	$ **0.00**

NRLP

Calculation of Utility Income Taxes
Bridge (2024) and Test Years (2025 to 2029)
Year Ending December 31
($ Millions)

SUMMARY OF TAX EXPENSE

	2024	2025	2026	2027	2028	2029
Hydro One Networks Inc.	0.06	0.06	0.06	0.06	0.06	0.06
Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
11100726 Canada Limited (Six Nations)	0.00	0.00	0.00	0.00	0.00	0.00
Mississaugas of the New Credit First Nation Toronto Purchase Trust	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**

11100726 Canada Limited (Six Nations)

Line No.	Particulars	2024 (a)	2025 (a)	2026 (b)	2027 (c)	2028 (d)	2029 (e)
	Determination of Income Taxes						
1	Allocation of Taxable Income from NRLP	-0.28	-0.08	0.03	0.12	0.21	0.29
2	Tax Rate	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	**Income Tax Expense**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
	Determination of Corporate Minimum Tax						
4	Allocation of Accounting Income from NRLP	0.95	1.01	1.00	0.98	0.97	0.95
5	Corporate Minimum Tax Rate	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	**Corporate Minimum Tax Payable**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
7	**Total Taxes Expense for 11100726 Canada Limited (Six Nations)**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**

NRLP

Calculation of Utility Income Taxes
Bridge (2024) and Test Years (2025 to 2029)
Year Ending December 31
($ Millions)

SUMMARY OF TAX EXPENSE

	2024	2025	2026	2027	2028	2029
Hydro One Networks Inc.	0.06	0.06	0.06	0.06	0.06	0.06
Hydro One Indigenous Partnerships GP Inc	0.00	0.00	0.00	0.00	0.00	0.00
11100726 Canada Limited (Six Nations)	0.00	0.00	0.00	0.00	0.00	0.00
Mississaugas of the New Credit First Nation Toronto Purchase Trust	0.00	0.00	0.00	0.00	0.00	0.00
Total	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**	**0.06**

Mississaugas of the New Credit First Nation Toronto Purchase Trust

Line No.	Particulars	2024 (a)	2025 (a)	2026 (b)	2027 (c)	2028 (d)	2029 (e)
	Determination of Income Taxes						
1	Allocation of Taxable Income from NRLP	-0.22	-0.06	0.02	0.10	0.17	0.23
2	Tax Rate	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
3	**Income Tax Expense**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
	Determination of Corporate Minimum Tax						
4	Allocation of Accounting Income from NRLP	0.76	0.02	0.02	0.02	0.02	0.02
5	Corporate Minimum Tax Rate	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
6	**Corporate Minimum Tax Payable**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**
7	**Total Taxes Expense for Mississaugas of the New Credit First Nation Toronto Purchase Trus**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**

INCOME TAX RETURN

Attachment 1: T5013 – Partnership Financial Return

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Agence du revenu du Canada / Canada Revenue Agency

T5013 Financial
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Partnership Financial Return

Complete this financial return using the instructions in the T4068, Guide for the Partnership Information Return (T5013 Forms). You can file this return electronically without a web access code using the "File a return" service in My Business Account at **canada.ca/my-cra-business-account** or, for authorized representatives, in Represent a Client at **canada.ca/taxes-representatives**.

Unless otherwise stated, all legislative references are to the Income Tax Act or, where appropriate, the Income Tax Regulations.

055 For internal use only
Filed: 2024-05-23
EB-2024-0117
Exhibit F-7-1
Attachment 1
Page 1 of 36

Identification

Partnership account number
001 79140 1334 RZ0001

Partnership name
006 Niagara Reinforcement Limited Partnership
007

Partnership operating or trading name
008
009

Location of the partnership head office
Has this location changed since the last time you filed a partnership information return? . . . . . 010 [ ] Yes [X] No
If you answered **Yes** to line 010, enter the address of the new location on lines 011 to 018.
011
012
City 015 | Province, territory or state 016
Country 017 | Postal or zip code 018

Mailing address of the partnership
(if different from the head office address)
Has this address changed since the last time you filed a partnership information return? . . . . . 020 [ ] Yes [X] No
If you answered **Yes** to line 020, enter the new mailing address on lines 021 to 028.
021 c/o
023
024
City 025 | Province, territory or state 026
Country 027 | Postal or zip code 028

Location of the partnership's books and records
(if different from the head office address)
Has this location changed since the last time you filed a partnership information return? . . . . . 030 [ ] Yes [X] No
If you answered **Yes** to line 030, enter the address of the new location on lines 031 to 038.
031
032
City 035 | Province, territory or state 036
Country 037 | Postal or zip code 038

Is this an amended return? . . . . 040 [ ] Yes [X] No

Fiscal period to which this information return applies
060 Fiscal period start (Year Month Day) From 2023-01-01
061 Fiscal period-end* (Year Month Day) To 2023-12-31
*If you answered **Yes** to question 078 below, enter the date when the partnership ceased to exist.

The end members of this partnership are
(tick the applicable boxes)
062 01 [X] Individuals (including trusts)
02 [X] Corporations

Is this the first year of filing? . . . . 070 [ ] Yes [X] No

If you answered **Yes** to line 070, enter the date the partnership was created . . . . . 071 Year Month Day

Number of T5013 slips 073 4

Is this the partnership's final information return up to dissolution? . . . . . 078 [ ] Yes [X] No

If an election was made under section 261 by one or more partners, enter the functional currency code used for this return 079

Was the partnership a Canadian partnership throughout the fiscal period? . . . . . 082 [X] Yes [ ] No

Type of partnership at the end of the fiscal period
086

Non tax shelter	**Tax shelter**
[ ] 01 General partnership	[ ] 11 General partnership
[X] 02 Limited partnership	[ ] 12 Limited partnership
[ ] 03 Limited liability partnership	[ ] 13 Co-ownership
[ ] 08 Investment club	[ ] 19 Other (specify below)

If the partnership is a tax shelter (TS), enter the TS identification number 087

Industry code (NAICS): 221121

Approval code: RC-23-P010

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Required documents to attach to this T5013 FIN, Partnership Financial Return

- Form T5013 SUM, Summary of Partnership Income
- a copy of each T5013, Statement of Partnership Income, slip issued to partners and nominees or agents
- T5013 SCH 1, Net Income (Loss) for Income Tax Purposes **
  ** If you are an inactive partnership, see line 280 in Guide T4068 for more information.
- T5013 SCH 50, Partner's Ownership and Account Activity

The General Index of Financial Information (GIFI) schedules

- T5013 SCH 100, Balance Sheet Information
- T5013 SCH 125, Income Statement Information
- T5013 SCH 140, Summary Statement (when more than one schedule 125 is filed)
- T5013 SCH 141, General Index of Financial Information (GIFI) – Additional Information (not required for investment clubs)

Answer the following questions. For each **affirmative** answer, **attach** the related schedule or form to the partnership return, unless otherwise instructed.

		Yes	No	
At any time during the fiscal period, was the partnership a member of another partnership (directly or indirectly through one or more partnerships)?	150		X	T5013 SCH 9
Has the partnership had any transactions, including sections 97 and 98 transactions or subsection 85(2) transfers with its members or employees, other than transactions in the ordinary course of business? (Do not include non-arm's length transactions with non-residents.)	162		X	T2058, T2059 or T2060
Did the partnership have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		X	T106
Does the partnership have to file Form T1134 in respect of any foreign affiliates in the fiscal period?	172		X	T1134
Has the partnership made any charitable donations, gifts of cultural or ecological property or federal, provincial, territorial or municipal political contributions?	202		X	T5013 SCH 2
Does the partnership have a permanent establishment in more than one jurisdiction?	205		X	T5013 SCH 5
Has the partnership realized any capital gains or incurred any capital losses during the fiscal period?	206		X	T5013 SCH 6
Does the partnership have any property that is eligible for capital cost allowance?	208	X		T5013 SCH 8
Does the partnership have any resource-related deductions (not including renounced expenditures)?	212		X	T5013 SCH 12
Is the partnership allocating any investment tax credits (ITCs)? If **Yes**, attach a document to this return providing a detailed calculation of the partnership's ITCs and their allocation to one or more partners.	231		X	Calculation and allocation
Did the partnership incur any scientific research and experimental development (SR&ED) expenditures?	232		X	T661
Did the partnership allocate renounced resource expenses to its members?	252		X	T5013 SCH 52
Did the partnership own or hold specified foreign property for which the total cost amount, at any time in the fiscal period, was more than CAN $100,000?	259		X	T1135
Is the partnership allocating any Canadian journalism labour tax credits?	260		X	T5013 SCH 58
Is the partnership allocating any return of fuel charge proceeds to farmers tax credits?	261		X	T5013 SCH 63
Is the partnership allocating any air quality improvement tax credits?	262		X	T5013 SCH 65

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Additional information

		Yes	No
Did the partnership use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Was a slip issued to one or more nominees or agents?	271		X
Does the partnership agreement require that the nominee(s) or agent(s) complete and file any of the documents identified on page 2?	272		X
Does the partnership have one or more new nominees or agents?	273		X
Did the partnership allocate any amount of income tax deducted at source?	274		X
Did the partnership make any other election(s) under the Act during the fiscal period?	275		X
If **Yes**, attach a copy of each election form to this return.			
Is this partnership the continuation of one or more predecessor partnerships since its last partnership information return was filed?	277		X
If you answered **Yes** to line 277, provide the business number(s) of the predecessor partnership(s)	278		
	279		
Was the partnership inactive throughout the fiscal period this information return applies to?	280		X
If **Yes**, see Guide T4068 to verify your filing requirements.			
Did members of the partnership immigrate to Canada during the fiscal period?	291		X
Did members of the partnership emigrate from Canada during the fiscal period?	292		X
If the major business activity is construction, did you have any subcontractors during the fiscal period?	295		X
Did the partnership report its farming or fishing income using the cash method?	296		X
Is this a publicly traded partnership?	297		X
If you answered **Yes** to line 297, did the partnership issue T5008 information slips to report transactions of interests in the partnership?	298		

Miscellaneous information

		Yes	No
For tax deductions withheld at the source, was an NR4 information return filed for the fiscal period?	301		X
If you answered **Yes** to line 301, enter the non-resident account number	302		
If you answered **Yes** to line 301, were NR4 slips issued?	303		
Is this partnership a specified investment flow-through (SIFT) partnership?	304		X
If you answered **Yes** to line 304, enter the taxable non-portfolio earnings for the fiscal period	305		
If you answered **Yes** to line 304, enter the tax payable under Part IX.1 for the fiscal period	306		
Enter the amount of the late-filing penalty from line 307 of Schedule 52	307		
Amount of payment enclosed with this return	308		

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Additional information for all partnerships (including tax shelters that are partnerships)

Name and identification number of the partner designated under subsection 165(1.15) of the Act

400 ______ Name of designated partner

402 ______ Identification number

Additional information for tax shelters only

Principal promoter

500 ______ Last name (print)

501 ______ First name (print)

502 ______ Identification number

Certification

950 I, Tran — Last name (print)

951 Nancy — First name (print)

954 VP, Corporate Tax — Position or title

certify that the information given on this information return and in any attached document is correct and complete. I also certify that the method of calculating income, deductions and credits for this fiscal period is consistent with that of the previous fiscal period except as noted in a statement attached to this return.

955 2024-03-19 — Year Month Day

Nancy Tran Digitally signed by Nancy Tran Date: 2024.03.19 18:03:35 -04'00' — Signature of the authorized partner

956 ______ Telephone number

Language of correspondence

Indicate your language of correspondence . . . . **990** [X] English [ ] French

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 224 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.

Canada Revenue Agency / Agence du revenu du Canada

T5013
Schedule 141
Protected B when completed

General Index of Financial Information (GIFI) – Additional Information

Partnership name	Partnership account number	Fiscal period-end Year Month Day	
Niagara Reinforcement Limited Partnership	79140 1334 RZ0001	2023-12-31	[X] Original [ ] Amended

- A partnership needs to complete all parts of this schedule that apply and include it with their partnership information return along with the other GIFI schedules.
- For more information, see Guide RC4088, General Index of Financial Information (GIFI), and Guide T4068, Guide for the Partnership Information Return (T5013 forms).

Part 1 – Information on the person primarily involved with the financial information

Can you identify the person* specified in the heading of Part 1? . . . . . 111 Yes [X] No [ ]

If you answered **no**, go to Part 2.

Does that person have a professional designation in accounting? . . . . . 095 Yes [X] No [ ]

Is that person connected** with the partnership? . . . . . 097 Yes [ ] No [X]

* A person primarily involved with the financial information is a person who has more than a 50% involvement in preparing the financial information that the partnership information return is based on. For example, if three persons prepared the financial information by doing respectively 30%, 30%, and 40% of the work, answer **no** at line 111. If they did respectively 10%, 20%, and 70% of the work, answer **yes** at line 111 and complete Part 1 by referring only to the third person.

** A person connected with a partnership can be: (i) a member of the partnership who owns more than 10% of the partnership units; (ii) an employee of the partnership; or (iii) a person not dealing at arm's length with the partnership.

Part 2 – Type of involvement

Choose one or more of the following options that represent your involvement and that of the person referred to in Part 1:

Completed an auditor's report . . . . . 300 [X]

Completed a review engagement report . . . . . 301 [ ]

Conducted a compilation engagement . . . . . 302 [ ]

Provided accounting services . . . . . 303 [ ]

Provided bookkeeping services . . . . . 304 [ ]

Other . . . . . 305 [ ]

If other, please specify . . . . . 306 ____________

Part 3 – Reservations

If you selected option **300** or **301** in Part 2 above, answer the following question:

Has the person referred to in Part 1 expressed a reservation? . . . . . 099 Yes [ ] No [X]

Part 4 – Other information

Were notes to the financial statements prepared? . . . . . 101 Yes [X] No [ ]

Did the partnership have any subsequent events? . . . . . 104 Yes [X] No [ ]

Did the partnership re-evaluate its assets during the fiscal period? . . . . . 105 Yes [ ] No [X]

Did the partnership have any contingent liabilities during the fiscal period? . . . . . 106 Yes [ ] No [X]

Did the partnership have any commitments during the fiscal period? . . . . . 107 Yes [ ] No [X]

Does the partnership have investments in joint ventures? If **yes**, complete question 109 below . . . . . 108 Yes [ ] No [X]

Is the partnership filing joint venture(s) financial statements? . . . . . 109 Yes [ ] No [ ]

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Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income as a result of an impairment loss in the fiscal period, a reversal of an impairment loss recognized in a previous fiscal period, or a change in fair value during the fiscal period? . . . **200** Yes ☐ No ☒

If **yes**, enter the amount recognized:

In net income Increase (decrease)

Property, plant, and equipment	210	
Intangible assets	215	
Investment property	220	
Biological assets	225	
Financial instruments	230	
Other	235	

In other comprehensive income Increase (decrease)

Property, plant, and equipment	211	
Intangible assets	216	
Financial instruments	231	
Other	236	

Financial instruments

Did the partnership derecognize any financial instrument(s) during the fiscal period (other than trade receivables)? . . . **250** Yes ☐ No ☒

Did the partnership apply hedge accounting during the fiscal period? . . . **255** Yes ☐ No ☒

Did the partnership discontinue hedge accounting during the fiscal period? . . . **260** Yes ☐ No ☒

Adjustments to opening partners' capital

Was an amount included in the opening balance of partners' capital, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current fiscal period? . . . **265** Yes ☐ No ☒

If **yes**, you have to maintain a separate reconciliation.

Part 5 – Information on the person who prepared the partnership information return

If the person who prepared the partnership information return has a professional designation in accounting but is not the person identified in Part 1, choose all of the following options that apply:

- Prepared the partnership information return and the financial information contained therein . . . **310** ☐
- The client provided the financial statements . . . **311** ☐
- The client provided a trial balance . . . **312** ☐
- The client provided a general ledger . . . **313** ☐
- Other . . . **314** ☒
- If other, please specify . . . **315** Pship T5013 prepared by HO Tax using audited f/s

See the privacy notice on your return.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Partnership name	Partnership account number	**Fiscal period end** Year Month Day
Niagara Reinforcement Limited Partnership	79140 1334 RZ0001	2023-12-31

Is this a NIL schedule? . . . . **999** Yes [ ] No [X]

Assets – lines 1000 to 2599

1000	2,912,000.00	**1060**	711,000.00	**1480**	45,000.00
1599	3,668,000.00	**1900**	119,423,000.00	**1901**	-7,159,000.00
2008	119,423,000.00	**2009**	-7,159,000.00	**2599**	115,932,000.00

Liabilities – lines 2600 to 3499

2620	94,000.00	**2629**	574,000.00	**2700**	4,554,000.00
2860	187,000.00	**3139**	5,409,000.00	**3140**	63,762,000.00
3320	590,500.00	**3450**	64,352,500.00	**3499**	69,761,500.00

Partner's capital – lines 3540 to 3575

3545	4,556,000.00	**3550**	4,556,000.00	**3551**	46,831.00
3552	4,556.00	**3553**	-5,325.00	**3560**	46,062.00
3561	46,848,669.00	**3562**	4,551,444.00	**3563**	-5,275,675.00
3571	46,124,438.00	**3575**	46,170,500.00	**3585**	115,932,000.00

Approval code: RC-23-P010

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Partnership name	Partnership account number	**Fiscal period end** Year Month Day
Niagara Reinforcement Limited Partnership	79140 1334 RZ0001	2023-12-31

Is this a NIL schedule? . . . . **999** ☐ Yes ☒ No

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	8,779,000.00	**8089**	8,779,000.00	**8299**	8,779,000.00

Cost of sales – lines 8300 to 8519

8519	8,779,000.00

Operating expenses – lines 8520 to 9369

8670	1,591,000.00	**9270**	2,632,000.00	**9367**	4,223,000.00
9368	4,223,000.00	**9369**	4,556,000.00		

Farming revenue – lines 9370 to 9659

9659	0.00

Farming expenses – lines 9660 to 9899

9898	0.00

Extraordinary items and taxes – lines 9970 to 9999

9970	4,556,000.00	**9999**	4,556,000.00

Approval code: RC-23-P010

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Net Income (Loss) for Income Tax Purposes

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T5013
Schedule 1

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
Niagara Reinforcement Limited Partnership	79140 1334 RZ0001	2023-12-31	[X] Original [ ] Amended

- Fill out this schedule to reconcile the partnership's net income (loss) reported on the financial statements and its net income (loss) for income tax purposes.
- All the information requested in this form and in the documents supporting your information return is "prescribed information".
- Fill out this schedule using the instructions in Guide T4068, Guide for the Partnership Information Return (T5013 forms).
- Fill out a worksheet to identify the source of all the amounts reported on the T5013 information slips.
- Attach the original copy of this completed schedule to Form T5013 FIN, Partnership Financial Return.

Is this a NIL schedule? . . . **999** [ ] Yes [X] No

(If **yes**, do not use zeroes (000 00), dashes (-), nil, or N/A on the lines.)

Description	Line	Amount	Line	Total
Amount calculated on line 9999 from Schedule 125 or Schedule 140			500	4,556,000.00
Add:				
Provision for Part IX.1 specified investment flow through (SIFT) taxes	101			
Amortization/depreciation of tangible assets	104	1,591,000.00		
Amortization of natural resource assets	105			
Amortization of intangible assets	106			
Recapture of capital cost allowance from Schedule 8	107			
Income or loss for tax purposes from partnerships	109			
Loss in equity of affiliates	110			
Loss on disposal of assets per financial statements	111			
Charitable donations and gifts from Schedule 2	112			
Political contributions from Schedule 2	114			
Current fiscal period's holdbacks	115			
Deferred and prepaid expenses	116			
Depreciation in inventory – end of fiscal period	117			
Scientific research and experimental development (SR&ED) expenditures deducted per financial statements	118			
Capitalized interest and property taxes on vacant land	119			
Non-deductible club dues and fees	120			
Non-deductible meals and entertainment expenses	121			
Non-deductible automobile expenses	122			
Non-deductible life insurance premiums	123			
Non-deductible company pension plans	124			
Reserves from financial statements – balance at the end of the fiscal period	126			
Soft costs on construction and renovation of buildings	127			
Salaries and wages paid to partners deducted on financial statements	150			
Cost of products available for sale that were consumed	151			
Personal expenses of the partners paid by the partnership	152			
Dividend rental arrangement compensation payment deductions	154			
Renounced exploration, development and resource property expenses deducted per financial statements from Schedule 52	155			
Certain fines and penalties	156			
Amount from line 508 on page 2 of this schedule	199	236,576.00		
Total (**Add** lines 101 to 199. Enter this amount on line 501)		1,827,576.00 ▶	501	+ 1,827,576.00
Deduct: Amount from line 511 on page 3 of this schedule			502	– 7,076,996.26
Net income (loss) for income tax purposes – (line 500 **plus** line 501 **minus** line 502)			503	= -693,420.26
Deduct: Net income (loss) for general partners			504	– -693.00
Net income (loss) for income tax purposes for limited and non-active partners (line 503 **minus** line 504)			505	= -692,727.26

Approval code: RC-23-P010

Canada

Partnership account number	Fiscal period end (Year Month Day)
79140 1334 RZ0001	2023-12-31

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Add:

Description	Line	Amount		
Accounts payable and accruals for cash basis – closing	201			
Accounts receivable and prepaid for cash basis – opening	202			
Accrual inventory – opening	203			
Accrued dividends – prior fiscal period	204			
Book loss on joint ventures or partnerships	205			
Capital items expensed	206			
Debt issue expense	208			
Deemed dividend income	209			
Deemed interest on loans to non-residents	210			
Deemed interest received	211			
Development expenses claimed in current fiscal period	212			
Dividend stop-loss adjustment	213			
Dividends credited to the investment account	214			
Exploration expenses claimed in current fiscal period	215			
Financing fees deducted in books	216			
Foreign accrual property income	217			
Foreign affiliate property income	218			
Foreign exchange included in retained earnings	219			
Gain on settlement of debt – income inclusion under subsection 80(13)	220			
Interest paid on income debentures	221			
Limited partnership losses	222			
Loss from international banking centres	223			
Mandatory inventory adjustment – included in current fiscal period	224			
Non-deductible advertising	226			
Non-deductible interest	227			
Non-deductible legal and accounting fees	228			
Optional value of inventory – included in current fiscal period	229			
Other expenses from financial statements	230			
Recapture of SR&ED expenditures from Form T661	231			
Resource amounts deducted	232			
Sales tax assessments	234			
Write-down of capital property	236			
Amounts received in respect of qualifying environmental trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – previous fiscal period	238			
Taxable/Non-deductible other comprehensive income items	239			
Total (**Add** lines 201 to 239. Enter this amount on line 506)			506	+

Other additions:

	Description	Line	Amount		
600	Movement in net regulatory assets	290	236,576.00		
601		291			
602		292			
603		293			
604		294			
	Total (**Add** lines 290 to 294. Enter this amount on line 507)		236,576.00	507	+ 236,576.00

Total (**Add** lines 506 and 507) . . . 508 = 236,576.00

Enter the amount from line 508 on line 199 on page 1 of this schedule.

Partnership account number	Fiscal period end Year Month Day
79140 1334 RZ0001	2023-12-31

Protected B when completed

Deduct:

Accounts payable and accruals for cash basis – opening	300	
Accounts receivable and prepaid for cash basis – closing	301	
Accrual inventory – closing	302	
Accrued dividends – current fiscal period	303	
Bad debt	304	
Book income of joint venture or partnership	305	
Equity in income from affiliates	306	
Exempt income under section 81	307	
Income from international banking centres	308	
Mandatory inventory adjustment – included in prior fiscal period	309	
Contributions to a qualifying environmental trust	310	
Non-Canadian advertising expenses – broadcasting	311	
Non-Canadian advertising expenses – printed materials	312	
Optional value of inventory – included in prior fiscal period	313	
Other income from financial statements	314	
Payments made for allocations in proportion to borrowing and bonus interest payments	315	
Contractors' completion method adjustment: revenue net of costs on contracts under 2 years – current fiscal period	316	
Non-taxable/Deductible other comprehensive income items	347	

Other less common deductions:

700		390	
701		391	
702		392	
703		393	
704		394	

Total (**Add** lines 300 to 394. Enter this amount on line 509) ▶ 509 +

Other deductions:

Gain on disposal of assets per financial statements	401	
Non-taxable dividends under section 83	402	
Capital cost allowance from Schedule 8	403	7,076,996.26
Terminal loss from Schedule 8	404	
Foreign non-business tax deduction under subsection 20(12)	407	
Prior fiscal period's holdbacks	408	
Deferred and prepaid expenses	409	
Depreciation in inventory – end of prior fiscal period	410	
SR&ED expenditures claimed in the fiscal period from Form T661 (line 460)	411	
Reserves from financial statements – balance at the beginning of the fiscal period	414	
Patronage dividends	416	
Contributions to deferred income plans	417	

Total (**Add** lines 401 to 417. Enter this amount on line 510) 7,076,996.26 ▶ 510 + 7,076,996.26

Total (**Add** lines 509 and 510) 511 = 7,076,996.26
Enter this amount on line 502 on page 1 of this schedule.

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T5013
Schedule 8

Protected B when completed

Capital Cost Allowance (CCA)

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
Niagara Reinforcement Limited Partnership	79140 1334 RZ0001	2023-12-31	[X] Original [ ] Amended

- Fill out this schedule to calculate the amount of capital cost allowance (CCA) the partnership is claiming for the fiscal period, or to account for acquisitions or dispositions of depreciable property, or both.
- Fill out this schedule to designate immediate expensing property.
- Fill out this schedule using the instructions in the T4068, Guide for the Partnership Information Return (T5013 forms).
- If you do not have enough space to list all the information, use an additional T5013 Schedule 8.
- Attach the original copy of this completed schedule to Form T5013 FIN, Partnership Financial Return.

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the fiscal period with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? . . . . **105** Yes [ ] No [X]

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your partnership) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 3.

	1 Name of EPOP **110**	2 Identification number See **note 1** **115**	3 Percentage assigned under the agreement **120**
1			%
2			%
3			%
4			%
5			%
6			%
7			%
8			%
		Total	%

Immediate expensing limit allocated to the partnership (see **note 2**) . . . . **125** ______

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: Multiply 1.5 million by the percentage assigned to your partnership in column 3.

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Part 2 – Income earned from the source in which the designated immediate expensing property (DIEP) is used

The source refers to the business or property from which the income was earned and in which the DIEP is used. For more information about DIEP, see note 5 in Part 3.

Are you a Canadian partnership of which all of the members were, throughout the fiscal period, Canadian-controlled private corporations (CCPC), individuals (other than trusts) resident in Canada or a combination thereof? . . . . . 150 Yes ☐ No ☒

If you answered **yes**, complete Part 2. Otherwise, go to Part 3.

Is there more than one source of income? . . . . . 155 Yes ☐ No ☐

If you answered **no**, enter the income of that source of income (net income for income tax purposes before any CCA deductions) . . . . . 156 ________

If the answer is **yes**, complete the table below.

	1 Source of income 160	2 Income before any CCA deductions from each source (if the income is a loss or nil, enter "0") 165	3 Aggregate amount of DIEP used for each source 170
1			
2			
3			
4			
5			
6			
7			
8			

Protected B when completed

Part 3 – CCA calculation

	1 Class number See **note 3** 200	2 Undepreciated capital cost (UCC) at the beginning of the fiscal period 201	3 Cost of acquisitions during the fiscal period (new property must be available for use) See **note 4** 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See **note 5** 232	5 Adjustments and transfers (show amounts that will reduce the UCC in brackets) See **note 6** 205	6 Amount from column 5 that is assistance received or receivable during the fiscal period for a property, subsequent to its disposition See **note 7** 221	7 Amount from column 5 that is repaid during the fiscal period for a property, subsequent to its disposition See **note 8** 222	8 Proceeds of dispositions See **note 9** 207
1	14.1	785,230.10						
2	47	87,971,684.32						
3								
4								
5								
6								
7								
8								

	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 **plus** column 3 **plus** or **minus** column 5 **minus** column 8) See **note 10**	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See **note 11** 236	12 Immediate expensing See **note 12** 238	13 Cost of acquisitions on remainder of Class (column 3 **minus** column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See **note 13** 225	15 Remaining UCC (column 10 **minus** column 12)	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 **plus** column 6 **minus** column 13 **plus** column 14 **minus** column 7) (if negative, enter "0") See **note 14**
1		785,230.10					785,230.10	
2		87,971,684.32					87,971,684.32	
3								
4								
5								
6								
7								
8								
		Totals						

Protected B when completed

Part 3 – CCA calculation (continued)

	17 Net capital cost additions of AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 14 **minus** column 16) (if negative, enter "0")	18 UCC adjustment for AIIP and property included in Classes 54 to 56 acquired during the fiscal period (column 17 **multiplied** by the relevant factor) See **note 15**	19 UCC adjustment for property acquired during the fiscal period other than AIIP and property included in Classes 54 to 56 (0.5 **multiplied** by the result of column 13 **minus** column 14 **minus** column 6 **plus** column 7 **minus** column 8) (if negative, enter "0") See **note 16** 224	20 CCA rate % See **note 17** 212	21 Recapture of CCA See **note 18** 213	22 Terminal loss See **note 19** 215	23 CCA (for declining balance method, the result of column 15 **plus** column 18 **minus** column 19, **multiplied** by column 20, or a lower amount, **plus** column 12) See **note 20** 217	24 UCC at the end of the fiscal period (column 10 **minus** column 23) 220
1				5.00			39,261.51	745,968.59
2				8.00			7,037,734.75	80,933,949.57
3								
4								
5								
6								
7								
8								
				Totals	230	240	250 7,076,996.26	

Enter the amount from line 230 on line 107 of T5013 Schedule 1.
Enter the amount from line 240 on line 404 of T5013 Schedule 1.
Enter the amount from line 250 on line 403 of T5013 Schedule 1.

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous fiscal periods that has now become available for use, net of any assistance received or entitled to be received in the fiscal period from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule. Do not include any amount in column 3 in respect of property included in column 5 (see note 6).

Note 5: A DIEP reported in column 4 is a property acquired after December 31, 2021, by a Canadian partnership (all of the members of which were, throughout the period, Canadian-controlled private corporations, individuals (other than trusts) resident in Canada or a combination thereof) that becomes available for use before 2025 (if all the members are individuals throughout the fiscal period), or before 2024 in any other case. The property is designated as such on or before the day that is 12 months after the filing due date of an information return under section 229 of the Regulations by any member of the partnership for the fiscal period to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the fiscal period in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

If there is more than one source of income, the total amount of DIEP reported in Part 2 (total of column 3) should be equal to the total amount of DIEP reported in Part 3 (total of column 4).

Part 3 – CCA calculation (continued)

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under subsection 97(2). Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the fiscal period for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the Guide T4068 for other examples of adjustments and transfers to include in column 5.

Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your fiscal period and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Note 8: Include all amounts you have repaid during the fiscal period for any legally required repayment, made after the disposition of a corresponding property, of:

- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
- an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)

Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your fiscal period and continuously owned by the transferor until it was acquired by you.

Note 9: For each property disposed of during the fiscal period, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).

If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount and it is disposed of to a person or partnership with which you deal at arm's length, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle. The actual cost of the vehicle will be adjusted for payment or repayment of government assistance.

Note 10: If the amount in column 5 (as shown in brackets) reduces the UCC, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purpose of the calculation.

Note 11: The amount to enter in column 11 must not exceed the amount in column 10. If it does, enter in column 11 the amount from column 10. If the amount determined in column 10 is zero or a negative amount, enter zero. The only amounts incurred before 2022, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.

Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the fiscal period (total of column 12) is limited to the lesser of:

1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:
   - $1.5 million, if you are not associated with any other EPOP in the fiscal period
   - amount from line 125, if you are associated in the fiscal period with one or more EPOPs
   - nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the fiscal period with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
   - the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent fiscal periods ending in a calendar year, if you have two or more fiscal periods ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
   - any amount allocated by the minister under subsection 1104(3.4) of the Regulations

   The immediate expensing limit has to be prorated if your fiscal period is less than 51 weeks. You cannot carry forward any unused amount of the immediate expensing limit.
2. UCC of the DIEP: total of column 11
3. Income earned from the source in which the DIEP is used: amount from line 156 or relevant source of income from line 165

Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.

Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.

Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.

See Guide T4068 for more information.

Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.

Part 3 – CCA calculation (continued)

Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use before 2024 are:

- 2 1/3 for property in Classes 43.1, 54, and 56
- 1 1/2 for property in Class 55
- 1 for property in Classes 43.2 and 53
- 0 for property in Classes 12, 13, 14, and 15, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
- 0.5 for all other property that is an AIIP

Note 16: The UCC adjustment for property acquired during the fiscal period (also known as the half-year rule or 50% rule) does not apply to certain property (including AIIP and property included in Classes 54 to 56). Include only elements from columns 6 and 7 that are not related to the DIEP.

For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.

Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.

Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.

Note 19: If no property is left in the class at the end of the fiscal period and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:

- passenger vehicles in Class 10.1
- property in Class 14.1, unless you have ceased carrying on the business to which it relates
- limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met

Note 20: If the fiscal period is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See Guide T4068 for more information.

For property in class 10.1 disposed of during the fiscal period, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the fiscal period.

For AIIP listed below, the maximum first fiscal period allowance you can claim is determined as follows:

- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 14: the lesser of 150% of the allocation for the fiscal period of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the fiscal period and the UCC at the end of the fiscal period (before any CCA deduction)
- Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the fiscal period (before any CCA deduction)
- Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive

The AIIP also applies to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

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Partner's Ownership and Account Activity

Protected B when completed

T5013
Schedule 50

Partnership name	Partnership account number	Fiscal period end (Year Month Day)	
Niagara Reinforcement Limited Partnership	791401334RZ0001	2023-12-31	X Original ☐ Amended

- Fill out this schedule to reconcile each partner's interest in the partnership (including partners who retired during the fiscal period).
- All the information requested in this form and in the documents supporting your information return is "prescribed information".
- Fill out this schedule using the instructions in Guide T4068, *Guide for the Partnership Information Return (T5013 forms)*.
- If you do not have enough space to list all the information, use an additional Schedule 50.
- Attach the original copy of this completed schedule to Form T5013 FIN, *Partnership Financial Return*.

Number of partners	010	4
Number of partners who disposed of all, or part of, their partnership interest	011	
Number of nominees or agents	012	
Total of all amounts from line 220	015	-693,420.26

Partner 1

Ownership						Fiscal period's income (loss) allocation	Account activity
100	101	105	106	107	110	220	300
Partner name	Partner identification number	Type of partner	Partner code	Percentage (%) of partner's interest	Did the partner dispose of an interest during the fiscal period?	Partner's share of the net income (loss)	Cost base
Hydro One Networks Inc.	870865821RC0001	2	0	54.9000	☐ Yes X No	-380,687.72	35734455.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310	320	330	340	350	410	420	430
Cost of units acquired during the fiscal period	Partner's share of the previous fiscal period's net income (loss)	Capital contributions in the fiscal period	Withdrawals in the fiscal period	Other adjustment	Partner's share of the fiscal period's net income	Partner's share in certain reductions of resource expenses for the fiscal period	Non-arm's length debt owing and/or benefits receivable
	-669,368.02		-2,923,395.00				-1,647,000.00

Partner 2

Ownership						Fiscal period's income (loss) allocation	Account activity
100	101	105	106	107	110	220	300
Partner name	Partner identification number	Type of partner	Partner code	Percentage (%) of partner's interest	Did the partner dispose of an interest during the fiscal period?	Partner's share of the net income (loss)	Cost base
Mississaugas of the Credit FirstNation Toronto PurchaseTrust	T30719972	4	0	20.0000	☐ Yes X No	-138,684.05	9481772.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310	320	330	340	350	410	420	430
Cost of units acquired during the fiscal period	Partner's share of the previous fiscal period's net income (loss)	Capital contributions in the fiscal period	Withdrawals in the fiscal period	Other adjustment	Partner's share of the fiscal period's net income	Partner's share in certain reductions of resource expenses for the fiscal period	Non-arm's length debt owing and/or benefits receivable
	-243,849.92		-1,045,458.00				-600,000.00

Approval code: RC-23-P010

Protected B when completed

Partner 3

Ownership						Fiscal period's income (loss) allocation	Account activity
100 Partner name	101 Partner identification number	105 Type of partner	106 Partner code	107 Percentage (%) of partner's interest	110 Did the partner dispose of an interest during the fiscal period?	220 Partner's share of the net income (loss)	300 Cost base
11100726 Canada Limited	725466486RC0001	2	0	25.0000	Yes ☐ No ☒	-173,355.07	11943000.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310 Cost of units acquired during the fiscal period	320 Partner's share of the previous fiscal period's net income (loss)	330 Capital contributions in the fiscal period	340 Withdrawals in the fiscal period	350 Other adjustment	410 Partner's share of the fiscal period's net income	420 Partner's share in certain reductions of resource expenses for the fiscal period	430 Non-arm's length debt owing and/or benefits receivable
	-304,812.40		-1,306,822.00				-750,000.00

Partner 4

Ownership						Fiscal period's income (loss) allocation	Account activity
100 Partner name	101 Partner identification number	105 Type of partner	106 Partner code	107 Percentage (%) of partner's interest	110 Did the partner dispose of an interest during the fiscal period?	220 Partner's share of the net income (loss)	300 Cost base
Hydro One Indigenous Partnerships Inc.	818382046RC0001	2	2	0.1000	Yes ☐ No ☒	-693.42	47771.00

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310 Cost of units acquired during the fiscal period	320 Partner's share of the previous fiscal period's net income (loss)	330 Capital contributions in the fiscal period	340 Withdrawals in the fiscal period	350 Other adjustment	410 Partner's share of the fiscal period's net income	420 Partner's share in certain reductions of resource expenses for the fiscal period	430 Non-arm's length debt owing and/or benefits receivable
	-1,219.25		-5,325.00				

Partner 5

Ownership						Fiscal period's income (loss) allocation	Account activity
100 Partner name	101 Partner identification number	105 Type of partner	106 Partner code	107 Percentage (%) of partner's interest	110 Did the partner dispose of an interest during the fiscal period?	220 Partner's share of the net income (loss)	300 Cost base
					Yes ☐ No ☐		

Account activity (continued)					At-risk amount (ARA) (for limited partners only)		
310 Cost of units acquired during the fiscal period	320 Partner's share of the previous fiscal period's net income (loss)	330 Capital contributions in the fiscal period	340 Withdrawals in the fiscal period	350 Other adjustment	410 Partner's share of the fiscal period's net income	420 Partner's share in certain reductions of resource expenses for the fiscal period	430 Non-arm's length debt owing and/or benefits receivable

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Fiscal period-end – Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) – Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code – Code de l'associé	0
003	Country code – Code du pays	CAN
004	Recipient type – Genre de bénéficiaire	3
001	Partnership account number (15 characters) – Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) – Total du revenu (de la perte) d'entreprise du commanditaire	-380,687 72
020	Total business income (loss) – Total du revenu (de la perte) d'entreprise	
006	Partner's identification number – Numéro d'identification de l'associé	870865821RC0001
005	Partner's share (%) of partnership – Part de l'associé (%) dans la société de personnes	54.900000
030	Total capital gains (losses) – Total des gains (pertes) en capital	
040	Capital cost allowance – Déduction pour amortissement	3,885,270 95

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Hydro One Networks Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-380,687 72	105		8,744,617 98
106		8,744,617 98	113		2,923,395 00
118		4,819,671 00			

Box – Case	Code	Other information – Autres renseignements

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Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Tax Centre 1
Pour le Centre fiscal 1

Canada Revenue Agency — Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: YYYY-MM-DD 2023-12-31 AAAA-MM-JJ

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	4
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-138,684 05
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	T30719972
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	20.000000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	1,415,399 25

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

Mississaugas of the Credit FirstNation Toronto PurchaseTrust
c/o Peace Hills Trust
10th Floor, 10011 - 109 Street NW
Edmonton AB T5J 3S8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-138,684 05	105		5,356,023 06
106		5,356,023 06	113		1,045,458 00
118		1,755,800 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Tax Centre 1
Pour le Centre fiscal 1

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: YYYY-MM-DD 2023-12-31 AAAA-MM-JJ

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

Partner code / Code de l'associé	Country code / Code du pays	Recipient type / Genre de bénéficiaire
002: 0	003: CAN	004: 3

001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-173,355 07
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	725466486RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	25.000000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	1,769,249 07

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

11100726 Canada Limited

c/o SNGR Development Corp
2498 Chiefswood Road, P.O. Box 569
Ohsweken ON N0A 1M0

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-173,355 07	105		4,260,845 71
106		4,260,845 71	113		1,306,822 00
118		2,194,750 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Tax Centre 1
Pour le Centre fiscal 1

Canada Revenue Agency / Agence du revenu du Canada

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	2
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	-693 42
006	Partner's identification number / Numéro d'identification de l'associé	818382046RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	0.100000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,077 00

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

► Hydro One Indigenous Partnerships Inc.

483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
113		5,325 00	116		-693 42
118		8,779 00			

Box – Case / Code / Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Tax Centre 1
Pour le Centre fiscal 1

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *)
Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *)

Partner code / Code de l'associé	Country code / Code du pays	Recipient type / Genre de bénéficiaire
002: 0	003: CAN	004: 3

001 Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010 Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-380,687 72
020 Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006 Partner's identification number / Numéro d'identification de l'associé	870865821RC0001
005 Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	54.900000
030 Total capital gains (losses) / Total des gains (pertes) en capital	
040 Capital cost allowance / Déduction pour amortissement	3,885,270 95

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Hydro One Networks Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-380,687 72	105		8,744,617 98
106		8,744,617 98	113		2,923,395 00
118		4,819,671 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: 2023-12-31 (YYYY-MM-DD / AAAA-MM-JJ)

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back*) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

Partner code / Code de l'associé	002	0
Country code / Code du pays	003	CAN
Recipient type / Genre de bénéficiaire	004	3
Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	001	791401334RZ0001
Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	010	-380,687 72
Total business income (loss) / Total du revenu (de la perte) d'entreprise	020	
Partner's identification number / Numéro d'identification de l'associé	006	870865821RC0001
Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	005	54.900000
Total capital gains (losses) / Total des gains (pertes) en capital	030	
Capital cost allowance / Déduction pour amortissement	040	3,885,270 95

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

Hydro One Networks Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-380,687 72	105		8,744,617 98
106		8,744,617 98	113		2,923,395 00
118		4,819,671 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	4
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-138,684 05
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	T30719972
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	20.000000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	1,415,399 25

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

► Mississaugas of the Credit FirstNation Toronto PurchaseTrust

c/o Peace Hills Trust
10th Floor, 10011 - 109 Street NW
Edmonton AB T5J 3S8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-138,684 05	105		5,356,023 06
106		5,356,023 06	113		1,045,458 00
118		1,755,800 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: YYYY-MM-DD 2023-12-31 AAAA-MM-JJ

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back*) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

Partner code / Code de l'associé	Country code / Code du pays	Recipient type / Genre de bénéficiaire
002: 0	003: CAN	004: 4

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	001	791401334RZ0001
Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	010	-138,684 05
Total business income (loss) / Total du revenu (de la perte) d'entreprise	020	
Partner's identification number / Numéro d'identification de l'associé	006	T30719972
Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	005	20.000000
Total capital gains (losses) / Total des gains (pertes) en capital	030	
Capital cost allowance / Déduction pour amortissement	040	1,415,399 25

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Mississaugas of the Credit FirstNation Toronto PurchaseTrust
c/o Peace Hills Trust
10th Floor, 10011 - 109 Street NW
Edmonton AB T5J 3S8

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
104		-138,684 05	105		5,356,023 06
106		5,356,023 06	113		1,045,458 00
118		1,755,800 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: 2023-12-31 (YYYY-MM-DD / AAAA-MM-JJ)

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code – Code de l'associé	0
003	Country code – Code du pays	CAN
004	Recipient type – Genre de bénéficiaire	3
001	Partnership account number (15 characters) – Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) – Total du revenu (de la perte) d'entreprise du commanditaire	-173,355.07
020	Total business income (loss) – Total du revenu (de la perte) d'entreprise	
006	Partner's identification number – Numéro d'identification de l'associé	725466486RC0001
005	Partner's share (%) of partnership – Part de l'associé (%) dans la société de personnes	25.000000
030	Total capital gains (losses) – Total des gains (pertes) en capital	
040	Capital cost allowance – Déduction pour amortissement	1,769,249.07

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

11100726 Canada Limited
c/o SNGR Development Corp
2498 Chiefswood Road, P.O. Box 569
Ohsweken ON N0A 1M0

Box – Case	Code	Amount – Montant
104		-173,355.07
105		4,260,845.71
106		4,260,845.71
113		1,306,822.00
118		2,194,750.00

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency / Agence du revenu du Canada

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Fiscal period-end / Exercice se terminant le: 2023-12-31 (YYYY-MM-DD / AAAA-MM-JJ)

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back*) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	0
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	-173,355 07
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	
006	Partner's identification number / Numéro d'identification de l'associé	725466486RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	25.000000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	1,769,249 07

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

11100726 Canada Limited
c/o SNGR Development Corp
2498 Chiefswood Road, P.O. Box 569
Ohsweken ON N0A 1M0

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-173,355 07	105		4,260,845 71
106		4,260,845 71	113		1,306,822 00
118		2,194,750 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency — Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *)
Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002	Partner code / Code de l'associé	2
003	Country code / Code du pays	CAN
004	Recipient type / Genre de bénéficiaire	3
001	Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) / Total du revenu (de la perte) d'entreprise	-693 42
006	Partner's identification number / Numéro d'identification de l'associé	818382046RC0001
005	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	0.100000
030	Total capital gains (losses) / Total des gains (pertes) en capital	
040	Capital cost allowance / Déduction pour amortissement	7,077 00

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) First name – Prénom Initials – Initiales

Hydro One Indigenous Partnerships Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
113		5,325 00	116		-693 42
118		8,779 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Attach to your income tax return 2
Bénéficiaire – Annexez à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back*)
Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *)

Partner code / Code de l'associé	Country code / Code du pays	Recipient type / Genre de bénéficiaire
002: 2	003: CAN	004: 3

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	001	791401334RZ0001
Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	010	
Total business income (loss) / Total du revenu (de la perte) d'entreprise	020	-693 42
Partner's identification number / Numéro d'identification de l'associé	006	818382046RC0001
Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	005	0.100000
Total capital gains (losses) / Total des gains (pertes) en capital	030	
Capital cost allowance / Déduction pour amortissement	040	7,077 00

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Hydro One Indigenous Partnerships Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
113		5,325 00	116		-693 42
118		8,779 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

For Recipient – Keep this slip for your records 3
Bénéficiaire – Conservez pour vos dossiers 3

See recipient instructions
Voir les instructions du bénéficiaire

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le: YYYY-MM-DD 2023-12-31 AAAA-MM-JJ

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

Partner code / Code de l'associé	Country code / Code du pays	Recipient type / Genre de bénéficiaire
002: 0	003: CAN	004: 3

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)	Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire	Total business income (loss) / Total du revenu (de la perte) d'entreprise
001: 791401334RZ0001	010: -380,687.72	020:

Partner's identification number / Numéro d'identification de l'associé	Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes	Total capital gains (losses) / Total des gains (pertes) en capital	Capital cost allowance / Déduction pour amortissement
006: 870865821RC0001	005: 54.900000	030:	040: 3,885,270.95

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Hydro One Networks Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box / Case	Code	Amount – Montant	Box / Case	Code	Amount – Montant
104		-380,687.72	105		8,744,617.98
106		8,744,617.98	113		2,923,395.00
118		4,819,671.00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Partnership 4
Pour la société de personnes 4

Canada Revenue Agency — Agence du revenu du Canada

Fiscal period-end — Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *)
Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *)

Partner code – Code de l'associé	Country code – Code du pays	Recipient type – Genre de bénéficiaire
002: 0	003: CAN	004: 4

Partnership account number (15 characters) – Numéro de compte de la société de personnes (15 caractères)	Total limited partner's business income (loss) – Total du revenu (de la perte) d'entreprise du commanditaire	Total business income (loss) – Total du revenu (de la perte) d'entreprise
001: 791401334RZ0001	010: -138,684 05	020:

Partner's identification number – Numéro d'identification de l'associé	Partner's share (%) of partnership – Part de l'associé (%) dans la société de personnes	Total capital gains (losses) – Total des gains (pertes) en capital	Capital cost allowance – Déduction pour amortissement
006: T30719972	005: 20.000000	030:	040: 1,415,399 25

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) First name – Prénom Initials – Initiales

Mississaugas of the Credit FirstNation Toronto PurchaseTrust
c/o Peace Hills Trust
10th Floor, 10011 - 109 Street NW
Edmonton AB T5J 3S8

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-138,684 05	105		5,356,023 06
106		5,356,023 06	113		1,045,458 00
118		1,755,800 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Partnership 4
Pour la société de personnes 4

Canada Revenue Agency / Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *) / Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *):

002 Partner code – Code de l'associé	0
003 Country code – Code du pays	CAN
004 Recipient type – Genre de bénéficiaire	3
001 Partnership account number (15 characters) – Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010 Total limited partner's business income (loss) – Total du revenu (de la perte) d'entreprise du commanditaire	-173,355 07
020 Total business income (loss) – Total du revenu (de la perte) d'entreprise	
006 Partner's identification number – Numéro d'identification de l'associé	725466486RC0001
005 Partner's share (%) of partnership – Part de l'associé (%) dans la société de personnes	25.000000
030 Total capital gains (losses) – Total des gains (pertes) en capital	
040 Capital cost allowance – Déduction pour amortissement	1,769,249 07

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales

11100726 Canada Limited
c/o SNGR Development Corp
2498 Chiefswood Road, P.O. Box 569
Ohsweken ON N0A 1M0

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
104		-173,355 07	105		4,260,845 71
106		4,260,845 71	113		1,306,822 00
118		2,194,750 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Partnership 4
Pour la société de personnes 4

Canada Revenue Agency | Agence du revenu du Canada

Fiscal period-end / Exercice se terminant le (YYYY-MM-DD / AAAA-MM-JJ): 2023-12-31

T5013

Statement of Partnership Income
État des revenus d'une société de personnes

Filer's name and address – Nom et adresse du déclarant

Niagara Reinforcement Limited Partnership
483 BAY STREET, 8TH FLOOR, SOUTH TOWER
TORONTO ON M3G 2P5

Tax shelter identification number (see **statement** on back *)
Numéro d'inscription de l'abri fiscal (lisez **l'énoncé** au dos *)

002	Partner code – Code de l'associé	2
003	Country code – Code du pays	CAN
004	Recipient type – Genre de bénéficiaire	3
001	Partnership account number (15 characters) – Numéro de compte de la société de personnes (15 caractères)	791401334RZ0001
010	Total limited partner's business income (loss) – Total du revenu (de la perte) d'entreprise du commanditaire	
020	Total business income (loss) – Total du revenu (de la perte) d'entreprise	-693 42
006	Partner's identification number – Numéro d'identification de l'associé	818382046RC0001
005	Partner's share (%) of partnership – Part de l'associé (%) dans la société de personnes	0.100000
030	Total capital gains (losses) – Total des gains (pertes) en capital	
040	Capital cost allowance – Déduction pour amortissement	7,077 00

Partner's name and address – Nom et adresse de l'associé

Last name (print) – Nom de famille (en lettres moulées) | First name – Prénom | Initials – Initiales

Hydro One Indigenous Partnerships Inc.
483 Bay Street
8th Floor, South Tower
Toronto ON M5G 2P5

Box – Case	Code	Amount – Montant	Box – Case	Code	Amount – Montant
113		5,325 00	116		-693 42
118		8,779 00			

Box – Case	Code	Other information – Autres renseignements

See the privacy notice on your return
Consultez l'avis de confidentialité dans votre déclaration

T5013 (21) **Protected B** when completed – **Protégé B** une fois rempli

For Partnership 4
Pour la société de personnes 4

Canada Revenue Agency | Agence du revenu du Canada

Protected B when completed

Summary of Partnership Income

T5013 Summary

Fill out this summary and the related slips using the instructions in Guide T4068, Guide for the Partnership Information Return (T5013 Forms).

The **partnership information return** is made up of three parts:

- T5013 FIN, Partnership Financial Return
- All the T5013 schedules the partnership has to file, depending on its fiscal situation
- T5013, Statement of Partnership Income, slips and this summary

If you make certain payments to a non-resident of Canada, the amounts must be reported on an NR4 return. For more information, see Guide T4061, NR4 – Non-Resident Tax Withholding, Remitting and Reporting.

For more information on filing the partnership information return, go to **canada.ca/t5013-filing-requirements**.

Do not use this area.

50 | 1616

Part 1 – Identification

Partnership's account number: 79140 1334 RZ0001

Fiscal period-start (Year Month Day): 2023-01-01

Fiscal period-end (Year Month Day): 2023-12-31

Name of the partnership: Niagara Reinforcement Limited Partnership

Postal or ZIP code: M3G 2P5

Are you a nominee or an agent? (If yes, provide the following information) . . . . . ☐ Yes ☒ No

Nominee or agent's account number:

Name of the nominee or agent:

Postal or ZIP code:

Is the partnership a tax shelter? . . . . . ☐ Yes ☒ No

If yes, enter the tax shelter identification number (TS) . . . . .

Part 2 – Totals from T5013 slips

Total number of T5013 information slips attached	009	4
Total limited partner's business income (loss)	010	-692,726.84
Total business income (loss)	020	-693.42
Total capital gains (losses)	030	
Capital cost allowance	040	7,076,996.27

Fill out the six boxes below using the information found on the T5013 slips

Canadian and foreign net rental income (loss)	110	
Professional income (loss)	120	
Renounced Canadian exploration expenses	190	
Renounced Canadian development expenses	191	
Expenses qualifying for an ITC *	194	
Total carrying charges	210	

* Line 194 is the total of all the amounts in boxes 194 and 239 of all the T5013 slips.

Part 3 – Contact information

076 Person to contact about this summary: Tran, Nancy

078 Telephone number: (416) 473-5833

Part 4 – Certification

I certify that the information given in this summary and the related slips is correct and complete.

Year Month Day	Signature of authorized person	Position or office
2024-03-19	Nancy Tran Digitally signed by Nancy Tran Date: 2024.03.19 18:36:45 -04'00'	VP, Corporate Tax

Prepared by

Year Month Day: 2024-03-19

Part 5 – Privacy notice

Personal information is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 224 on Information about Programs and Information Holdings at **canada.ca/cra-information-about-programs**.

Z-FACTOR CLAIMS

NRLP is not seeking recovery of any material costs associated with unforeseen events as described in section 2.8.12 of the Filing Requirements.

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CAPITAL STRUCTURE/COST OF CAPITAL

1.0 INTRODUCTION

The purpose of this evidence is to summarize the method and cost of financing NRLP's capital requirements for the 2025 to 2029 Application period.

The cost of capital as described in this exhibit has been reflected in the revenue requirements for each year of this Application.

At the time of the Draft Rate Order (DRO) in this proceeding, NRLP intends to update the 2025 to 2029 revenue requirements based on the OEB's release of its 2025 cost of capital parameters to reflect: (a) the OEB-prescribed 2025 return on equity and short-term debt rates; and (b) a long-term debt rate based on NRLP's forecast debt refinancing in 2025, using the September 2024 Consensus Forecast. The ROE and short-term debt rate parameters will remain fixed over the five-year rate term.

For the 2026 revenue requirement year, NRLP proposes a one-time update to the cost of long-term debt to reflect the actual market rate achieved on the long-term debt it will issue in 2025. This will allow actual debt issuances made to refinance maturing debt in 2025 to be reflected in the 2026 revenue requirement and through to the end of the rate term. This approach is consistent with the last approved update to 2020 cost of long-term debt in the 2021 annual update application for NRLP (EB-2020-0225).[1]

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[1] Past approval of a one-time update to cost of long-term debt was approved in EB-2018-0275, NRLP's 2020-2024 Decision and Order, Schedule A, Issue 13

2.0 CAPITAL STRUCTURE

NRLP's deemed capital structure for rate-making purposes is 60% debt and 40% common equity of utility rate base, as affirmed by the OEB's Decision in NRLP's 2020 to 2024 transmission rate application (EB-2018-0275). The 60% debt component is comprised of 4% deemed short-term debt and 56% long-term debt.

This structure is consistent with the OEB's Report on the Cost of Capital for Ontario's Regulated Utilities, dated December 11, 2009 (EB-2009-0084), and its subsequent Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated Utilities, dated January 14, 2016.

2.1 COST OF CAPITAL SUMMARY

The cost of capital as described in this exhibit has been reflected in the revenue requirement for each year of this Application. NRLP's proposed 2025 to 2029 cost of capital requirements are presented in Exhibit G-01-03.

As discussed above, when the OEB releases its 2025 cost of capital parameters during this proceeding, NRLP will update the revenue requirement for the 2025 test year to reflect: (a) the OEB-prescribed 2025 ROE and short-term debt rates; and (b) a long-term debt rate based on NRLP's weighted average of its existing debt rate and the rate on NRLP's forecast debt refinancing in 2025, using the September 2024 Consensus Forecast.

The historical, bridge and test years' debt and equity summary schedules are provided at Exhibit G-01-03.

Hydro One expects the OEB to issue its Decision and Order before NRLP issues new 10-year debt to refinance its maturing long-term 5-year debt in 2025. The future refinancing rate on a portion of NRLP's long-term debt is unknown and may have an impact on NRLP's financial performance if the actual cost is not reflected in rates. As such, NRLP proposes a one-time update to the cost of long-term debt for the 2026 revenue requirement year to reflect the actual market rate achieved on the long-term debt it will issue in 2025.[2]

3.0 RETURN ON COMMON EQUITY

NRLP's evidence reflects a return on equity (ROE) of 9.21% as a placeholder for 2025 based on the cost of capital parameters released by the OEB on October 31, 2023, effective for January 1, 2024 rates. It is calculated according to the OEB's formulaic approach in Appendix B of the Cost of Capital for Ontario's Regulated Utilities report, dated December 11, 2009 (EB-2009-0084).

As set out above, NRLP will update the equity cost of capital for the 2025 test year by using the 2025 ROE to be prescribed by the OEB in the fall of 2024.

4.0 DEEMED SHORT-TERM DEBT

The OEB has determined that the deemed amount of short-term debt that should be factored into rate-setting be fixed at 4% of rate base. The deemed short-term rate of 6.23% is being used by NRLP as a placeholder for 2025 and is based on the Cost of Capital Parameters released by the OEB on October 31, 2023, for rates effective January 1, 2024.

NRLP will update the short-term debt rate for the 2025 test year based on the 2025 deemed short-term debt rate to be released by the OEB in the fall of 2024.

5.0 LONG-TERM DEBT

The OEB has determined that the deemed amount of long-term debt that should be factored into rate-setting be fixed at 56% of rate base, in NRLP's 2020 to 2024 transmission rate application (EB-2018-0275). The forecast weighted average long-term debt rate is calculated to be 3.06% for 2025.

[2] Consistent with the 2021 revenue requirement update application (EB-2020-0225)

At the time of DRO, NRLP will update the long-term debt rate for the 2025 test year based on NRLP's weighted average of its existing debt rate and the September 2024 Consensus Forecast, consistent with the proposed update of the return on common equity and deemed short-term interest rate.

5.1 NRLP LONG-TERM DEBT

Hydro One Inc. provides treasury services to NRLP. NRLP issues debt to Hydro One Inc. to reflect debt issued by Hydro One Inc. to third-party public debt investors. In 2020, Hydro One Inc. issued five, ten and thirty-year notes to third-party investors to finance 100% of NRLP's debt. Third-party public debt investors hold all of the long-term debt issued by Hydro One Inc. The debt portfolio for NRLP is detailed in Exhibit G-01-02.

5.2 CREDIT RATINGS

As an issuing entity, Hydro One Inc. obtains credit ratings from credit rating agencies as a requirement to issue medium-term notes in the Canadian public debt markets. Table 1 lists the credit ratings of Hydro One Inc.'s debt obligations by DBRS Limited, Moody's Investors Service and S&P Global Ratings:

Table 1 - Credit Ratings for Hydro One Inc.

Rating Agency	Short-term Debt	Long-term Debt
DBRS Limited (DBRS)	R-1(low)	A(high)
Moody's Investors Service (Moody's)	Prime-2	A3
S&P Global Ratings (S&P)	A-1(low)	A-

Rating agency reports are available at Exhibit A-06-03 of Hydro One's 2023-27 Custom IR Application for Transmission and Distribution (EB-2021-0110).

5.3 COST OF LONG-TERM DEBT

The long-term debt rate for 2025 is calculated as the weighted average cost rate of existing debt and forecast 10-year debt planned to be issued in 2025. The proposed weighted average long-term debt rate for 2025 is 3.06%. Details used in the calculation of the forecast long-term debt rate are presented at Exhibit G-01-02, Page 1.

5.4 FORECAST DEBT

The OEB has determined in its Cost of Capital Report that the rate for new debt that is held by a third-party public debt investor will be the prudently negotiated contract rate. This would include recognition of premiums and discounts.

NRLP's planned borrowing requirement in 2025 is $20.3M, based on its most recent forecast. NRLP's borrowing requirements are driven entirely by the maturity of its existing debt.

NRLP issued 5, 10 and 30-year notes in 2020 for the entire amount of its debt. These are the standard maturity terms preferred by investors and represent the typical financing terms that Hydro One Inc. utilizes to execute its financing strategy and raise required funds. The timing of this issuance yielded a very low rate that provided ratepayers with low long-term debt costs over the last five years. For planning purposes it is assumed that NRLP's new 10-year debt issue will replace the existing 5-year debt issued in 2025, which is maturing on February 28, 2025. The 10-year and 30-year debt issued in 2020 will remain as existing debt with approximately 5 and 25 years to maturity remaining respectively.

For the purpose of this application, NRLP's evidence reflects a long-term debt rate of 4.35%, as a placeholder for the maturing debt for 2025 to 2029. From January to February 28, 2025, the cost of existing debt of 1.78% is applied and, from February 28, 2025, to December 31, 2029, NRLP has applied the long-term debt rate based on HONI's forecast for new 10-year debt rate calculation for 2025, reflecting the January 2024 Consensus Forecasts and the average of indicative new issue spreads for January 2024. Table 2 lists the fixed-rate 10-year note that Hydro One Inc. plans to issue for NRLP in 2025, as shown in line 4 of Exhibit G-01-02, Page 1.

Table 2 - Forecast Debt Issues for 2025

Principal Amount ($M)	Term (Years)	Coupon
20.3	10	4.348%

Including the refinanced debt at the rate above, NRLP has calculated the weighted average debt rate to be 3.06% for 2025 as shown in Exhibit G-01-02.

NRLP assumes that for rates effective January 1, 2025, the forecast interest rate for NRLP's debt issues will be updated based on the September 2024 Consensus Forecasts and the average of indicative new issue spreads for September 2024 that will be obtained from the Hydro One Medium Term Note (MTN) dealer group for each planned issuance term.

5.5 INTEREST RATES ON 2025 FORECAST DEBT ISSUES

NRLP's borrowing will be financed at market rates applicable to Hydro One Inc. Table 3 summarizes the derivation of the forecast Hydro One Inc. yields for the planned 10-year issuance term for 2025.

Table 3 – Forecast Yield for 2025 Issuance Terms

	2025
	10-year
Government of Canada	3.20%
Hydro One Spread	1.15%
Forecast Hydro One Yield	4.35%

Each rate comprises the forecast Government of Canada bond yield plus the Hydro One Inc. credit spread applicable to that term. The ten-year Government of Canada bond yield forecast for 2025 is based on the average of the three-month and 12-month forecast from the January 2024 Consensus Forecast. Hydro One's credit spreads over the Government of Canada bonds are based on the average of indicative new issue spreads for January 2024 obtained from the Company's MTN dealer group for each planned issuance term.

NRLP assumes that, for rates effective January 1, 2025, the forecast interest rate for Hydro One Inc.'s debt issues will be based on the September 2024 Consensus Forecasts and the average of indicative new issue spreads for September 2024 that will be obtained from the Hydro One Inc. MTN dealer group for each planned issuance term.

5.6 TREASURY OM&A COSTS

Treasury OM&A costs are incurred to:

- execute borrowing plans and issue commercial paper and long-term debt;
- ensure compliance with securities regulations, bank and debt covenants;
- manage NRLP's daily liquidity position, control cash, and manage the company's bank accounts;
- settle all transactions and manage relationships with creditors; and
- communicate with debt investors, banks and credit rating agencies.

Treasury OM&A costs are provided in the long-term debt schedules for test years in Exhibit G-01-02.

5.7 OTHER FINANCING-RELATED FEES

Column (e) of Exhibit G-01-02 (Premium, Discount and Expenses) represents the costs of issuing debt. These costs are specific to each debt issue and include commissions, legal fees, debt discounts or premiums on issues and re-openings of issues relative to par, and hedge gains or losses.

Other financing-related fees include the Transmission allocation of Hydro One Inc.'s standby credit facility, annual credit rating agency, filing fees to security regulators, letters of credit, banking, custodial and trustee fees. These fees are summarized in the long-term debt schedules for the test years in Exhibit G-01-02.

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Niagara Reinforcement Limited Partnership
Cost of Long-Term Debt Capital
Test Year (2025)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered ($Millions)	Premium Discount and Expenses ($Millions)	Net Capital Employed: Total Amount ($Millions)	Net Capital Employed: Per $100 Principal Amount (Dollars)	Effective Cost Rate	Total Amount Outstanding at 12/31/2024 ($Millions)	Total Amount Outstanding at 12/31/2025 ($Millions)	Avg. Monthly Averages ($Millions)	Carrying Cost ($Millions)	Projected Average Embedded Cost Rates
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	30-Apr-20	1.780%	28-Feb-25	20.3	0.1	20.2	99.63	1.86%	20.3	0.0	3.1	0.1	
2	30-Apr-20	2.180%	28-Feb-30	24.3	0.1	24.2	99.58	2.23%	24.3	23.9	23.9	0.5	
3	30-Apr-20	2.730%	28-Feb-50	18.2	0.1	18.1	99.42	2.76%	18.2	18.2	18.2	0.5	
4	25-Feb-25	4.348%	25-Feb-35	20.3	0.1	20.2	99.50	4.41%	0.0	19.8	17.0	0.8	
5		**Subtotal**							62.9	62.0	62.3	1.8	
6		Treasury OM&A costs										0.02	
7		Other financing-related fees										0.05	
8		**Total**							62.9	62.0	62.3	1.9	3.06%

Note 1 - All debt is 3rd party issued debt with fixed rates
Note 2 - Principal amount offered for debt in line 2 has been updated to reflect the principal amount outstanding at the start of 2025

Niagara Reinforcement Limited Partnership
Cost of Long-Term Debt Capital
Test Year (2026)
Year ending December 31

Line No.	Offering Date	Coupon Rate	Maturity Date	Principal Amount Offered ($Millions)	Premium Discount and Expenses ($Millions)	Net Capital Employed Total Amount ($Millions)	Net Capital Employed Per $100 Principal Amount (Dollars)	Effective Cost Rate	Total Amount Outstanding at 12/31/2025 ($Millions)	Total Amount Outstanding at 12/31/2026 ($Millions)	Avg. Monthly Averages ($Millions)	Carrying Cost ($Millions)	Projected Average Embedded Cost Rates
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	30-Apr-20	2.180%	28-Feb-30	23.9	0.1	23.8	99.58	2.23%	23.9	23.9	23.9	0.5	
2	30-Apr-20	2.730%	28-Feb-50	18.2	0.1	18.1	99.42	2.76%	18.2	18.2	18.2	0.5	
3	25-Feb-25	4.348%	25-Feb-35	19.8	0.1	19.7	99.50	4.41%	19.8	18.9	19.4	0.9	
4		**Subtotal**							62.0	61.0	61.5	1.9	
5		Treasury OM&A costs										0.02	
6		Other financing-related fees										0.05	
7		**Total**							62.0	61.0	61.5	2.0	3.18%

Note 1 - All debt is 3rd party issued debt with fixed rates

NRLP
Summary of Cost of Capital
Test Year 2025
Utility Capital Structure
Year Ending December 31
($ Millions)

		2025			
Line No.	**Particulars**	**($M)**	**%**	**Cost Rate (%)**	**Return ($M)**
		(a)	(b)	(c)	(d)
I	Long-term debt	62.3	56.7%	3.06%	1.9
2	Short-term debt	4.4	4.0%	6.23%	0.3
3	Deemed long-term debt	(0.7)	(0.7%)	3.06%	(0.0)
4	Total debt	66.0	60.0%	3.28%	2.2
5	Common equity	44.0	40.0%	9.21%	4.0
6	Total rate base	109.9	100.0%	5.65%	6.2

Long term debt ($M) based on Average Monthly Total Debt outstanding G-01-02
Long term debt % based on Projected Average Embedded Cost Rate G-01-02
Short term debt % based on OEB's 2024 Cost of Capital Parameters
Common Equity % based on OEB's 2024 Cost of Capital Parameters
Total rate base from C-01-01

NRLP
Summary of Cost of Capital
Test Year 2026
Utility Capital Structure
Year Ending December 31
($ Millions)

		2026			
Line No.	**Particulars**	**($M)**	**%**	**Cost Rate (%)**	**Return ($M)**
		(a)	(b)	(c)	(d)
I	Long-term debt	61.5	56.8%	3.18%	2.0
2	Short-term debt	4.3	4.0%	6.23%	0.3
3	Deemed long-term debt	(0.8)	(0.8%)	3.18%	(0.0)
4	Total debt	65.0	60.0%	3.38%	2.2
5	Common equity	43.3	40.0%	9.21%	4.0
6	Total rate base	108.4	100.0%	5.71%	6.2

Long term debt ($M) based on Average Monthly Total Debt outstanding G-01-02
Long term debt % based on Projected Average Embedded Cost Rate G-01-02
Short term debt % based on OEB's 2024 Cost of Capital Parameters
Common Equity % based on OEB's 2024 Cost of Capital Parameters
Total rate base from C-01-01

NRLP
Summary of Cost of Capital
Test Year 2027
Utility Capital Structure
Year Ending December 31
($ Millions)

		2027			
Line No.	**Particulars**	**($M)**	**%**	**Cost Rate (%)**	**Return ($M)**
		(a)	(b)	(c)	(d)
I	Long-term debt	60.6	56.8%	3.18%	1.9
2	Short-term debt	4.3	4.0%	6.23%	0.3
3	Deemed long-term debt	(0.8)	(0.8%)	3.18%	(0.0)
4	Total debt	64.0	60.0%	3.38%	2.2
5	Common equity	42.7	40.0%	9.21%	3.9
6	Total rate base	106.7	100.0%	5.71%	6.1

Long term debt ($M) based on Average Monthly Total Debt outstanding G-01-02
Long term debt % based on Projected Average Embedded Cost Rate G-01-02
Short term debt % based on OEB's 2024 Cost of Capital Parameters
Common Equity % based on OEB's 2024 Cost of Capital Parameters
Total rate base from C-01-01

NRLP
Summary of Cost of Capital
Test Year 2028
Utility Capital Structure
Year Ending December 31
($ Millions)

		2028			
Line No.	**Particulars**	**($M)**	**%**	**Cost Rate (%)**	**Return ($M)**
		(a)	(b)	(c)	(d)
I	Long-term debt	59.7	56.8%	3.18%	1.9
2	Short-term debt	4.2	4.0%	6.23%	0.3
3	Deemed long-term debt	(0.8)	(0.8%)	3.18%	(0.0)
4	Total debt	63.1	60.0%	3.38%	2.1
5	Common equity	42.0	40.0%	9.21%	3.9
6	Total rate base	105.1	100.0%	5.71%	6.0

Long term debt ($M) based on Average Monthly Total Debt outstanding G-01-02
Long term debt % based on Projected Average Embedded Cost Rate G-01-02
Short term debt % based on OEB's 2024 Cost of Capital Parameters
Common Equity % based on OEB's 2024 Cost of Capital Parameters
Total rate base from C-01-01

NRLP
Summary of Cost of Capital
Test Year 2029
Utility Capital Structure
Year Ending December 31
($ Millions)

Line No.	Particulars	2029 ($M)	%	Cost Rate (%)	Return ($M)
		(a)	(b)	(c)	(d)
I	Long-term debt	58.8	56.8%	3.18%	1.9
2	Short-term debt	4.1	4.0%	6.23%	0.3
3	Deemed long-term debt	(0.8)	(0.8%)	3.18%	(0.0)
4	Total debt	62.1	60.0%	3.38%	2.1
5	Common equity	41.4	40.0%	9.21%	3.8
6	Total rate base	103.5	100.0%	5.71%	5.9

Long term debt ($M) based on Average Monthly Total Debt outstanding G-01-02
Long term debt % based on Projected Average Embedded Cost Rate G-01-02
Short term debt % based on OEB's 2024 Cost of Capital Parameters
Common Equity % based on OEB's 2024 Cost of Capital Parameters
Total rate base from C-01-01

REGULATORY ACCOUNTS

1.0 INTRODUCTION

The purpose of this exhibit is to provide a description of NRLP's regulatory accounts and proposal with respect to account requests and disposition. The regulatory accounts reported by NRLP have been established consistent with the OEB's requirements as set out in the Accounting Procedures Handbook, subsequent OEB direction, or as per specific requests initiated by NRLP.

NRLP's regulatory balances were last disposed on a final basis in EB-2020-0251 as of December 31, 2020.[1]

In this Application, NRLP requests disposition of its regulatory account balance in the Earnings Sharing Mechanism (ESM) deferral account that accumulated between 2021 and 2023, as summarized in Table 1:

Table 1 - Summary of Regulatory Account Balances ($)

Description	Principal Balance as at Dec. 31, 2023	Projected Interest up to Dec. 31, 2024	Total Balance
Tax Rate and Rule Changes Variance Account	0	0	0
Niagara Reinforcement Limited Partnership Deferral Account	0	0	0
ESM Deferral Account	(535,761)	(50,288)	(586,049)
Total Group 2 Balances	**(535,761)**	**(50,288)**	**(586,049)**

The projected interest for 2024 is calculated by applying interest on the December 31, 2023 principal balance using the OEB's quarterly prescribed interest rates for deferral and variance accounts. As shown in the DVA Continuity Schedule at Exhibit H-01-01,

[1] EB-2020-0251, 2021 Uniform Transmission Rates, Decision and Rate Order, December 17, 2020

Attachment 1, there is a small principal adjustment of $55K in 2023 to reflect minimum corporate taxes that were included in the 2022 Regulated ROE calculation but not included in the 2022 ESM calculation. Although recorded in the account in 2023, the adjustment was reflected in the 2022 audited financial statements as filed in Exhibit A-06-02, Attachment 2. In addition, there was a similar adjustment of $34K in 2024 to reflect minimum corporate taxes that were included in the 2023 Regulated ROE calculation but not the 2023 ESM calculation.

Information on each account and its balance is described in Section 2.0 of this Exhibit, with a detailed continuity schedule for the period 2020 to the present, showing separate itemization of opening balances, annual adjustments, transactions, interest and closing balances presented in Exhibit H-01-01, Attachment 1. No adjustments have been made to account balances that were previously approved by the OEB on a final basis.

NRLP is requesting to dispose of the ESM deferral account balance as part of its revenue requirement over a one-year period commencing January 1, 2025.

2.0 DESCRIPTION OF REGULATORY ACCOUNTS

The OEB approved the establishment of three regulatory accounts for NRLP which are described herein.

2.1 NIAGARA REINFORCEMENT LIMITED PARTNERSHIP DEFERRAL ACCOUNT (NRLPDA)

On September 26, 2019, Hydro One received approval for the establishment of the NRLPDA to record the revenue requirement for the Niagara Reinforcement Project that was placed in-service on August 30, 2019. NRLP was approved to record the interim revenue requirement effective September 1, 2019 until the OEB-approved effective date of the revenue requirement in the rebasing application.[2]

[2] NRLP is requesting that revenue from UTRs begins as of January 1, 2020. In that event, the NRLPDA would cease recording of revenue requirement as of December 31, 2019.

On December 19, 2019, the OEB approved NRLP's request to expand the scope of the NRLPDA to include forgone revenue, where the OEB ruled that any potential forgone revenue resulting from the difference between interim and final revenue requirement would be disposed no later than its 2021 rates application.[3] As part of the OEB's April 9, 2020 Decision and Order on NRLP's 2020-2024 revenue requirement, the OEB ordered that the previously established NRLPDA be used to track 2020 forgone revenue and established that the NRLPDA will not close until the 2020 forgone revenue is cleared.[4]

In the OEB's 2020 Uniform Transmission Rates (UTR) decision on NRLP's forgone revenue, the OEB decided that NRLP may continue to use its already established NRLPDA to track forgone revenue until all forgone revenue associated with the difference between revenue earned under interim UTRs and the revenues that would have been received under the approved UTRs, based on the OEB-approved 2020 rates revenue requirement and load forecasts, has been collected through the UTRs.[5]

In this Application, NRLP requests the continuance of the NRLPDA over the 2025 to 2029 rate term in the event the OEB's decision on the application may not be available by January 1, 2025. As such, NRLP proposes to use the NRLPDA to record any differences between the interim revenue requirement awarded (as at the effective date) and the actual revenue included in the final decision (as at the implementation date). Any balance will be interest improved and submitted for disposition at NRLP's next rate application.

[3] EB-2018-0275, NRLP, Decision and Order on Interim Revenue Requirement, December 19, 2019
[4] EB-2018-0275, NRLP, Decision and Order, April 9, 2020, p. 8; and EB-2020-0180, 2020 Uniform Transmission Rates, revised July 31, 2020, pp. 15-16
[5] EB-2020-0180, 2020 Uniform Transmission Rates, revised July 31, 2020, p.16

2.2 TAX RATE AND RULE CHANGES VARIANCE ACCOUNT (ACCOUNT 1592)

Effective January 1, 2020, NRLP was approved a new tax rate and rule changes variance account in the EB-2018-0275 proceeding. This account was approved to track the revenue requirement impact of legislative or regulatory changes to tax rates or rules compared to costs approved by the OEB as part of 2020 to 2024 transmission rates, and differences that result from a change in, or a disclosure of, a new assessment or administrative policy that is published in the public tax administration or interpretation bulletins by relevant federal or provincial tax authorities.

NRLP proposes continuance of this account in order to track any potential revenue requirement impact of any legislative or regulatory changes to tax rates or rules during the 2025 to 2029 rate term.

2.3 EARNINGS SHARING MECHANISM (ESM) DEFERRAL ACCOUNT

Effective January 1, 2020, NRLP was approved for an ESM deferral account in EB-2018-0275 to record any material over-earnings realized during any year of the five-year term that is 100 basis points above deemed return on equity.

The use of an ESM provides protection for ratepayers if forecasts differ from actual results over the five-year period. The 100 basis points is consistent with the OEB-approved materiality threshold for Hydro One Transmission. The ratepayer share of the excess earnings is adjusted for any tax impacts and is credited to the deferral account which is now brought forward for disposition in this Application.

NRLP proposes continuance of this account over the 2025 to 2029 rate term and will share with customers 50% of any earnings that exceed the regulatory return on equity reflected in this Application by more than 100 basis points in any year of the five-year term.

3.0 ACCOUNTS SOUGHT FOR DISPOSITION

3.1 ESM DEFERRAL ACCOUNT (ACCOUNT 2435)

As at January 1, 2025, NRLP is requesting approval to dispose the balance of the ESM deferral account as of December 31, 2023. The calculation of the ROE uses actual rate base as determined by the sum of the Average regulated fixed assets and working capital allowance, as set out in the “Calculation of ROE on a Deemed Basis” filed pursuant to the OEB’s RRR reporting.[6] The ROE calculation is normalized for revenue impacting items such as entries recorded in the year which relate to prior years to normalize the in-year net income. The ratepayers’ share of the excess earnings are grossed up for the associated tax impact to the extent that there are no losses in the year. As shown in Table 2 below, the 2022 and 2023 ESM amounts do not require a tax-gross up because NRLP was in a taxable loss position.

Table 2 - 2020-2023 ESM Calculations

		2020	2021	2022	2023
Rate base[A]	**A**	$117,835,025	$116,243,360	$114,651,694	$113,060,029
Capital Structure[B]:					
Long-term debt	**B**	56%	56%	56%	56%
Short-term debt	**C**	4%	4%	4%	4%
Common equity	**D**	40%	40%	40%	40%
Allowed Return[C]:					
Long-term debt	**E**	3.05%	2.34%	2.34%	2.34%
Short-term debt	**F**	2.75%	2.75%	2.75%	2.75%
Allowed ROE	**G**	8.52%	8.52%	8.52%	8.52%
Regulated Net Income (actual) [D]	**H**	$4,317,312	$4,641,768	$4,812,637	$4,673,197
Achieved ROE	**I = H / (A x D)**	9.16%	9.98%	10.49%	10.33%
Allowed ROE	**J**	8.52%	8.52%	8.52%	8.52%
Over/(Under) earning (%)	**K = I - J**	0.64%	1.46%	1.974%	1.81%
OEB allowed earnings	**L**	1%	1%	1%	1%

[6] RRR 2.1.5.6 ROE Filing Guide

threshold[E]					
Over/(Under) earning (%)	**M = K - L**	-0.36%	0.46%	0.974%	0.81%
Excess Earnings Pool	**N = A x D x M**		$214,429	$446,701	$367,871
Sharing with ratepayers	**O**		50%	50%	50%
Sharing with ratepayers	**P = N x O**		$107,215	$223,350 [7]	$183,935
Tax Grossed-Up Principal Amount	**Q = P / (0.735 – P) x 0.55 + P**		$128,475		
Total Cumulative ESM Principal Balance (as of Dec. 31, 2023)					**$535,760[8]**

[A] Average rate base for 2021 and 2022 as per 2022 ROE filing
[B] Capital structure rates from filing EB-2018-0275
[C] Allowed return from filing EB-2018-0275, long-term debt rate updated as per EB-2020-0225
[D] Regulated Net Income as per 2020 to 2023 ROE filing
[E] ESM sharing deadband as established in ESM Deferral Account Accounting Order in EB-2018-0275

4.0 ACCOUNTS NOT SOUGHT FOR DISPOSITION

4.1 TAX RATE AND RULE CHANGES VARIANCE ACCOUNT (ACCOUNT 1592)

As at December 31, 2023, NRLP had a $nil balance in this account as its tax rates were in alignment with current tax legislation.

4.2 NIAGARA REINFORCEMENT LIMITED PARTNERSHIP DEFERRAL ACCOUNT (NRLPDA)

As at December 31, 2023, NRLP had a $nil balance in this account as the 2020 forgone revenues and accrued interest amounts were approved to be disposed as part of the 2021 UTR rates proceeding (EB-2020-0251).

5.0 ACCOUNTING AND CONTROL PROCESS

The accounts noted above will continue to be managed in a consistent manner. When applicable, they will be updated monthly and interest applied to the monthly opening

[7] DVA Continuity at Exhibit H-01-01, Attachment 1, cell Z10 (2022 transactions) and cell AL10 (2023 principal adjustment)
[8] $34K variance is a result of an adjustment made to the principal balance for 2023 in 2024. The adjustment is a result of corporate taxes which were included in the 2023 ROE calculation but not included in the 2023 ESM calculation.

principal balance in this account according to the OEB-approved rate. Balances will be reported to the OEB as part of the quarterly reporting process, and will be consistent with last audited financial statements. The outstanding balances as of December 31, 2023, are being submitted for approval as part of this NRLP rate application, as applicable.

A certification on the account balances pursuant to the Chapter 1 Filing Requirements has been provided at Exhibit A-01-02, Attachment 2.

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		2020									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-20	Transactions Debit / (Credit) during 2020	Board-Approved Disposition during 2020	Principal Adjustments during 2021	Closing Principal Balances as of Dec 31-20	Opening Interest Amounts as of Jan-1-20	Interest Jan-1 to Dec-31-20	Interest Disposition during 2020- instructed by Board	Interest Adjustments during 2021	Closing Interest Balance as at Dec 31 -20 balance
Group 2 Accounts											
Foregone Revenue Deferral Account	1508				4,148,691	4,148,691				66,635	66,635
Tax Rate and Rule Changes Variance Account	1592										-
Earnings Sharing Mechanism (ESM) Deferral Account	2435										-
Total Regulatory Accounts Seeking Disposition – Group 2					**4,148,691**		**-**		**-**	**66,635**	**66,635**
Total Regulatory Accounts Not Seeking Disposition – Group 2							**-**		**-**	**66,635**	**66,635**

		2021									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-21	Transactions Debit / (Credit) during 2021	Board-Approved Disposition during 2021	Principal Adjustments during 2022	Closing Principal Balances as of Dec 31-21	Opening Interest Amounts as of Jan-1-21	Interest Jan-1 to Dec-31-21	Interest Disposition during 2021- instructed by Board	Interest Adjustments during 2022	Closing Interest Balance as at Dec 31 -21 balance
Group 2 Accounts											
Foregone Revenue Deferral Account	1508	4,148,691		4,148,691		(0)	66,635	12,550	79,217		(33)
Tax Rate and Rule Changes Variance Account	1592					-					-
Earnings Sharing Mechanism (ESM) Deferral Account	2435	-	(128,475)			(128,475)	-				-
Total Regulatory Accounts Seeking Disposition – Group 2		**4,148,691**	**-**	**4,148,691**		**(0)**	**66,635**		**79,217**	**12,550**	**(33)**
Total Regulatory Accounts Not Seeking Disposition – Group 2		**4,148,691**	**-**	**4,148,691**		**(0)**	**66,635**		**79,217**	**12,550**	**(33)**

		2022									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-22	Transactions Debit / (Credit) during 2022	Board-Approved Disposition during 2022	Principal Adjustments during 2023	Closing Principal Balances as of Dec 31-22	Opening Interest Amounts as of Jan-1-22	Interest Jan-1 to Dec-31-22	Interest Disposition during 2022- instructed by Board	Interest Adjustments during 2023	Closing Interest Balance as at Dec 31 -22 balance
Group 2 Accounts											
Foregone Revenue Deferral Account	1508	(0)				(0)	(33)	33			-
Tax Rate and Rule Changes Variance Account	1592	-				-					-
Earnings Sharing Mechanism (ESM) Deferral Account	2435	(128,475)	(278,736)		55,386	(351,826)	0	(2,473)			(2,473)
Total Regulatory Accounts Seeking Disposition – Group 2		**(128,475)**	**(278,736)**	**-**		**(351,826)**	**(33)**	**(2,440)**	**-**	**-**	**(2,473)**
Total Regulatory Accounts Not Seeking Disposition – Group 2		**(128,475)**	**(278,736)**	**-**		**(351,826)**	**(33)**	**(2,440)**	**-**	**-**	**(2,473)**

		2023									
Account Descriptions	Account Number	Opening Principal Amounts as of Jan-1-23	Transactions Debit / (Credit) during 2023	Board-Approved Disposition during 2023	Principal Adjustments during 2024	Closing Principal Balances as of Dec 31-23	Opening Interest Amounts as of Jan-1-23	Interest Jan-1 to Dec-31-23	Interest Disposition during 2023-instructed by Board	Interest Adjustments during 2024	Interest Balance as at Dec 31 -23 balance
Group 2 Accounts											
Foregone Revenue Deferral Account	1508	(0)				(0)	-	(0)			(0)
Tax Rate and Rule Changes Variance Account	1592					-					-
Earnings Sharing Mechanism (ESM) Deferral Account	2435	(351,826)	(218,174)		34,239	(535,761)	(2,473)	(18,402)			(20,875)
Total Regulatory Accounts Seeking Disposition – Group 2		**(351,826)**	**(218,174)**	**-**	**34,239**	**(535,761)**	**(2,473)**	**(18,402)**	**-**	**-**	**(20,875)**
Total Regulatory Accounts Not Seeking Disposition – Group 2		**(351,826)**	**(218,174)**	**-**	**34,239**	**(535,761)**	**(2,473)**	**(18,402)**	**-**	**-**	**(20,875)**

		2024							2.1.7 RRR		
Account Descriptions	Account Number	Principal Disposition during 2024 - instructed by OEB	Interest Disposition during 2024 - instructed by OEB	Closing Principal Balances as of Dec 31-23 Adjusted for Dispositions during 2024	Closing Interest Balances as of Dec 31-23 Adjusted for Dispositions during 2024	Projected Interest from Jan 1, 2024 to December 31, 2024 on Dec 31 -23 balance adjusted for disposition during 2024	Total Interest	Total Claim	Accounts To Dispose Yes/No	As of Dec 31-23	Variance RRR vs. 2023 Balance (Principal + Interest)
Group 2 Accounts											
Foregone Revenue Deferral Account	1508			(0)	(0)	(0)	(0)	(0)	No		
Tax Rate and Rule Changes Variance Account	1592					-	-	-	No		
Earnings Sharing Mechanism (ESM) Deferral Account	2435			(535,761)	(20,875)	(29,413)	(50,288)	(586,049)	Yes	(556,635.72)	0.00
Total Regulatory Accounts Seeking Disposition – Group 2				**(535,761)**	**(20,875)**	**(29,413)**	**(50,288)**				
Total Regulatory Accounts Not Seeking Disposition – Group 2				**(535,761)**	**(20,875)**	**(29,413)**	**(50,288)**	**(586,049)**			

COST ALLOCATION AND RATE DESIGN

1.0 COST ALLOCATION

All assets associated with NRLP are classified as Network assets, consistent with the cost allocation methodology approved by the OEB for NRLP in proceeding EB-2018-0275. A listing of the NRLP assets by functional category is provided below in Table 1. Accordingly, the total rates revenue requirement associated with NRLP's transmission assets will be allocated to the Network pool.

Table 1 - NRLP Assets by Functional Category

Circuit	Section	From	To	Functional Category
Q26M	4	Allanburg West JCT	Middleport TS	Network
Q35M	4	Allanburg West JCT	St.Anns JCT	Network
Q35M	5	St.Anns JCT	Caledonia Q35M JCT	Network
Q35M	6	Caledonia Q35M JCT	Middleport TS	Network

The NRLP Network rates revenue requirement[1] for the purpose of setting uniform transmission rates (UTRs) effective for test year 2025 is $8.40M, for 2026 is $8.94 M, for 2027 is 8.82M, for 2028 is 8.81M and for 2029 is $9.49M, as determined per Exhibit E-01-01.

2.0 CHARGE DETERMINANTS

There are no customer delivery points supplied directly from the NRLP assets, and as such the NRLP Network charge determinant for the purpose of setting Uniform Transmission Rates is zero.

[1] Including the disposition of the ESM balance as part of its revenue requirement over a one-year period commencing January 1, 2025.

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OVERVIEW OF UNIFORM TRANSMISSION RATES

1.0 INTRODUCTION

Transmission rates in Ontario have been established on a uniform basis for all transmitters in Ontario since April 30, 2002, as per the OEB's Decision in RP-2001-0034/RP20010035/RP-2001-0036/RP-1999-0044. The current Uniform Transmission Rate (UTR) Schedule, which were effective on January 1, 2024, as part of the OEB's Decision and Rate Order in EB-2023-0222 issued on January 18, 2024, are filed as Exhibit I-03-01, Attachment 1. Exhibit I-03-01, Attachment 2 shows the revenue requirement and charge determinant details used to derive the currently approved 2024 UTRs.

Since rates are established on a uniform basis, NRLP's requested rates revenue requirement is a contributor to the total revenue requirement to be collected from the provincial UTR. The rates revenue requirement for all the other transmitters in the province approved to participate in the UTR must be added to that of NRLP in order to calculate the total transmission rates revenue requirement to be collected via the UTR.[1]

The total rates revenue requirement from all transmitters must be allocated to the Network, Line Connection and Transformation Connection rate pools in order to establish uniform rates by pool. The revenue requirement for NRLP will be allocated to the Network rate pool, as discussed in Exhibit I-01-01. The rates revenue requirements by rate pool for the other transmitters are allocated to either the Network rate pool, or in proportion to Hydro One Transmission's rates revenue requirement across the three rate pools.

[1] The other seven transmitters currently included in the UTRs are Hydro One Networks Inc. (Hydro One), Hydro One Networks Sault Ste. Marie LP (HOSSM), Five Nations Energy Inc. (FNEI), Canadian Niagara Power Inc. (CNPI), Wataynikaneyap Power LP (WPLP), Upper Canada Transmission 2, Inc., operating as East-West Tie Limited Partnership (EWTLP), and B2M Limited Partnership (B2M LP).

Once the total rates revenue requirement by rate pool has been established, rates are determined by applying the Provincial charge determinants for each rate pool to the total revenue for each rate pool. The Provincial charge determinants are the sum of all charge determinants, by rate pool, approved by the OEB for each of the transmitters participating in the UTR.

The 2025 UTR schedule is provided in Exhibit I-04-01, Attachment 1, and the rates revenue requirement and charge determinants details used to calculate the 2025 UTRs are provided in Exhibit I-04-01, Attachment 2. The 2025 UTR calculation includes the 2025 NRLP rates revenue requirement and the currently approved values for the other transmitters.[2]

2.0 BILL IMPACTS

The impact of transmission rates on a customer's total bill varies between transmission-connected and distribution-connected customers. Table 1 shows the estimated average transmission cost as a percentage of the total bill for a transmission-connected customer.

Table 1 - Estimated Transmission Cost as a Percentage of Total Electricity Market Costs

Figure	Cost Component	¢/kWh	Source
A	Commodity	10.43	IESO Monthly Market Report December 2023
B	Wholesale Market Service Charges	0.48	IESO Monthly Market Report December 2023
C	Wholesale Transmission Charges	1.51	IESO Monthly Market Report December 2023
D	**Total Monthly Cost for TX-Connected Customers**	**12.42**	**D=A+B+C**
E	Transmission as % of Total Cost for TX-Connected Customers	12.2%	E=C/D

[2] See EB-2023-0222, Decision and Order on 2024 Uniform Transmission Rates, page 4, Table 1

The NRLP 2025 rates revenue requirement represents approximately 0.4% of the total rates revenue requirement across all transmitters, which is approximated by adjusting the 2024 overall approved UTR revenue requirement to include the NRLP 2025 rates revenue requirement.[3] This percentage has been applied to NRLP's changes in revenue requirement to calculate the net impact on average transmission rates for each year in the test period, from 2025 to 2029. Figure E (12.2%) from Table 1 above has been applied to the net impact on average transmission rates to estimate the bill impact on transmission-connected customers in the test period, as shown in Table 2.

Table 2 - Average Bill Impacts on Transmission-Connected Customers

	2024	2025	2026	2027	2028	2029
NRLP's Rates Revenue Requirement [1][2]	$8,565,165	$8,404,946	$8,941,505	$8,821,716	$8,805,767	$9,491,689
% Change in Rates Revenue Requirement over prior year		-1.9%	6.4%	-1.3%	-0.2%	7.8%
% Impact of load forecast change		0.0%	0.0%	0.0%	0.0%	0.0%
Net Impact on Average Transmission Rates [3]		**-0.007%**	**0.024%**	**-0.005%**	**-0.001%**	**0.030%**
Transmission as a % of Tx-connected customer's Total Bill		12.2%	12.2%	12.2%	12.2%	12.2%
Estimated Average Transmission Customer Bill Impact [4]		**-0.001%**	**0.003%**	**-0.001%**	**0.000%**	**0.004%**

[1] 2024 rates revenue requirement per Decision and Rate Order, EB-2023-0128, Decision and Order, September 7, 2023.

[2] 2025-2029 rates revenue requirement per Exhibit E-01-01.

[3] The calculation of net impact on transmission rates accounts NRLP's 2024 rates revenue requirement as 0.4% of the total rates revenue requirement across all transmitters (i.e. 0.4% x -1.9% = -0.007% in 2025) per Decision and Rate Order, EB-2023-0222, 2024 Uniform Transmission Rates Updater-Schedule A, January 18, 2024.

[4] The calculation of estimated average transmission customer bill impact is the net impact on average transmission rates on the transmission portion of a transmission connected customer's total bill (i.e. -0.007% x 12.2% = -0.001% in 2025).

The annual total bill impacts for a typical medium density residential (Hydro One-Dx R1) customer consuming 750 kWh monthly and a typical General Service Energy less than 50 kW (Hydro One-Dx GS<50kW) customer consuming 2,000 kWh monthly are determined based on the forecast change in the customer's Retail Transmission Service Rates (RTSRs) during the test period, as detailed in Table 3.

[3] Exhibit I-04-01, Attachment 1

Table 3 - Bill Impacts for Typical Distribution-Connected Customers

	Calculation [1]	2024	2025	2026	2027	2028	2029
NRLP's Rates Revenue Requirement ($M)[2]	A	8.565	8.405	8.942	8.822	8.806	9.492
NRLP's 2024 Rates Revenue Requirement as % of UTR Network Revenue Requirement[3]	B	0.624%					
Estimated Net Impact on RTSR-Network[4]	$C=(A/A_{PY}-1)*B_{2024}$		-0.012%	0.040%	-0.008%	-0.001%	0.049%
Typical Medium Density (HONI-Dx R1) Customer Consuming 750 kWh per Month							
		2024	**2025**	**2026**	**2027**	**2028**	**2029**
RTSR Network Charge ($)[5],[6]	$D=D_{PY}*(1+C)$	9.523	9.521	9.525	9.524	9.524	9.529
RTSR Connection Charge ($)[5],[7],[8]	E	7.021	7.021	7.021	7.021	7.021	7.021
Total RTSR Charge ($)	F=D+E	16.544	16.542	16.546	16.545	16.545	16.550
Estimated Change in RTSR Network Charge ($)[8]	$G=C*D_{PY}$		(0.001)	0.004	(0.001)	(0.000)	0.005
Total Bill ($)[8]	$H=H_{PY}+D$	141.102	141.101	141.105	141.104	141.104	141.109
Increase as a % of Total bill	$I=G/H_{PY}$		-0.001%	0.003%	-0.001%	0.000%	0.003%
Typical General Service Energy less than 50 kW (GS<50kW Customer Consuming 2,000 kWh per Month							
		2024	**2025**	**2026**	**2027**	**2028**	**2029**
RTSR Network Charge ($) [5],[6]	$J=J_{PY}*(1+ C)$	20.386	20.383	20.391	20.390	20.389	20.399
RTSR Connection Charge ($) [5],[7],[8]	K	16.221	16.221	16.221	16.221	16.221	16.221
Total RTSR Charge ($)	L=J+K	36.606	36.604	36.612	36.610	36.610	36.620
Estimated Change in RTSR Network Charge ($) [8]	$M=C*J_{PY}$		(0.002)	0.008	(0.002)	(0.000)	0.010
Total Bill ($) [9]	$N=N_{PY}+M$	441.578	441.576	441.584	441.583	441.582	441.592
Increase as a % of Total bill	$O=M/N_{PY}$		-0.001%	0.002%	0.000%	0.000%	0.002%

[1] Inputs are current year (CY) unless otherwise denoted (e.g. PY refers to the value from the previous year). Calculations are for test period, from 2025-2029.
[2] NRLP's 2024 rates revenue requirement per Decision and Rate Order, EB-2023-0128, Decision and Order, September 7, 2023, and the 2025-2029 rates revenue requirement as per Exhibit E-01-01.
[3]Represents NRLP's currently approved revenue disbursement allocator based on the approved Total 2024 UTR Network Revenue Requirement of $1,373,508,207 as per OEB Decision and Rate Order, EB-2023-0222, 2024 Uniform Transmission Rates Update-Schedule A, January 18, 2024.
[4] The calculation of net impact on HONI-Dx's RTSR Network is NRLP's change in rates revenue requirement relative to its share of the total 2024 UTR Network revenue requirement.
[5] HONI-Dx's currently approved RTSRs are based on the Preliminary 2024 UTRs, EB-2023-0222, September 28, 2023.
[6] Represents the approved 2024 RTSR Network ($/kWh) effective January 1, 2024 approved per the OEB Decision and Rate Order, EB-2023-0030, December 14, 2023, multiplied by the monthly consumption (i.e. 750kWh/month HONI-Dx R1 or 2,000 kWh/month HONI-Dx GS<50kW), multiplied by the corresponding approved loss factor.
[7]Represents the approved 2024 RTSR Connection ($/kWh) effective January 1, 2024 approved per the OEB Decision and Rate Order, EB-2023-0030, December 14, 2023, multiplied by the monthly consumption (i.e. 750kWh/month HONI-Dx R1 or 2,000 kWh/month HONI-Dx GS<50kW), multiplied by the corresponding approved loss factor.
[8]NRLP's rates revenue requirement is wholly allocated to the Network rate pool. As a result, NRLP's rates revenue requirement impacts RTSR-N, and not RTSR-C.
[9]2024 Total bill including HST, based on time-of-use commodity price effective November 1, 2023 and distribution rates effective January 1, 2024 approved per Distribution Rate Order EB-2023-0030, dated December 14, 2023, with 19.3% Ontario Energy Rebate (effective November 1, 2023), $0.42 Smart Meter Entity Charge (effective January 1, 2023) and Distribution Rate Protection cap of $39.49 (effective July 1, 2023 for HONI-Dx R1). Total bills for the test period reflect the annual estimated change in RTSR-N and do not account for corresponding adjustments for HST and OER.

CURRENT ONTARIO TRANSMISSION RATE SCHEDULES

The current UTR Schedules were approved as part of the Decision and Rate Order dated January 18, 2024 under EB-2023-0222. This approved rate schedules, and the revenue requirement and charge determinants for all transmitters used to establish the current UTR and revenue disbursement allocators are included in the following attachments.

Attachment 1: 2024 Ontario Uniform Transmission Rate Schedules
Attachment 2: 2024 Uniform Transmission Rates and Revenue Disbursement Allocators

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SCHEDULE B

2024 UNIFORM TRANSMISSION RATE SCHEDULES

DECISION AND RATE ORDER

EB-2023-0222

JANUARY 18, 2024

2024 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULES

EB-2023-0222

The rates contained herein shall be implemented effective January 1, 2024

Issued: January 18, 2024
Ontario Energy Board

TERMS AND CONDITIONS

(A) APPLICABILITY The rate schedules contained herein pertain to the transmission service applicable to: •The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario. •The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

(B) TRANSMISSION SYSTEM CODE The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter.

(C) TRANSMISSION DELIVERY POINT The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

(D) TRANSMISSION SERVICE POOLS The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS. The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns all transformation connection assets associated with that transmission delivery point. The PTS customers that utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

(E) MARKET RULES The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

(F) METERING REQUIREMENTS In accordance with Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered that energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licenced Transmission Company that connects the customer to the IESO-Controlled Grid.

(**G) EMBEDDED GENERATION** The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generationare obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation ; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. These terms and conditions also apply to the incremental capacity associated with any refurbishments approved after October 30, 1998, to a generator unit that was connected through an eligible Transmission Delivery Point on or prior to October 30, 1998 and the approved incremental capacity is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO-administered energy markets.

(H) EMBEDDED CONNECTION POINT In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a distribution feeder to the Transmission Delivery Point. In above situations: •The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO- administered market. •The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

RATE SCHEDULE: (PTS) PROVINCIAL TRANSMISSION RATES

APPLICABILITY:

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	Monthly Rate ($ per kW)
Network Service Rate (PTS-N):	**5.78**
$ Per kW of Network Billing Demand [1,2]	
Line Connection Service Rate (PTS-L):	**0.95**
$ Per kW of Line Connection Billing Demand [1,3]	
Transformation Connection Service Rate (PTS-T):	**3.21**
$ Per kW of Transformation Connection Billing Demand [1,3,4]	

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:

1 The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.

2. The Network Service Billing Demand is defined as the higher of (a) customer coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IMO settlement systems.

3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by an embedded generator unit for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation on the demand supplied by the incremental capacity associated with a refurbishment approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.

4. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

RATE SCHEDULE: (ETS) EXPORT TRANSMISSION SERVICE

APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

	Hourly Rate
Export Transmission Service Rate (ETS):	$1.78 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

SCHEDULE A

2024 REVENUE DISBURSEMENT ALLOCATOR

DECISION AND RATE ORDER

EB-2023-0222

JANUARY 18, 2024

Uniform Transmission Rates and Revenue Disbursement Allocators

Effective January 1, 2024

Transmitter	Revenue Requirement			
	Network	Line Connection	Transformation Connection	Total
Hydro One	$1,206,861,187	$212,168,826	$605,276,749	$2,024,306,762
HOSSM	$25,645,763	$4,508,581	$12,862,112	$43,016,456
FNEI	$4,762,380	$837,237	$2,388,475	$7,988,092
CNPI	$2,770,591	$487,076	$1,389,534	$4,647,201
WPLP	$33,585,573	-	-	$33,585,573
EWTLP	$54,921,609	-	-	$54,921,609
B2MLP	$36,395,939	-	-	$36,395,939
NRLP	$8,565,165	-	-	$8,565,165
All Transmitters	**$1,373,508,207**	**$218,001,720**	**$621,916,870**	**$2,213,426,797**

Transmitter	Total Annual Charge Determinants (MW)*			
	Network	Line Connection	Transformation Connection	
Hydro One	233,393.428	226,543.453	192,711.042	
HOSSM	3,498.236	2,734.624	635.252	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	156.151	-	-	
EWTLP	-	-	-	
B2MLP	-	-	-	
NRLP	-	-	-	
All Transmitters	**237,801.119**	**230,076.195**	**193,968.592**	

Transmitter	Uniform Rates and Revenue Allocators			
	Network	Line Connection	Transformation Connection	
Uniform Transmission Rates ($/kW/Month)	**5.78**	**0.95**	**3.21**	
Hydro One Allocation Factor	**0.87866**	**0.97325**	**0.97325**	
HOSSM Allocation Factor	**0.01867**	**0.02068**	**0.02068**	
FNEI Allocation Factor	**0.00347**	**0.00384**	**0.00384**	
CNPI Allocation Factor	**0.00202**	**0.00223**	**0.00223**	
WPLP Allocation Factor	**0.02445**	**0.00000**	**0.00000**	
EWTLP Allocation Factor	**0.03999**	**0.00000**	**0.00000**	
B2MLP Allocation Factor	**0.02650**	**0.00000**	**0.00000**	
NRLP Allocation Factor	**0.00624**	**0.00000**	**0.00000**	
Sum of Allocation Factors	**1.00000**	**1.00000**	**1.00000**	

* The sum of 12 monthly charge determinants for the year.

Note 1: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0127 dated September 19, 2023.

Note 2: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0130 dated October 24, 2023.

Note 3: FNEI Revenue Requirement and Charge Determinants per OEB Revenue Requirement and Charge Determinant Order EB-2016-0231 dated January 18, 2018.

Note 4: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14,2016.

Note 5: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0168 dated November 30, 2023.

Note 6: EWTLP Revenue Requirement per OEB Decision and Order EB-2023-0298, Upper Canada Transmission 2, Inc. dated December 12, 2023.

Note 7: B2MLP Revenue Requirement per OEB Decision and Order EB-2023-0129 dated September 7, 2023.

Note 8: NRLP Revenue Requirement per OEB Decision and Order EB-2023-0128 dated September 7, 2023.

Note 9: The revenue requirements of HOSSM, FNEI, and CNPI are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of WPLP, EWTLP, B2MLP and NRLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.

Note 10: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.

PROPOSED ONTARIO TRANSMISSION RATE SCHEDULES

The current 2024 UTR Schedules and the total revenue requirement and charge determinants for all transmitters are updated with NRLP's 2025 revenue requirement to establish the proposed 2025 UTR and revenue disbursement allocators which are included in the following attachments.

Attachment 1: Proposed 2025 Ontario Uniform Transmission Rate Schedules (Updated)

Attachment 2: Proposed 2025 Uniform Transmission Rates and Revenue Disbursement Allocators (Updated)

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SCHEDULE B

2025 UNIFORM TRANSMISSION RATE SCHEDULE

DECISION AND RATE ORDER

EB-2024-XXXX

MONTH DD, YYYY

2025 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULE

EB-2024-XXXX

The rates contained herein shall be implemented effective January 1, 2025

Issued: Month DD, YYYY
Ontario Energy Board

TERMS AND CONDITIONS

(A) APPLICABILITY The rate schedules contained herein pertain to the transmission service applicable to: •The provision of Provincial Transmission Service (PTS) to the Transmission Customers who are defined as the entities that withdraw electricity directly from the transmission system in the province of Ontario. •The provision of Export Transmission Service (ETS) to electricity market participants that export electricity to points outside Ontario utilizing the transmission system in the province of Ontario. The Rate Schedule ETS applies to the wholesale market participants who utilize the Export Service in accordance with the Market Rules of the Ontario Electricity Market, referred to hereafter as Market Rules. These rate schedules do not apply to the distribution services provided by any distributors in Ontario, nor to the purchase of energy, hourly uplift, ancillary services or any other charges that may be applicable in electricity markets administered by the Independent Electricity System Operator (IESO) of Ontario.

(B) TRANSMISSION SYSTEM CODE The transmission service provided under these rate schedules is in accordance with the Transmission System Code (Code) issued by the Ontario Energy Board (OEB). The Code sets out the requirements, standards, terms and conditions of the transmitter's obligation to offer to connect to, and maintain the operation of, the transmission system. The Code also sets out the requirements, standards, terms and conditions under which a Transmission Customer may connect to, and remain connected to, the transmission system. The Code stipulates that a transmitter shall connect new customers, and continue to offer transmission services to existing customers, subject to a Connection Agreement between the customer and a transmitter.

(C) TRANSMISSION DELIVERY POINT The Transmission Delivery Point is defined as the transformation station, owned by a transmission company or by the Transmission Customer, which steps down the voltage from above 50 kV to below 50 kV and which connects the customer to the transmission system. The demand registered by two or more meters at any one delivery point shall be aggregated for the purpose of assessing transmission charges at that delivery point if the corresponding distribution feeders from that delivery point, or the plants taking power from that delivery point, are owned by the same entity within the meaning of Ontario's *Business Corporations Act*. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV.

(D) TRANSMISSION SERVICE POOLS The transmission facilities owned by the licenced transmission companies are categorized into three functional pools. The transmission lines that are used for the common benefit of all customers are categorized as Network Lines and the corresponding terminating facilities are Network Stations. These facilities make up the Network Pool. The transformation station facilities that step down the voltage from above 50 kV to below 50 kV are categorized as the Transformation Connection Pool. Other electrical facilities (i.e. that are neither Network nor Transformation) are categorized as the Line Connection Pool. All PTS customers incur charges based on the Network Service Rate (PTS-N) of Rate Schedule PTS. The PTS customers that utilize transformation connection assets owned by a licenced transmission company also incur charges based on the Transformation Connection Service Rate (PTS-T). The customer demand supplied from a transmission delivery point will not incur transformation connection service charges if a customer fully owns all transformation connection assets associated with that transmission delivery point. The PTS customers that utilize lines owned by a licenced transmission company to connect to Network Station(s) also incur charges based on the Line Connection Service Rate (PTS-L). The customer demand supplied from a transmission delivery point will not incur line connection service charges if a customer fully owns all line connection assets connecting that delivery point to a Network Station. Similarly, the customer demand will not incur line connection service charges for demand at a transmission delivery point located at a Network Station.

(E) MARKET RULES The IESO will provide transmission service utilizing the facilities owned by the licenced transmission companies in Ontario in accordance with the Market Rules. The Market Rules and appropriate Market Manuals define the procedures and processes under which the transmission service is provided in real or operating time (on an hourly basis) as well as service billing and settlement processes for transmission service charges based on rate schedules contained herein.

(F) METERING REQUIREMENTS In accordance with Market Rules and the Transmission System Code, the transmission service charges payable by Transmission Customers shall be collected by the IESO. The IESO will utilize Registered Wholesale Meters and a Metering Registry in order to calculate the monthly transmission service charges payable by the Transmission Customers. Every Transmission Customer shall ensure that each metering installation in respect of which the customer has an obligation to pay transmission service charges arising from the Rate Schedule PTS shall satisfy the Wholesale Metering requirements and associated obligations specified in Chapter 6 of the Market Rules, including the appendices therein, whether or not the subject meter installation is required for settlement purposes in the IESO-administered energy market. A meter installation required for the settlement of charges in the IESO-administered that energy market may be used for the settlement of transmission service charges. The Transmission Customer shall provide to the IESO data required to maintain the information for the Registered Wholesale Meters and the Metering Registry pertaining to the metering installations with respect to which the Transmission Customers have an obligation to pay transmission charges in accordance with Rate Schedule PTS. The Metering Registry for metering installations required for the calculation of transmission charges shall be maintained in accordance with Chapter 6 of the Market Rules. The Transmission Customers, or Transmission Customer Agents if designated by the Transmission Customers, associated with each Transmission Delivery Point will be identified as Metered Market Participants within the IESO's Metering Registry. The metering data recorded in the Metering Registry shall be used as the basis for the calculation of transmission charges on the settlement statement for the Transmission Customers identified as the Metered Market Participants for each Transmission Delivery Point. The Metering Registry for metering installations required for calculation of transmission charges shall also indicate whether or not the demand associated with specific Transmission Delivery Point(s) to which a Transmission Customer is connected attracts Line and/or Transformation Connection Service Charges. This information shall be consistent with the Connection Agreement between the Transmission Customer and the licenced Transmission Company that connects the customer to the IESO-Controlled Grid.

(G) EMBEDDED GENERATION The Transmission Customers shall ensure conformance of Registered Wholesale Meters in accordance with Chapter 6 of Market Rules, including Metering Registry obligations, with respect to metering installations for embedded generation that is located behind the metering installation that measures the net demand taken from the transmission system if (a) the required approvals for such generationare obtained after October 30, 1998; and (b) the generator unit rating is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation ; and (c) the Transmission Delivery Point through which the generator is connected to the transmission system attracts Line or Transformation Connection Service charges. These terms and conditions also apply to the incremental capacity associated with any refurbishments approved after October 30, 1998, to a generator unit that was connected through an eligible Transmission Delivery Point on or prior to October 30, 1998 and the approved incremental capacity is 2 MW or higher for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. Accordingly, the distributors that are Transmission Customers shall ensure that connection agreements between them and the generators, load customers, and embedded distributors connected to their distribution system have provisions requiring the Transmission Customer to satisfy the requirements for Registered Wholesale Meters and Metering Registry for such embedded generation even if the subject embedded generator(s) do not participate in the IESO- administered energy markets.

(H) EMBEDDED CONNECTION POINT In accordance with Chapter 6 of the Market Rules, the IESO may permit a Metered Market Participant, as defined in the Market Rules, to register a metering installation that is located at the embedded connection point for the purpose of recording transactions in the IESO-administered markets. (The Market Rules define an embedded connection point as a point of connection between load or generation facility and distribution system). In special situations, a metering installation at the embedded connection point that is used to settle energy market charges may also be used to settle transmission service charges, if there is no metering installation at the point of connection of a distribution feeder to the Transmission Delivery Point. In above situations: •The Transmission Customer may utilize the metering installation at the embedded connection point, including all embedded generation and load connected to that point, to satisfy the requirements described in Section (F) above provided that the same metering installation is also used to satisfy the requirement for energy transactions in the IESO- administered market. •The Transmission Customer shall provide the Metering Registry information for the metering installation at the embedded connection point, including all embedded generation and load connected to that point, in accordance with the requirements described in Section (F) above so that the IESO can calculate the monthly transmission service charges payable by the Transmission Customer.

RATE SCHEDULE: (PTS) PROVINCIAL TRANSMISSION RATES

APPLICABILITY:

The Provincial Transmission Service (PTS) is applicable to all Transmission Customers in Ontario who own facilities that are directly connected to the transmission system in Ontario and that withdraw electricity from this system.

	Monthly Rate ($ per kW)
Network Service Rate (PTS-N): $ Per kW of Network Billing Demand [1,2]	**5.78**
Line Connection Service Rate (PTS-L): $ Per kW of Line Connection Billing Demand [1,3]	**0.95**
Transformation Connection Service Rate (PTS-T): $ Per kW of Transformation Connection Billing Demand [1,3,4]	**3.21**

The rates quoted above shall be subject to adjustments with the approval of the Ontario Energy Board.

Notes:
1 The demand (MW) for the purpose of this rate schedule is measured as the energy consumed during the clock hour, on a "Per Transmission Delivery Point" basis. The billing demand supplied from the transmission system shall be adjusted for losses, as appropriate, to the Transmission Point of Settlement, which shall be the high voltage side of the transformer that steps down the voltage from above 50 kV to below 50 kV at the Transmission Delivery Point.

2. The Network Service Billing Demand is defined as the higher of (a) customer coincident peak demand (MW) in the hour of the month when the total hourly demand of all PTS customers is highest for the month, and (b) 85 % of the customer peak demand in any hour during the peak period 7 AM to 7 PM (local time) on weekdays, excluding the holidays as defined by IESO. The peak period hours will be between 0700 hours to 1900 hours Eastern Standard Time during winter (i.e. during standard time) and 0600 hours to 1800 hours Eastern Standard Time during summer (i.e. during daylight savings time), in conformance with the meter time standard used by the IMO settlement systems.

3. The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss-adjusted demand supplied from the transmission system plus (b) the demand that is supplied by an embedded generator unit for which the required government approvals are obtained after October 30, 1998 and which have installed capacity of 2MW or more for renewable generation and 1 MW or higher for non-renewable generation on the demand supplied by the incremental capacity associated with a refurbishment approved after October 30, 1998, to a generator unit that existed on or prior to October 30, 1998. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for losses.

4. The Transformation Connection rate includes recovery for OEB approved Low Voltage Switchgear compensation for Toronto Hydro Electric System Limited and Hydro Ottawa Limited.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code, in particular the Connection Agreement as per Appendix 1 of the Transmission System Code, and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to services provided under this Rate Schedule.

RATE SCHEDULE: (ETS) EXPORT TRANSMISSION SERVICE

APPLICABILITY:

The Export Transmission Service is applicable for the use of the transmission system in Ontario to deliver electrical energy to locations external to the Province of Ontario, irrespective of whether this energy is supplied from generating sources within or outside Ontario.

	Hourly Rate
Export Transmission Service Rate (ETS):	$1.78 / MWh

The ETS rate shall be applied to the export transactions in the Interchange Schedule Data as per the Market Rules for Ontario's Electricity Market. The ETS rate shall be subject to adjustments with the approval of the Ontario Energy Board.

TERMS AND CONDITIONS OF SERVICE:

The attached Terms and Conditions pertaining to the Transmission Rate Schedules, the relevant provisions of the Transmission System Code and the Market Rules for the Ontario Electricity Market shall apply, as contemplated therein, to service provided under this Rate Schedule.

SCHEDULE A

2025 REVENUE DISBURSEMENT ALLOCATOR

DECISION AND RATE ORDER

EB-2024-XXXX

MONTH DD, YYYY

Uniform Transmission Rates and Revenue Disbursement Allocators
Effective January 1, 2025

Transmitter	Revenue Requirement ($)			
	Network	Line Connection	Transformation Connection	Total
Hydro One	$1,206,861,187	$212,168,826	$605,276,749	$2,024,306,762
HOSSM	$25,645,763	$4,508,581	$12,862,112	$43,016,456
FNEI	$4,762,380	$837,237	$2,388,475	$7,988,092
CNPI	$2,770,591	$487,076	$1,389,534	$4,647,201
WPLP	$33,585,573	$0	$0	$33,585,573
EWTLP	$54,921,609	$0	$0	$54,921,609
B2MLP	$36,395,939	$0	$0	$36,395,939
NRLP	$8,404,946	$0	$0	$8,404,946
All Transmitters	$1,373,347,988	$218,001,720	$621,916,870	$2,213,266,578
Transmitter	**Total Annual Charge Determinants (MW)***			
	Network	**Line Connection**	**Transformation Connection**	
Hydro One	233,393.428	226,543.453	192,711.042	
HOSSM	3,498.236	2,734.624	635.252	
FNEI	230.410	248.860	73.040	
CNPI	522.894	549.258	549.258	
WPLP	156.151	0.000	0.000	
EWTLP	0.000	0.000	0.000	
B2MLP	0.000	0.000	0.000	
NRLP	0.000	0.000	0.000	
All Transmitters	237,801.119	230,076.195	193,968.592	
Transmitter				
	Network	**Line Connection**	**Transformation Connection**	
Uniform Transmission Rates ($/kW-Month)	**5.78**	**0.95**	**3.21**	
Hydro One Allocation Factor	**0.87877**	**0.97325**	**0.97325**	
HOSSM Allocation Factor	**0.01867**	**0.02068**	**0.02068**	
FNEI Allocation Factor	**0.00347**	**0.00384**	**0.00384**	
CNPI Allocation Factor	**0.00202**	**0.00223**	**0.00223**	
WPLP Allocation Factor	**0.02446**	**0.00000**	**0.00000**	
EWTLP Allocation Factor	**0.03999**	**0.00000**	**0.00000**	
B2MLP Allocation Factor	**0.02650**	**0.00000**	**0.00000**	
NRLP Allocation Factor	**0.00612**	**0.00000**	**0.00000**	
Total of Allocation Factors	1.00000	1.00000	1.00000	

* The sum of 12 monthly charge determinants for the year.

Note 1: Hydro One Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0127 dated September 19, 2023.
Note 2: HOSSM Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0130 dated October 24, 2023.
Note 3: FNEI Revenue Requirement and Charge Determinants per OEB Revenue Requirement and Charge Determinant Order EB-2016-0231 dated January 18, 2018.
Note 4: CNPI Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2015-0354 dated January 14, 2016.
Note 5: WPLP Revenue Requirement and Charge Determinants per OEB Decision and Order EB-2023-0168 dated November 30, 2023.
Note 6: EWTLP Revenue Requirement per OEB Decision and Order EB-2023-0298, Upper Canada Transmission 2, Inc. dated December 12, 2023.
Note 7: B2MLP Revenue Requirement per OEB Decision and Order EB-2023-0129 dated September 7, 2023.
Note 8: NRLP Revenue Requirement per E-01-01.
Note 9: The revenue requirements of HOSSM, FNEI, and CNPI are allocated to the three transmission rate pools on the same basis as is used for Hydro One. The revenue requirements of WPLP, EWTLP, B2MLP and NRLP are allocated entirely to the Network rate pool. The total revenue requirements for each of the three transmission rate pools are then divided by the total charge determinants for each rate pool to establish the UTRs to two decimal places. The IESO uses the revenue collected from the UTRs to settle on a monthly basis with all rate-regulated transmitters using the revenue allocation factors.
Note 10: The allocation factors for each transmitter other than Hydro One are calculated by dividing each transmitter's revenue requirement assigned to each transmission rate pool by the total transmitters revenue requirement for each rate pool. The allocation factors are rounded to five decimal places for each transmitter. The sum of these individual transmitter allocation factors is then deducted from 1.0 to determine the allocation factor for Hydro One.