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BY EMAIL AND RESS

May 23, 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-2024-0116 – B2M Limited Partnership – 2025-2029 Transmission Revenue Requirement – Application and Evidence

Hydro One Networks Inc., on behalf of B2M Limited Partnership (B2M LP), is submitting B2M LP's five-year Transmission Revenue Requirement Application for the period 2025-2029 using the Ontario Energy Board's (OEB) Regulatory Electronic Submission System.

Given that B2M LP operates a single transmission asset, with minimal operating costs and no forecast capital expenditures, Hydro One proposes that this Application would be most effectively dealt with in written form. Moreover, Hydro One encourages the OEB to make provision for a settlement conference to assist with the expediency of the application.

B2M LP will post electronic copies of the Application and supporting evidence on its website for public access. An electronic copy of the Application and Evidence has been submitted using the Board's Regulatory Electronic Submission System.

Sincerely,



Elise Andrey

1

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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 B2M 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, B2M Limited Partnership (B2M LP), is a Limited Partnership the general partner of which is HOIP, an affiliate of Hydro One Inc. (HOI). The limited partners of B2M LP are (i) Hydro One Networks Inc. (HONI, and also an affiliate of HOI), and (ii) Saugeen Ojibway Nation Finance Corporation (SON FC), a corporation owned by, and the Nominee of, the Chippewas of Saugeen First Nation and Chippewas of Nawash First Nation.
2. B2M LP has its head office in Woodstock, Ontario, is licensed by the Ontario Energy Board (OEB) under licence number ET-2013-0078 to transmit electricity, and it carries on the business of owning and operating transmission facilities in Ontario.
3. This is an application for revenue requirement a five-year test period commencing January 1, 2025, and ending December 31, 2029 (the Application).
4. B2M LP hereby applies to the OEB, pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, for an Order or Orders approving:
 - a) B2M LP's total revenue requirement for 2025 to 2029;

- 1 b) Inclusion of B2M LP's approved rates revenue requirement in the OEB's
2 determination of the 2025 to 2029 Network pool of the Uniform Transmission
3 Rates (UTRs);
4
5 c) The continuation of B2M LP's current regulatory accounts;
6
7 d) Disposition of the Earnings Sharing Mechanism (ESM) balance as part of its
8 revenue requirement over a one-year period commencing January 1, 2025;
9
10 e) Other items or amounts that may be requested by B2M LP in the course of this
11 proceeding, and as may be granted by the OEB.

12
13 5. This Application has been prepared in accordance with the OEB's Filing
14 Requirements for Electricity Transmission Rate Applications dated February 11,
15 2016.

16
17 6. The persons affected by this Application are Ontario ratepayers. It is impractical to
18 set out their names and addresses because they are too numerous.

19
20 **FORM OF HEARING REQUESTED**

21 7. The Application may be viewed on the Internet at the following address:

22 <https://b2mlp.ca/regulatory/>

23
24 8. B2M LP requests that this Application be heard by way of a written hearing.

25
26 **PROPOSED EFFECTIVE DATE**

27 9. B2M LP requests that the OEB's revenue requirement orders be effective January
28 1, 2025. To address the possibility that the requested orders cannot be made
29 effective by that time, B2M LP requests an interim Order making its current
30 transmission revenue requirement and charges effective on an interim basis as of
31 January 1, 2025, and the use of the existing Forgone Revenue Deferral Account to

1 recover any differences between the interim rates and the final rates effective
2 January 1, 2025, based on the OEB's Decision and Order herein.

3

4 **CONTACT INFORMATION**

5 10. B2M LP requests that a copy of all documents filed with the OEB by each party to
6 this Application be served on the applicant and the applicant's counsel as follows:

7

8 **a) The Applicant:**

9 Eryn Mackinnon
10 Regulatory Advisor
11 Hydro One Networks Inc.

12

13 Mailing Address:

14 7th Floor, South Tower
15 483 Bay Street
16 Toronto, Ontario M5G 2P5

17 Telephone: (416) 345-4479

18 Electronic access: Regulatory@HydroOne.com

19

20 **b) The Applicant's Counsel:**

21 Ms. Raman Dhillon
22 Senior Legal Counsel
23 Hydro One Networks Inc.

24

25 Mailing Address:

26 8th Floor, South Tower
27 483 Bay Street
28 Toronto, Ontario M5G 2P5

29 Telephone: (416) 859-0942

30 Fax: (416) 345-6972

31 Electronic access: Raman.Dhillon@HydroOne.com

1 **DATED** at Toronto, Ontario, this 23rd day of May 2024.

2

3

By B2M Limited Partnership

4

By its counsel,

5

6



7

8

Raman Dhillon

COMPLIANCE WITH APPLICABLE FILING REQUIREMENTS

1.0 INTRODUCTION

B2M LP 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). B2M LP 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, B2M LP 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 B2M LP 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

- B2M LP does not have any direct customers, and therefore has not performed any customer engagement activities and analysis.

2. Transmission System Plan

- B2M LP has prepared an abridged Transmission System Plan (TSP) given that it is not proposing 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. B2M LP has referred to the DSP Requirements to guide the preparation of its abridged TSP.

1 **3. Working Capital Allowance**

- 2 • As established in B2M LP's 2015 transmission rates application (EB-2015-0026),
3 there is no need for a working capital allowance.
4

5 **4. Capitalization of Overheads**

- 6 • B2M LP does not have any capital projects under construction. There is no
7 interest or overhead to be capitalized.
8

9 **5. Economic Overview / Load Forecast**

- 10 • B2M LP's asset base consists of one 500 kV transmission line comprised of two
11 circuits with no delivery points. As a result, B2M LP has no discrete, incremental
12 load determinants to include in the UTR forecast.
13

- 14 • The only rate pool applicable for B2M LP assets is the "Network" pool consistent
15 with the cost allocation methodology approved by the OEB in proceeding EB-
16 2015-0026 for B2M LP's transmission rates. Therefore, no further cost allocation
17 methodology is presented in this Application.
18

19 **6. Other Revenue**

- 20 • B2M LP has no external revenue sources. The only revenue applicable to B2M
21 LP is the revenue requirement from owning and maintaining its 500 kV
22 transmission line.
23

24 **7. Employee Compensation**

- 25 • B2M LP has no employees. Operations and management services are provided
26 by HONI via a service level agreement as outlined in Exhibit F-03-01.
27

28 **3.0 MATERIALITY THRESHOLD**

29 In terms of the materiality used by B2M LP, 0.5% of the average of 5 years' revenue
30 requirement in the revenue requirement period of \$189k is applicable.

1 **4.0 DEVIATIONS FROM THE FILING REQUIREMENTS**

2 B2M LP has complied with the OEB's policies and guidelines as set out in the
3 Transmission Filing Requirements.

4

5 **5.0 CHANGES TO METHODOLOGIES USED IN PREVIOUS APPLICATIONS**

6 B2M LP includes a list of changes to its methodology compared to previous rebasing
7 applications:

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

Filed: 2024-05-23
EB-2024-0116
Exhibit A
Tab 2
Schedule 2
Page 4 of 4

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FILING REQUIREMENT CHECKLIST

1

2

3 This attachment has been filed separately in MS Excel format.

Filed: 2024-05-23
EB-2024-0116
Exhibit A
Tab 2
Schedule 3
Page 2 of 2

1

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EXECUTIVE SUMMARY

This exhibit describes the key aspects of B2M Limited Partnership (B2M LP)'s application (the Application) in respect of its proposed transmission revenue requirement for 2025 to 2029.

1.0 B2M LIMITED PARTNERSHIP

B2M LP is a limited partnership between Hydro One Indigenous Partnerships Inc. (HOIP) and Hydro One Networks Inc. (HONI), both of which are affiliates of Hydro One Inc. (HOI), and Saugeen Ojibway Nation Finance Corporation (SON FC), a corporation owned by, and the Nominee of, the Chippewas of Saugeen First Nation and Chippewas of Nawash First Nation.

B2M LP owns a 176 km 500kV dual circuit high-voltage transmission line that connects the Bruce Nuclear Generating Station to HONI's Milton Switching Station.

2.0 APPROVALS REQUESTED

In this Application for 2025 to 2029 transmission revenue requirement, B2M LP is requesting the Ontario Energy Board's (OEB) approval for:¹

- i. Revenue requirement for the 2025-2029 period;
- ii. Inclusion of B2M LP'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 B2M LP'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 B2M LP in the course of this proceeding, and as may be granted by the OEB.

¹ As described in Exhibit A-02-01.

1 A number of internal and external challenges will need to be managed over the test period.

2 They include:

- 3 a) Rising income tax expense as B2M LP's capital cost allowance (CCA) declines
4 and its Ontario corporate minimum tax (OCMT) credits are fully depleted;
- 5 b) Increased maintenance costs related to repair of spacer dampers which was
6 initiated in 2020 and will be completed in 2029; and
- 7 c) Managing B2M LP's Right-of-Way vegetation maintenance program, taking into
8 consideration the six-year vegetation cycle and the expected increase in forestry
9 expenses during certain test years with greater work volumes, similar to historical
10 trend.

11

12 B2M LP's Application will mitigate these challenges and ensure that B2M LP's assets are
13 managed efficiently and effectively.

14

15 The change in B2M LP's rates revenue requirement will not affect the 2025 Network UTR
16 relative to the current 2024 rate.² The Line Connection and Transformation Connection
17 UTRs are unaffected by B2M LP, as described in Section 5.9 below.

18

19 The 2025 change in rates revenue requirement will result in an average impact on
20 transmission rates of 0.027% and a total bill impact of less than 0.01% (less than 1 cent
21 per month) for a typical Hydro One Residential (R1) customer consuming 750 kW per
22 month and, similarly, a total bill impact of less than 0.01% (less than 1 cent per month) for
23 a typical Hydro One energy-billed General Service (GS<50kW) customer consuming
24 2,000 kWh per month. The annual changes from 2026 to 2029 revenue requirement will
25 also not materially impact the average transmission rates, or the total bills for Hydro One's
26 typical R1 and GS<50kW customers. A summary is provided in Table 9, below and further
27 details are provided in Exhibit I-02-01.

² EB-2023-0222, Decision and Rate Order on 2024 Uniform Transmission Rates, January 18, 2024.

1 **3.0 REVENUE REQUIREMENT FRAMEWORK**

2 B2M LP proposes to set its revenue requirement for a five-year period using a forecast of
3 OM&A and capital costs for each of the five years. Customer protection mechanisms such
4 as earnings sharing mechanism (ESM) and off-ramps are proposed. Consistent with the
5 OEB's *Handbook for Utility Rate Applications* (the Handbook), cost of capital is proposed
6 to be fixed at 2025 levels subject only to one update to the cost of long-term debt.³

7
8 B2M LP understands that the OEB's Renewed Regulatory Framework (RRF), as most
9 recently set out in the Handbook, provides that electricity transmitters are to choose either
10 Custom IR or a Revenue Cap IR.⁴ However, the RRF was not conceived for a single-asset
11 utility such as B2M LP. Single-asset utilities typically have few, if any, capital expenditures
12 in the years following the in-service of the new asset and their rate base declines over
13 time. As a result, a revenue cap index framework, whereby the revenue requirement is
14 updated each year by a factor based on inflation minus a productivity factor may result in
15 overearning for a single-asset utility. B2M LP believes that its proposed approach will
16 provide greater transparency to ratepayers in respect of its costs over the 2025-2029
17 period and will allow for its revenue requirement to be directly tied to its forecast costs
18 over the entire period.

19
20 The approach has a number of benefits as described below in Sections 3.1, 3.2 and 3.3.

21
22 **3.1 THE APPROACH DOES NOT DISCOURAGE PRODUCTIVITY**

23 B2M LP has few, if any opportunities to unilaterally achieve productivity improvements,
24 regardless of the revenue requirement framework under which it is operating at any given
25 time.

³ As detailed in Exhibit G-01-01.

⁴ Handbook page 24.

1 Specifically:

- 2 • B2M LP owns and operates a single 500kV transmission line that is about 15 years
3 old and has an expected service life of over 80 years. As these assets are new,
4 they require lower OM&A in comparison to other transmitters, and no capital
5 expenditures are forecasted during the rate period;
- 6 • Given that there are no forecast capital expenditures, B2M LP's main controllable
7 costs are maintenance and a small amount of administration. These costs are a
8 small fraction of total costs and are significantly less than the non-controllable
9 portions of B2M LP's costs (Cost of Capital, Depreciation, Income Tax, Operations,
10 Corporate Allocation). As a result, it is only in respect of a modest portion of OM&A
11 costs that productivity can be achieved. Even in respect of the controllable portion
12 of maintenance and administration costs:
 - 13 ○ B2M LP's management and work programs are provided by a service level
14 agreement, resulting in minimal overhead as well as qualified and flexible
15 resources when needed, allowing B2M LP to remain cost efficient; and
 - 16 ○ B2M LP's service level agreement integrates HONI's productivity
17 improvements into B2M LP's maintenance operations.

18
19 As a result of the above, B2M LP receives the benefit of HONI's productivity improvements
20 in B2M LP's maintenance operations, regardless of the regulatory framework under which
21 B2M LP operates.

22 23 **3.2 PROTECTIONS FOR RATEPAYERS**

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

26 27 ***EARNINGS SHARING MECHANISM (ESM)***

28 Although significant overearning is not expected, B2M LP proposes to share, with
29 customers, 50% of any earnings that exceed the OEB-allowed regulatory return on equity
30 (ROE) by more than 100 basis points in any year of the five-year term.

1 **Z-FACTOR**

2 B2M LP is proposing, consistent with the Handbook, that the OEB's Z-factor mechanism
3 be available over the term of this five-year Application. The criteria that would apply to the
4 use of the Z-factor mechanism are detailed in exhibit A-4-1.

5
6 **OFF-RAMPS**

7 B2M LP proposes to apply the OEB's existing off-ramp mechanism, a trigger mechanism
8 with an annual return on equity dead band of plus or minus 300 basis points,⁵ at which
9 point a regulatory review of the revenue requirement arising from B2M LP's five-year
10 Application may be initiated.

11
12 **PERFORMANCE METRICS**

13 As detailed in Exhibit D-1-1, B2M LP is proposing several performance measures which
14 align with RRF outcomes. These measures protect customers by providing transparency
15 in respect of the performance of B2M LP's assets. They allow for verification that the
16 assets are operated within the expected parameters and continue to serve the electricity
17 consumers of Ontario effectively.

18
19 **3.3 ANNUAL UPDATE APPLICATIONS WILL NOT BE REQUIRED**

20 As a result of B2M LP's proposed approach, annual updates to set the revenue
21 requirements for 2026-2029 will not be required. Only one update is proposed to the cost
22 of long-term debt in 2025 as detailed in Exhibit G-01-01 of this Application. Once the 2025
23 update for cost of long-term debt is complete (impacting 2026-2029 revenue
24 requirements), B2M LP's 2026, 2027, 2028 and 2029 revenue requirements will be final.
25 As a result, the OEB can use these final revenue requirements approved to set 2026,
26 2027, 2028 and 2029 UTRs. B2M LP believes its proposal helps advance regulatory
27 efficiency by eliminating the need for annual updates.

⁵ See Chapter 3 of Filing Requirements for Electricity Distribution Rate Applications, section 3.2.10.

1 **4.0 B2M LP'S STRATEGIC PLAN**

2 B2M LP's plan on which this Application is based was informed by its values and strategic
3 objectives described in the section below.

4
5 B2M LP is sensitive to and has considered the needs of provincial ratepayers that have
6 expressed a desire for low rates and high reliability. B2M LP's plan supports these general
7 customer objectives by proposing no planned capital spending and a modest OM&A
8 budget required to maintain B2M LP's transmission reliability.

9
10 B2M LP's asset management process, as well as capital expenditure and operation and
11 maintenance expenses for 2025-2029 are further explained in Attachment 1 to Exhibit B-
12 01-03.

13
14 **4.1 B2M LP'S VALUES AND STRATEGIC OBJECTIVES**

15 B2M LP, as part of the Hydro One family of companies, is driven primarily by the values
16 of health and safety, and stewardship. B2M LP's strategy and business values must
17 operate with revenue that can balance the financing of investment in infrastructure while
18 maintaining affordable and reliable service.

19
20 B2M LP is 34% owned by a partnership of First Nations over whose traditional territory the
21 transmission line crosses. Respect for Indigenous peoples and their traditions is another
22 key value of the partnership.

23
24 The five-year vision associated with B2M LP's strategic objectives is shown in Table 1. In
25 managing its transmission assets, B2M LP is committed to meeting the OEB's Renewed
26 Regulatory Framework (RRF) outcomes as demonstrated by the alignment of B2M LP's
27 strategic objectives to the RRF outcomes.

1

Table 1 - B2M LP 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. |
| Operational Effectiveness | Foster Indigenous Relationships | To foster positive relationships with the Indigenous communities of the partners. |
| Operational Effectiveness | Injury-Free | Ensure B2M LP operations and management services agreement is executed in accordance with good utility practice for employee and public safety. |
| Public Policy Responsiveness | 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 B2M LP'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. |

1 **5.0 KEY ELEMENTS OF THE APPLICATION**

2
3 **5.1 REVENUE REQUIREMENT**

4 B2M LP's 2025-29 proposed revenue requirements are shown in Table 2.

5
6 **Table 2 - Revenue Requirement (\$M)***

| Components | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|-------------|-------------|-------------|-------------|-------------|
| OM&A | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |
| Depreciation | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Income Taxes | 2.4 | 2.6 | 2.9 | 3.0 | 3.2 |
| Return on Capital | 25.7 | 25.6 | 25.3 | 24.9 | 24.5 |
| Total Revenue Requirement | 37.8 | 37.5 | 38.6 | 38.5 | 37.0 |
| Deduct External Revenues and Other ⁶ | (0.8) | 0.0 | 0.0 | 0.0 | 0.0 |
| Rates Revenue Requirement | 37.0 | 37.5 | 38.6 | 38.5 | 37.0 |

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

7
8 The drivers of the increase in the 2025 base revenue requirement compared to the 2020
9 OEB-approved test year is predominantly driven by higher costs of OM&A, debt and taxes,
10 as further explained in Exhibit F-02-01, Exhibit G-01-01, and Exhibit F-06-01, respectively.

11
12 **5.2 BUDGETING ASSUMPTIONS**

13 B2M LP is proposing no future capital expenditures. B2M LP has assumed generally 2%
14 inflation in its OM&A budgets.

15
16 **5.3 LOAD FORECAST**

17 B2M LP has included no load forecast, as it has no distinct metering points or delivery
18 points. All power transported using B2M LP's assets are delivered to the final customer
19 by another transmitter and thus is included in another transmitter's load forecast. The
20 revenue requirement is allocated to the provincial Network rate pool, as all assets serve
21 the Network with no Transformation or individual customer services. Once the revenue

⁶ This comprises of the disposition of Earnings Sharing Mechanism (ESM) regulatory account.

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

3 4 **5.4 TRANSMISSION SYSTEM PLAN (TSP)**

5 This section summarizes the major drivers and elements of B2M LP's five-year TSP
6 (Exhibit B-01-03, Attachment 1). B2M LP has aligned its TSP in accordance with Chapter
7 2 of the Ontario Energy Board's (OEB) *Filing Requirements for Electricity Transmission*
8 *Applications* published on February 11, 2016, with further guidance from Chapters 3 and
9 5 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications (Incentive*
10 *Rate-Setting Applications and Distribution System Plan)*, revised on June 15, 2023 and
11 December 15, 2022, respectively (together, the "Filing Requirements").

12 13 **5.4.1 ASSET MANAGEMENT PROCESS**

14 B2M LP continues to retain HONI under a service level agreement (SLA) to plan, organize,
15 and execute the operation and maintenance of the assets and provide certain corporate
16 and administrative support services. B2M LP relies upon HONI's asset management
17 process to develop its Plan. HONI has continued to implement several refinements in its
18 asset strategies and investment assessment to improve upon its asset management
19 process, as documented in Section 2.2 of Exhibit B-02-01 of OEB proceeding EB-2021-
20 0110. Given the lack of required capital spending, those changes are not meaningful in
21 this application but will potentially benefit B2M LP in a future period.

22 23 **5.4.2 INVESTMENT PLANNING PROCESS**

24 B2M LP's operational needs are assessed by HONI on an annual basis and are
25 incorporated into HONI's investment planning process to establish a plan that addresses
26 those operational needs while minimizing rate impacts. This planning process ultimately
27 forms part of the overall asset management process, which is aimed at identifying and
28 scoping the optimal timing of capital investments and asset maintenance throughout the
29 life cycle of assets.

5.4.3 CAPITAL EXPENDITURES

B2M LP's transmission system is limited to the components of a 500kV double circuit transmission line. Given the relatively new vintage of this line, no planned capital spending is required to meet the Applicant's business objectives over the 2025 to 2029 planning period. The absence of capital spending will result in no in-service additions to grow its rate base during the planning period. Table 3 below summarizes B2M LP'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 | 1.7 | 0.8 | 0.2 | 0.0 | 0.0 | 0.0 | 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 | 1.7 | 0.8 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Roughly 90% of B2M LP's assets were placed into service in 2012. Therefore, little degradation has occurred, and these assets are considered to be in good condition. The remaining 10% of the assets were pre-existing HONI-owned assets that were originally in-serviced in 1980 and sold to B2M LP. In 2019 insulator strings were identified on the older section of line that B2M LP owned as having an elevated risk of failure. These were replaced between 2020 and 2022 resulting in total in-service additions of \$2.7M. For 2025 – 2029, no capital expenditures are planned.

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 \$6.7M (1.4%) decrease over 2024 rate base.

Table 4 - Transmission Rate Base (\$M)*

| Description | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------------|--------|---------|---------|---------|---------|
| Mid-Year Gross Plant | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 |
| Mid-Year Accumulated Depreciation | (95.3) | (101.7) | (108.2) | (114.7) | (121.2) |
| Mid-Year Net Plant | 455.1 | 448.6 | 442.1 | 435.7 | 429.2 |
| 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 | 455.1 | 448.6 | 442.1 | 435.7 | 429.2 |

*Exhibit Reference: C-01-01, Table 3

5.6 PERFORMANCE AND REPORTING

B2M LP is proposing to continue to track its performance by utilizing most of the measures approved by the OEB in proceeding EB-2015-0026, and the Settlement Agreement in EB-2019-0178.

Given the nature of B2M LP's assets, the performance of the equipment does not lend itself to applying the typical measures that might be in place for other transmitters. B2M LP's assets consist solely of a single 500kV double circuit transmission line (circuits B560V and B561M) between the Bruce Nuclear Generating Station and the Milton Switching Station but does not include any terminal breakers or other operable assets. The demarcation point of each of the circuits is at a tower outside of the stations, as noted in Exhibit B-01-01. B2M LP does not directly supply any customer delivery points (or meter assets), which are the basis of interruption-based reliability performance measures like SAIDI and SAIFI. However, HONI SAIDI and/or SAIFI values can be impacted by outages caused by B2M LP assets. As a result, as stated in the settlement agreement from EB-2019-0178, B2M LP will report SAIDI and SAIFI contribution caused by B2M assets (T-SAIDI B2MLP Contribution and T-SAIFI B2MLP Contribution). Since B2M LP 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.

1

Table 5 - B2M LP's Performance Measures

| RRF Outcomes | Performance Measure |
|------------------------------|---|
| Operational Excellence | Average System Availability (%) |
| Operational Excellence | T-SAIDI B2MLP Contribution |
| Operational Excellence | T-SAIFI B2MLP Contribution |
| Operational Excellence | O&M Cost (\$K) per circuit kilometer ⁷ |
| Public Policy Responsiveness | NERC Vegetation Compliance |

2

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

5

6 **5.7 OPERATIONS, MAINTENANCE AND ADMINISTRATION (OM&A) EXPENSE**

7 B2M LP is managed by its general partner, HOIP, which retains HONI under a SLA, to
 8 plan, organize, and execute the operation and maintenance of the assets and provide
 9 certain corporate and administrative support services as outlined in Exhibit F-03-01.

10

11 OM&A expenses are derived based upon the various work programs and functions
 12 performed by or on behalf of the Partnership. As outlined in Table 8 below, the average
 13 OM&A annualized forecast for the 2025 to 2029 period is \$3.3M. The 2020 Test Year
 14 OM&A approved in EB-2019-0178 rate filing was \$1.2M. This represents a \$2.1M increase
 15 over the 2020 test year. The average annualized forecast OM&A spend for the 2020 to
 16 2024 period is \$2.4M which is also higher than 2020 Test Year approved OM&A of \$1.2M.
 17 OM&A costs, have on-average been \$1.2M over plan for the 2020 – 2024 period. Three
 18 key factors are contributing to high OM&A costs for 2025 to 2029: (i) continuation of the
 19 Spacer Damper Repair Program, (ii) planned cyclic vegetation management activities for
 20 2025 to 2029; and (iii) inclusion of shared asset cost allocation.

⁷ Circuit kms refer to total route kms multiplied by number of circuits per km. For B2M LP, this is 176 kms x 2 circuits = 352 kms.

1 As outlined in Exhibit F-02-01, Section 2.1.1, defective spacer dampers were identified in
2 2019 during detailed helicopter inspections. Mitigation was initiated in 2020 and is
3 anticipated to continue until 2029. OM&A costs are anticipated to reduce by about \$1M
4 annually after 2029 once the Spacer Damper Repair Program has been completed.

5
6 Higher OM&A forecasts for the 2025 to 2029 period are also due to large portions of B2M
7 LP's Right of Way undergoing major vegetation maintenance in 2025, 2027, and 2028. As
8 outlined in Exhibit B-01-03, Attachment 1, Section 3.3.1 Routine Operation and
9 Maintenance, Line Clearing and Brush Control are cyclic vegetation maintenance activities
10 that are scheduled for Right of Ways every six years. These activities have significantly
11 higher unit costs compared to other vegetation management and patrol activities.

12
13 Starting in 2023, B2M LP is also charged transfer pricing by HONI for the use of certain
14 shared assets. The shared asset costs allocated to B2M LP include those for major fixed
15 assets and intangible assets, as well as minor fixed assets. Shared Asset Allocation is
16 forecast to be \$0.3M annually for the 2025 to 2029 period, and mainly relates to HONI's
17 SAP system, an enterprise-wide system that integrates work management, finance,
18 supply chain and other enterprise software. Use of these systems is required for HONI to
19 coordinate and execute its asset management process and subsequent maintenance
20 activities for B2M LP.

21
22 Other Incremental Expenses include components that are directly incurred by B2M LP
23 and are outside of the SLA with HONI. These include components such as insurance,
24 regulatory expenses, Managing Director costs, and other administrative expenses such
25 as external fees, statutory remittances, and auditor costs. These expenses have been
26 adjusted for inflation for the 2025 to 2029 forecast period.

27
28 Further details are presented in Exhibit F-02-01.

1

Table 6 - Summary of OM&A (\$M)*

| | Historical | | | | | | | | | | | | Bridge | | Forecast | | | | |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2020 | | | 2021 | | | 2022 | | | 2023 | | | 2024 | | 2025 | 2026 | 2027 | 2028 | 2029 |
| | Plan* | Act | Var | Plan* | Act | Var | Plan* | Act | Var | Plan* | Act | Var | Plan* | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst |
| SLA Costs | 0.7 | 2.4 | 1.7 | 0.7 | 1.6 | 0.9 | 0.8 | 1.3 | 0.5 | 0.8 | 2 | 1.3 | 0.8 | 2.5 | 2.6 | 2.2 | 3.3 | 3.5 | 2.1 |
| Incremental Expenses | 0.4 | 0.4 | 0 | 0.4 | 0.3 | (0.1) | 0.4 | 0.4 | (0.1) | 0.5 | 0.4 | (0.0) | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |
| Total OM&A | 1.2 | 2.8 | 1.6 | 1.2 | 2.0 | 0.8 | 1.2 | 1.6 | 0.4 | 1.2 | 2.5 | 1.2 | 1.3 | 3.1 | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |

*The Plan values reflect the test year values (2020) approved by the OEB as part of the previous revenue requirement application, EB-2019-0178, as escalated by approved Revenue Cap Index values.

1 **5.8 COST OF CAPITAL**

2 Details of the cost of capital summary for each year are provided in Exhibit G-01-03. Table
 3 7 below summarizes the return on capital for the 2025-2029 test period.

4
 5 **Table 7 - 2025-2029 Return on Capital**

| | Return on Capital (\$M) | | | | |
|-----------------|-------------------------|-------------|-------------|-------------|-------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| Long term debt | 7.8 | 8.0 | 7.9 | 7.8 | 7.6 |
| Short-term debt | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Common Equity | 16.8 | 16.5 | 16.3 | 16.0 | 15.8 |
| Total | 25.7 | 25.6 | 25.3 | 24.9 | 24.5 |

6 B2M LP's deemed capital structure for rate-making purposes is 60% debt and 40%
 7 common equity of utility rate base, as affirmed by the OEB's Decision in B2M LP's 2020
 8 to 2024 transmission rate application (EB-2019-0178). The 60% debt component is
 9 comprised of 4% deemed short-term debt and 56% long-term debt.⁸

10
 11 At the time of the Draft Rate Order (DRO) in this proceeding, B2M LP intends to update
 12 the 2025 to 2029 revenue requirements based on the OEB's release of its 2025 cost of
 13 capital parameters to reflect: (a) the OEB-prescribed 2025 return on equity (ROE) and
 14 short-term debt rates; and (b) a long-term debt rate based on B2M LP's forecast debt
 15 refinancing in 2025, using the September 2024 Consensus Forecast. The ROE and short-
 16 term debt rate parameters will remain fixed over the five-year rate term.

17
 18 For the 2026 revenue requirement year, B2M LP proposes a one-time update to the cost
 19 of long-term debt to reflect the actual market rate achieved on the long-term debt it will
 20 issue in 2025. This will allow actual debt issuances made to refinance maturing debt in

⁸ 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.

1 2025 to be reflected in the 2026 revenue requirement and through to the end of the rate
2 term.

3
4 Further details regarding the cost of capital can be found in Exhibit G-01-01.

6 **5.9 COST ALLOCATION AND RATE DESIGN**

7 All assets associated with B2M LP are classified as Network assets, consistent with the
8 cost allocation methodology approved by the OEB for B2M LP in previous OEB
9 proceedings, most recently in EB-2019-0178. Accordingly, the total rates revenue
10 requirement associated with B2M LP's transmission assets will be allocated to the
11 Network pool. Further details regarding the cost allocation and rate design are provided in
12 in Exhibit I-01-01.

14 **5.10 DEFERRAL AND VARIANCE ACCOUNTS**

15 B2M LP is requesting to dispose of its regulatory balances in the ESM deferral account
16 that accumulated between 2022 and 2023. B2M LP is requesting to dispose of the ESM
17 deferral account balance as part of its revenue requirement over a one-year period
18 commencing January 1, 2025.

19
20 B2M LP's regulatory account balances are summarized in Table 8 below:

21
22 **Table 8 - 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 |
| Forgone Revenue Deferral Account | 0 | 0 | 0 |
| ESM Deferral Account | (732,119) | (44,208) | (776,327) |
| Total Group 2 Balances | (732,119) | (44,208) | (776,327) |

1 B2M LP is requesting approval to continue all existing accounts, as detailed in Exhibit H-
 2 01-01.

3

4 **5.11 BILL IMPACTS**

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

8

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

13

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

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|--------|---------|---------|---------|-----------|-----------|
| Rates Revenue Requirement (\$M) | 36.396 | 36.988 | 37.467 | 38.583 | 38.540 | 36.982 |
| Net Impact on Average Transmission Rates | | 0.027% | 0.022% | 0.050% | -0.002% | -0.068% |
| Average Transmission Customer Total Bill Impact | | 0.003% | 0.003% | 0.006% | 0.000% | -0.008% |
| Typical Hydro One R1 Customer Total Bill Impact (750 kWh) | | \$0.004 | \$0.003 | \$0.008 | \$(0.000) | \$(0.010) |
| | | 0.003% | 0.002% | 0.005% | 0.000% | -0.007% |
| Typical Hydro One GS<50kW Customer Total Bill Impact (2000 kWh) | | \$0.009 | \$0.007 | \$0.016 | \$(0.001) | \$(0.022) |
| | | 0.002% | 0.002% | 0.004% | 0.000% | -0.005% |

Note: B2M LP's rates revenue requirement impacts reflect its share of the transmission rates revenue requirement in UTRs.

1 **6.0 CONCLUSION**

2 B2M LP's Application balances the needs of its system and assets and allows it to operate
3 and maintain these assets in accordance with reliability standards and satisfy regulatory,
4 environmental, and legal requirements.

5

6 B2M LP operates under unique circumstances when considering its corporate structure,
7 asset holdings, and operating and management arrangements. Over the five-year term,
8 this Application, as proposed, will mitigate the company's challenges and ensure that B2M
9 LP's assets are managed effectively to benefit electricity customers across Ontario.

REVENUE REQUIREMENT FRAMEWORK SUMMARY

1.0 INTRODUCTION AND OVERVIEW

B2M LP 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

B2M LP 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 B2M LP. B2M LP 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 **1.1 CONSIDERATION OF THE MOST APPROPRIATE REVENUE REQUIREMENT**
2 **FRAMEWORK FOR B2M AS A SINGLE-ASSET UTILITY**

3 In developing its Application, B2M LP considered whether revenue cap index
4 frameworks are appropriate for a single-asset utility such as B2M LP. Single-asset
5 utilities, such as B2M LP, typically have few, if any, capital expenditures in the years
6 following the in-service of the new asset and their rate base declines over time. As a
7 result, a revenue cap index framework, whereby the revenue requirement is updated
8 each year by a factor based of inflation minus a productivity factor, may result in
9 overearning for a single-asset utility. On the other hand, single-asset utilities have
10 unique expense trajectories, such as income tax, that may cause costs to vary
11 substantially year over year.

12
13 To address this dynamic, B2M LP is proposing the approach set out herein for its 2025-
14 2029 revenue requirement. B2M LP believes that this approach will provide greater
15 transparency to ratepayers in respect of its costs over the 2025-2029 period and will
16 allow for its revenue requirement to be directly tied to its forecast costs over the entire
17 period. Protections for ratepayers, including an explanation of why this proposal does
18 not disincentivize productivity, are discussed in the section below.

19
20 **1.2 FRAMEWORK PROVIDES APPROPRIATE PROTECTION FOR**
21 **RATEPAYERS**

22 B2M LP's proposal provides appropriate protection for ratepayers for a number of
23 reasons, each of which is discussed in this section.

24
25 **1.2.1 THE APPROACH DOES NOT DISCOURAGE PRODUCTIVITY**

26 As B2M LP has explained in its previous revenue requirement applications, B2M LP has
27 few, if any opportunities to unilaterally achieve productivity improvements, regardless of
28 the revenue requirement framework under which it is operating at any given time.

1 Specifically:

- 2 • B2M LP owns and operates a single 500kV transmission line that is about 15
3 years old and has an expected service life of over 80 years. As these assets are
4 new, they require lower OM&A in comparison to other transmitters, and no
5 capital expenditures are forecasted during the rate period;
- 6 • Given that there are no forecast capital expenditures, B2M LP's main controllable
7 costs are maintenance and a small amount of administration. These costs are a
8 small fraction of total costs and are significantly less than the non-controllable
9 portions of B2M LP's costs (Cost of Capital, Depreciation, Income Tax,
10 Operations, Corporate Allocation). As a result, it is only in respect of a modest
11 portion of OM&A costs that productivity can be achieved. Even in respect of the
12 controllable portion of maintenance and administration costs:
 - 13 ○ B2M LP's management and work programs are provided by a service
14 level agreement, resulting in minimal overhead as well as qualified and
15 flexible resources when needed, allowing B2M LP to remain cost efficient;
16 and
 - 17 ○ B2M LP's service level agreement integrates HONI's productivity
18 improvements into B2M LP's maintenance operations.

19
20 As a result of the above, B2M LP receives the benefit of HONI's productivity
21 improvements in B2M LP's maintenance operations, regardless of the regulatory
22 framework under which B2M LP operates.

23 24 **1.2.2 PROTECTIONS FOR RATEPAYERS**

25 B2M LP is proposing the following additional features in this Application to align its
26 interests with those of customers and to provide an additional element of protection for
27 customers.

28 29 ***EARNINGS SHARING MECHANISM (ESM)***

30 Although significant overearning is not expected, B2M LP proposes to share, with
31 customers, 50% of any earnings that exceed the OEB-allowed regulatory return on

1 equity (ROE) by more than 100 basis points in any year of the five-year term. The
2 customer share of the earnings will be adjusted for any tax impacts and will be credited
3 to the ESM deferral account for clearance at the time of B2M LP's next rebasing, as
4 further described in Exhibit H-01-01.

5
6 **Z-FACTOR**

7 B2M LP is proposing, consistent with the Handbook, that the OEB's Z-factor mechanism
8 be available over the term of this five-year Application. The criteria that would apply to
9 the use of the Z-factor mechanism are those outlined by the OEB in Chapter 2 of the
10 Filing Requirements for Electricity Transmission Applications, section 2.8.12.

11
12 Events that may necessitate the use of the Z-factor mechanism include:

- 13
- 14 • Extreme weather events, such as storms;
 - 15 • Investments that are government-mandated or otherwise outside of
16 management's control;
 - 17 • Changes to IESO market rules;
 - 18 • Changes to OEB codes, policies or other directions;
 - 19 • Changes to accounting frameworks or technical standards;
 - 20 • Changes to government policy, legislation, or regulation, such as environmental
21 laws; and
 - 22 • Any other one-time or ongoing event that meets the Z-factor criteria.

23 **OFF-RAMPS**

24 B2M LP proposes to apply the OEB's existing off-ramp mechanism, a trigger mechanism
25 with an annual return on equity dead band of plus or minus 300 basis points,³ at which
26 point a regulatory review of the revenue requirement arising from B2M LP's five-year
27 Application may be initiated.

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

1 **PERFORMANCE METRICS**

2 As detailed in Exhibit D-1-1, B2M LP is proposing several performance measures which
3 align with RRF outcomes. These measures protect customers by providing transparency
4 in respect of the performance of B2M LP's assets. They allow for verification that the
5 assets are operated within the expected parameters and continue to serve the electricity
6 consumers of Ontario effectively.

7
8 **2.0 ANNUAL UPDATE APPLICATIONS WILL NOT BE REQUIRED**

9 As a result of B2M LP's proposed approach, annual updates to set the revenue
10 requirements for 2026-2029 will not be required. Only one update is proposed to the cost
11 of long-term debt in 2025 as detailed in Exhibit G-01-01 of this Application. Once the
12 2025 update for cost of long-term debt is complete (impacting 2026-2029 revenue
13 requirements), B2M LP's 2026, 2027, 2028 and 2029 revenue requirements will be final.
14 As a result, the OEB can use these final revenue requirements approved to set 2026,
15 2027, 2028 and 2029 UTRs. B2M LP believes its proposal helps advance regulatory
16 efficiency by eliminating the need for annual updates.

Filed: 2024-05-23
EB-2024-0116
Exhibit A
Tab 4
Schedule 1
Page 6 of 6

1

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DESCRIPTION OF THE PARTNERSHIP

1
2
3 B2M Limited Partnership (B2M LP) is a limited partnership formed under the laws of
4 Ontario. B2M LP owns one 500kV double circuit high-voltage transmission line running
5 from just east of the Bruce Nuclear Generating Station to just west of Hydro One Networks
6 Inc.'s Milton Switching Station. These circuits are referred to as B560V and B561M. The
7 business carried out by B2M LP is the provision of electricity transmission service in
8 Ontario.

9
10 B2M LP is a partnership between Hydro One Indigenous Partnerships Inc. (HOIP)¹; Hydro
11 One Networks Inc. (HONI); and Saugeen Ojibway Nation Finance Corporation (SON FC),
12 a corporation owned by, and the nominee of, the Chippewas of Saugeen First Nation and
13 Chippewas of Nawash First Nation.

14
15 HOIP is the general partner and is responsible for ensuring that the transmission assets
16 owned by B2M LP are operated and maintained in accordance with all applicable
17 regulatory standards and HONI's maintenance and operating practices through a
18 comprehensive services agreement, as further outlined in Exhibit F-03-01. The agreement
19 mandates that HONI shall ensure that all applicable OEB licence, code and rule
20 requirements are observed.

21
22 The organization chart for the B2M LP ownership structure is set out below.

¹ The subsidiary of Hydro One Inc. now known as HOIP was previously named Hydro One B2M GP Inc. The name of this subsidiary was changed in 2018.



Figure 1: Organization Chart for the B2M LP Ownership Structure

FINANCIAL INFORMATION

1.0 ACCOUNTING STANDARD

In 2015, B2M LP 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

B2M LP 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, B2M LP 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 B2M LP's transmission revenue requirements and rates for 2020-2024 (EB-2019-0178).

3.0 OTHER SUPPORTING FINANCIAL INFORMATION

As B2M LP's debt is managed and rated under Hydro One Networks, there are no rating agency reports, prospectuses or information circulars that are specific to B2M LP. 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.

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

- 4 • [2023 Annual Report](#)

5

6 **4.0 EXISTING ACCOUNTING ORDERS**

7 As per the Chapter 2 Filing Requirements for Transmitters, B2M LP has attached its
8 existing accounting orders approved in prior proceedings.

- 9 • Tax changes
- 10 • Forgone revenue
- 11 • ESM

12

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

APPENDIX A

**B2M LP
TRANSMISSION**

EB-2015-0026

**DECISION AND RATE ORDER
TAX RATE AND RULE CHANGES ACCOUNTING ORDER**

JANUARY 14, 2016

Transmission Accounting Order Tax Rate and Rule Changes Variance Account

B2M Limited Partnership will establish a new tax variance account, "Tax Rate and Rule Changes Variance Account". The account would track the impact of:

- Differences that result from a legislative or regulatory change to the tax rates or rules compared to costs approved by the Board as part of 2015 to 2019 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.

The variance would be recorded in account 1592 – PILs and Tax Variances for 2006 and Subsequent Years. This is in accordance with the guidance provided in the Accounting Procedures Handbook.

B2M Limited Partnership proposes to establish the new account effective January 1, 2015 for the test years 2015 - 2019.

B2M Limited Partnership will record interest on any balance in the account using the interest rates set by the Board. Simple interest would be calculated on the opening monthly balance of the account until the balance is fully disposed.

Proposed Accounting Entries

USofA # Account Description

Tax Rate and Rule Changes Variance Account

Dr/Cr: 6110 Income Taxes

Dr/Cr: 2294 Accrual for Taxes, "Payment in Lieu of Taxes", etc.

To record preliminary recognition of impact of Tax Rate and/or Rule Changes.

Dr/Cr: 6110 Income Taxes

Dr/Cr: 1592 PILs and Tax Variances for 2006 and Subsequent Years

To record the variance between Board-approved and actual Taxes. This entry reverses the impact of the Tax Rate/Rule Change booked in the entry above.

Dr/Cr: 1592 PILs and Tax Variances for 2006 and Subsequent Years

Dr/Cr: 6035 Other Interest Expense

To record interest improvement on the principal balance of the Tax Rate and Rule Changes Variance Account.

Appendix B
Decision and Order
B2M Limited Partnership
EB-2016-0349
Dated: June 29, 2017

PROPOSED ACCOUNTING ENTRIES

This account records the differences between revenue earned by B2M LP under the interim 2017 rates set at the 2016 Uniform Transmission Rates (UTR) level, and the revenues that would have been received under the approved 2017 UTR. The account will capture the foregone revenue from January 1, 2017 to the date when the approved 2017 UTR are reflected in the revenue earned by B2M LP. The accounting entries to be recorded are as follows:

| USofA # | Account Description |
|----------------|--|
| Dr: 1508 | Other Regulatory Assets – Sub account “Forgone Revenue Deferral Account” |
| Cr: 4110 | Transmission Services Revenue |

To record the differences between revenue earned by B2M LP under the interim 2017 rates and the revenues that would have been received under the approved 2017 UTR.

| USofA # | Account Description |
|----------------|--|
| Dr: 1508 | Other Regulatory Assets – Sub account “Forgone Revenue Deferral Account” |
| Cr: 6035 | Other Interest Expense |

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

Filed: 2020-01-27

EB-2019-0178

DRO Exhibit 4.0

Page 1 of 1

ACCOUNTING ORDER

In the Decision, the OEB directed B2M LP to provide a draft Accounting Order for the Earning Sharing Mechanism (ESM) Deferral Account. To comply with the OEB's direction, B2M LP has provided the draft accounting order in Exhibit 4.1.

Transmission Accounting Order – ESM Deferral Account

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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 B2M LP’s transmission revenue. B2M LP 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 OEB approved 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 B2M LP owned by Hydro One 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. B2M LP 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.

Witness: Jeffrey Smith; Samir Chhelavda

1 **B2M LP FINANCIAL STATEMENTS - HISTORICAL YEARS**

2

3 **Attachment 1:** 2023 B2M LP Financial Statements

4 **Attachment 2:** 2022 B2M LP Financial Statements

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B2M LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2023

B2M LIMITED PARTNERSHIP INDEPENDENT AUDITORS' REPORT

To the Partners of B2M Limited Partnership.

Opinion

We have audited the financial statements of B2M 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.

**B2M LIMITED PARTNERSHIP
INDEPENDENT AUDITORS' REPORT**

- 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

B2M LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2023 and 2022

| Year ended December 31 <i>(thousands of Canadian dollars)</i> | 2023 | 2022 |
|---|---------------|---------------|
| Revenues <i>(Note 11)</i> | 36,590 | 35,352 |
| Costs | | |
| Operation, maintenance and administration | 2,455 | 1,642 |
| Depreciation and asset removal costs <i>(Note 5)</i> | 6,866 | 6,879 |
| | 9,321 | 8,521 |
| Income before financing charges | 27,269 | 26,831 |
| Financing charges <i>(Notes 4, 11)</i> | 6,564 | 6,823 |
| Net income and comprehensive income | 20,705 | 20,008 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
BALANCE SHEETS
At December 31, 2023 and 2022

| <i>As at December 31 (thousands of Canadian dollars)</i> | 2023 | 2022 |
|--|----------------|----------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 10,995 | 10,133 |
| Inter-company receivable (Note 11) | 5,212 | 5,373 |
| Accounts receivable (Note 11) | 2,944 | 2,907 |
| Other assets | 30 | 25 |
| | 19,181 | 18,438 |
| Long-term assets: | | |
| Property, plant and equipment (Note 6) | 465,190 | 472,056 |
| Total assets | 484,371 | 490,494 |
| Liabilities | | |
| Current liabilities: | | |
| Inter-company payable (Note 11) | 5,688 | 5,688 |
| Accrued liabilities | 364 | 432 |
| Accrued interest (Note 11) | 2,429 | 2,459 |
| | 8,481 | 8,579 |
| Long-term liabilities: | | |
| Regulatory Liabilities (Note 9) | 736 | 75 |
| Notes payable (Notes 7, 8, 11) | 285,419 | 289,537 |
| Total liabilities | 294,636 | 298,191 |
| <i>Subsequent Events (Note 13)</i> | | |
| Partners' equity (Note 10) | 189,735 | 192,303 |
| Total liabilities and partners' equity | 484,371 | 490,494 |

See accompanying notes to Financial Statements.

On behalf of Hydro One Indigenous Partnerships Inc., in its capacity as general partner of B2M Limited Partnership:



Christopher Lopez
Sole Director

B2M LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY
For the years ended December 31, 2023 and 2022

| Year ended December 31, 2023 <i>(thousands of Canadian dollars, except number of units) (Note 10)</i> | Class A Units | | Class B Units | | Total | |
|--|--------------------|----------------|-------------------|---------------|--------------------|----------------|
| | Number of units | Unit value | Number of units | Unit value | Number of units | Unit value |
| January 1, 2023 | 188,579,358 | 172,347 | 22,000,000 | 19,956 | 210,579,358 | 192,303 |
| Distributions to partners | — | (20,968) | — | (2,305) | — | (23,273) |
| Net income and comprehensive income | — | 18,674 | — | 2,031 | — | 20,705 |
| December 31, 2023 | 188,579,358 | 170,053 | 22,000,000 | 19,682 | 210,579,358 | 189,735 |

| Year ended December 31, 2022 <i>(thousands of Canadian dollars, except number of units) (Note 10)</i> | Class A Units | | Class B Units | | Total | |
|--|--------------------|----------------|-------------------|---------------|--------------------|----------------|
| | Number of units | Unit value | Number of units | Unit value | Number of units | Unit value |
| January 1, 2022 | 188,579,358 | 172,876 | 22,000,000 | 20,056 | 210,579,358 | 192,932 |
| Distributions to partners | — | (18,573) | — | (2,064) | — | (20,637) |
| Net income and comprehensive income | — | 18,044 | — | 1,964 | — | 20,008 |
| December 31, 2022 | 188,579,358 | 172,347 | 22,000,000 | 19,956 | 210,579,358 | 192,303 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2023 and 2022

| Year ended December 31 <i>(thousands of Canadian dollars)</i> | 2023 | 2022 |
|---|-----------------|-----------------|
| Operating activities | | |
| Net income | 20,705 | 20,008 |
| Adjustments for: | | |
| Depreciation <i>(Note 5)</i> | 6,866 | 6,865 |
| Regulatory accounts | 661 | 75 |
| Changes in non-cash balances related to operations <i>(Note 12)</i> | (140) | 66 |
| Net cash from operating activities | 28,092 | 27,014 |
| Financing activities | | |
| Notes payable repaid | (4,118) | (4,126) |
| Distributions paid to partners | (9,759) | (7,124) |
| Cash advances paid to partners | (13,514) | (13,513) |
| Change in inter-company receivable | 161 | (24) |
| Net cash used in financing activities | (27,230) | (24,787) |
| Investing activities | | |
| Capital expenditures - property, plant and equipment | — | (167) |
| Net cash used in investing activities | — | (167) |
| Net change in cash and cash equivalents | 862 | 2,060 |
| Cash and cash equivalents, beginning of year | 10,133 | 8,073 |
| Cash and cash equivalents, end of year | 10,995 | 10,133 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022

1. DESCRIPTION OF THE BUSINESS

B2M Limited Partnership (B2M LP or the Partnership) was formed on March 22, 2013, under the laws of the Province of Ontario (Province). B2M LP is 65.71% 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 34.19% owned by the Chippewas of Nawash First Nation and the Chippewas of Saugeen First Nation, collectively referred to as the Saugeen Ojibway Nation (SON). 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.

B2M LP 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 B2M LP on January 1, 2020 and holds the general partner interests and carries out the general partner responsibilities of B2M LP. On the same day, Hydro One Indigenous Partnerships GP Inc., the prior general partner of B2M LP, was wound up into Hydro One Networks.

The principal business of the Partnership is the operation, management and maintenance of an electricity transmission line (Bruce to Milton Line) in southwestern Ontario, from the Bruce Power facility in Kincardine to Hydro One's Milton Switching Station in the Town of Milton.

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

Rate Setting

On July 31, 2019, B2M LP filed a transmission rate application for the 2020 to 2024 period. On January 16, 2020, the OEB approved the 2020 base revenue requirement of \$33 million. 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 Bruce to Milton Line transmission 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 Bruce to Milton Line transmission assets on December 16, 2014. 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 13 - 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

B2M LP, 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.

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

Easements include rights to use portions of licensed properties of Hydro One Networks for the purpose of operating and maintaining the Bruce to Milton Line transmission assets.

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2023 and 2022

Depreciation

The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated remaining service life of each asset category.

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 | 77 |
| Depreciation Rates - Range | 1.0% - 4.2% |
| 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 B2M LP'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 and inter-company receivable are classified as loans and receivables. The Partnership considers the carrying amount of accounts receivable and inter-company 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 8 - 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 B2M LP:

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 |

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2023 and 2022

4. FINANCING CHARGES

| <i>As at December 31 (thousands of dollars)</i> | 2023 | 2022 |
|---|-------|-------|
| Interest on notes payable | 6,837 | 6,920 |
| Interest income | (277) | (94) |
| Other | 4 | (3) |
| | 6,564 | 6,823 |

5. DEPRECIATION AND ASSET REMOVAL COSTS

| <i>Year ended December 31 (thousands of dollars)</i> | 2023 | 2022 |
|--|-------|-------|
| Depreciation of property, plant and equipment | 6,866 | 6,865 |
| Asset removal costs | — | 14 |
| | 6,866 | 6,879 |

6. PROPERTY, PLANT AND EQUIPMENT

| <i>As at December 31, 2023 (thousands of dollars)</i> | Property, Plant and Equipment | Accumulated Depreciation | Total |
|---|----------------------------------|-----------------------------|---------|
| Transmission | 432,393 | 55,058 | 377,335 |
| Easements | 96,721 | 8,866 | 87,855 |
| | 529,114 | 63,924 | 465,190 |

| <i>As at December 31, 2022 (thousands of dollars)</i> | Property, Plant and Equipment | Accumulated Depreciation | Total |
|---|----------------------------------|-----------------------------|---------|
| Transmission | 432,393 | 49,147 | 383,246 |
| Easements | 96,721 | 7,911 | 88,810 |
| | 529,114 | 57,058 | 472,056 |

7. 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:

| <i>As at December 31 (thousands of dollars)</i> | 2023 | 2022 |
|---|---------|---------|
| 1.78% note payable due February 2025 | 89,639 | 93,483 |
| Floating-rate note payable due February 2025 ¹ | 19,032 | 19,306 |
| 2.18% note payable due February 2030 | 100,380 | 100,380 |
| 2.73% note payable due February 2050 | 76,368 | 76,368 |
| | 285,419 | 289,537 |

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

In 2023, B2M LP repaid promissory notes totaling \$4,118 thousand (2022 - \$4,126 thousand). No promissory notes were issued in 2023 and 2022.

8. 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

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2023 and 2022

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 Partnership's carrying amounts of cash and cash equivalents, accounts receivable, inter-company 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:

| <i>As at December 31, 2023 (thousands of dollars)</i> | Carrying Value | Fair Value | Level 1 | Level 2 | Level 3 |
|---|----------------|------------|---------|---------|---------|
| Liabilities: | | | | | |
| Notes payable | 285,419 | 251,996 | — | 251,996 | — |

| <i>As at December 31, 2022 (thousands of dollars)</i> | Carrying Value | Fair Value | Level 1 | Level 2 | Level 3 |
|---|----------------|------------|---------|---------|---------|
| Liabilities: | | | | | |
| Notes payable | 289,537 | 245,451 | — | 245,451 | — |

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 point 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 receivable and inter-company payable with Hydro One. The short-term liquidity available to the Partnership should be sufficient to fund normal operating requirements.

9. REGULATORY LIABILITIES

Regulatory liabilities arise as a result of the rate-setting process. B2M LP has recorded the following liabilities:

| <i>As at December 31 (thousands of dollars)</i> | 2023 | 2022 |
|---|------------|-----------|
| Regulatory liabilities: | | |
| Earnings sharing mechanism deferral account | 736 | 75 |
| Total regulatory liabilities | 736 | 75 |

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2023 and 2022

Earnings Sharing Mechanism Deferral

In January 2020, the OEB accepted B2M LP'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, B2M LP 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.

10. PARTNERS' EQUITY

B2M LP is authorized to issue an unlimited number of Class A and Class B units. The Class A and Class B units are voting and participate equally in profits, losses and capital distributions of B2M LP. The Class A and Class B units are equal with respect to all rights, benefits obligations and limitations provided under the Limited Partnership Agreement. Any units issued by B2M LP must be first offered to the existing partners in proportion to their ownership interests. At December 31, 2023 and 2022, B2M LP had 188,579,358 Class A units issued and outstanding, and 22,000,000 Class B units issued and outstanding.

As the SON is a tax exempt entity, 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 SON and the Hydro One Partners as follows:

| Year ended December 31, 2023 <i>(thousands of dollars, except number of units)</i> | SON | Hydro One Partners | Total |
|--|---------------|--------------------|----------------|
| Class A Units | | | |
| Class A - number of units - December 31, 2023 | 50,000,000 | 138,579,358 | 188,579,358 |
| Class A unit value - January 1, 2023 | 45,352 | 126,995 | 172,347 |
| Distributions to partners | (5,240) | (15,728) | (20,968) |
| Net income and comprehensive income | 4,617 | 14,057 | 18,674 |
| Class A unit value - December 31, 2023 | 44,729 | 125,324 | 170,053 |
| Class B Units | | | |
| Class B - number of units - December 31, 2023 | 22,000,000 | — | 22,000,000 |
| Class B unit value - January 1, 2023 | 19,956 | — | 19,956 |
| Distributions to partners | (2,305) | — | (2,305) |
| Net income and comprehensive income | 2,031 | — | 2,031 |
| Class B unit value - December 31, 2023 | 19,682 | — | 19,682 |
| Total partners' equity | | | |
| Number of units - December 31, 2023 | 72,000,000 | 138,579,358 | 210,579,358 |
| Partners' equity - January 1, 2023 | 65,308 | 126,995 | 192,303 |
| Distributions to partners | (7,545) | (15,728) | (23,273) |
| Net income and comprehensive income | 6,648 | 14,057 | 20,705 |
| Partners' equity - December 31, 2023 | 64,411 | 125,324 | 189,735 |

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2023 and 2022

| Year ended December 31, 2022 (thousands of dollars, except number of units) | SON | Hydro One Partners | Total |
|---|---------------|--------------------|----------------|
| Class A Units | | | |
| Class A - number of units - December 31, 2022 | 50,000,000 | 138,579,358 | 188,579,358 |
| Class A unit value - January 1, 2022 | 45,581 | 127,295 | 172,876 |
| Distributions to partners | (4,692) | (13,881) | (18,573) |
| Net income and comprehensive income | 4,463 | 13,581 | 18,044 |
| Class A unit value - December 31, 2022 | 45,352 | 126,995 | 172,347 |
| Class B Units | | | |
| Class B - number of units - December 31, 2022 | 22,000,000 | — | 22,000,000 |
| Class B unit value - January 1, 2022 | 20,056 | — | 20,056 |
| Distributions to partners | (2,064) | — | (2,064) |
| Net income and comprehensive income | 1,964 | — | 1,964 |
| Class B unit value - December 31, 2022 | 19,956 | — | 19,956 |
| Total partners' equity | | | |
| Number of units - December 31, 2022 | 72,000,000 | 138,579,358 | 210,579,358 |
| Partners' equity - January 1, 2022 | 65,637 | 127,295 | 192,932 |
| Distributions to partners | (6,756) | (13,881) | (20,637) |
| Net income and comprehensive income | 6,427 | 13,581 | 20,008 |
| Partners' equity - December 31, 2022 | 65,308 | 126,995 | 192,303 |

11. RELATED PARTY TRANSACTIONS

The Partnership is 65.81% indirectly owned by Hydro One and 34.19% owned by the SON. 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) | | 2023 | 2022 |
|---|--------------------------------------|--------|--------|
| Related Party | Transaction | | |
| IESO | Revenues for transmission services | 36,590 | 35,352 |
| B2M Trust | Notes payable repaid | 4,118 | 4,126 |
| | Interest expense on notes payable | 6,837 | 6,920 |
| Hydro One Networks | Distributions and cash advances paid | 15,704 | 13,860 |
| | Services received - costs incurred | 2,396 | 1,702 |
| HOIP | Distributions and cash advances paid | 24 | 22 |
| SON | Distributions and cash advances paid | 7,545 | 6,756 |

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 | 2,944 | 2,907 |
| Inter-company receivable ² | 5,212 | 5,373 |
| Inter-company payable ² | 5,688 | 5,688 |
| Notes payable, including current portion | 285,419 | 289,537 |
| Accrued interest | 2,429 | 2,459 |

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 receivable and inter-company payable balances, and include expenses paid and amounts collected by Hydro One and its subsidiaries that relate to the Partnership.

12. STATEMENTS OF CASH FLOWS

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

| Year ended December 31 <i>(thousands of dollars)</i> | 2023 | 2022 |
|--|--------------|-----------|
| Accounts receivable | (37) | 100 |
| Other assets | (5) | (7) |
| Accrued liabilities | (68) | 2 |
| Accrued interest | (30) | (29) |
| | <u>(140)</u> | <u>66</u> |

13. SUBSEQUENT EVENTS

Cash Advances

On January 8, 2024, cash advances in the amount of \$4,505 thousand were paid to partners, of which \$4,046 thousand and \$459 thousand were paid to Class A and Class B unit holders, respectively.

B2M LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2022

B2M LIMITED PARTNERSHIP INDEPENDENT AUDITORS' REPORT

To the Partners of B2M Limited Partnership.

Opinion

We have audited the financial statements of B2M 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.

**B2M LIMITED PARTNERSHIP
INDEPENDENT AUDITORS' REPORT**

- 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

B2M LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021

| Year ended December 31 <i>(thousands of Canadian dollars)</i> | 2022 | 2021 |
|---|---------------|---------------|
| Revenues <i>(Notes 8, 10)</i> | 35,352 | 33,702 |
| Costs | | |
| Operation, maintenance and administration | 1,642 | 1,984 |
| Depreciation and asset removal costs <i>(Note 4)</i> | 6,879 | 6,901 |
| | 8,521 | 8,885 |
| Income before financing charges | 26,831 | 24,817 |
| Financing charges <i>(Note 10)</i> | 6,823 | 6,981 |
| Net income and comprehensive income | 20,008 | 17,836 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
BALANCE SHEETS
At December 31, 2022 and 2021

| <i>As at December 31 (thousands of Canadian dollars)</i> | 2022 | 2021 |
|--|----------------|----------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 10,133 | 8,073 |
| Inter-company receivable (Note 10) | 5,373 | 5,349 |
| Accounts receivable (Notes 10) | 2,907 | 3,007 |
| Other assets | 25 | 18 |
| | 18,438 | 16,447 |
| Long-term assets: | | |
| Property, plant and equipment (Note 5) | 472,056 | 478,754 |
| Total assets | 490,494 | 495,201 |
| Liabilities | | |
| Current liabilities: | | |
| Inter-company payable (Note 10) | 5,688 | 5,688 |
| Accrued liabilities | 432 | 430 |
| Accrued interest (Note 10) | 2,459 | 2,488 |
| | 8,579 | 8,606 |
| Long-term liabilities: | | |
| Regulatory Liabilities (Note 8) | 75 | — |
| Notes payable (Notes 6, 7, 10) | 289,537 | 293,663 |
| Total liabilities | 298,191 | 302,269 |
| <i>Subsequent Events (Note 12)</i> | | |
| Partners' equity (Note 9) | 192,303 | 192,932 |
| Total liabilities and partners' equity | 490,494 | 495,201 |

See accompanying notes to Financial Statements.

On behalf of Hydro One Indigenous Partnerships Inc., in its capacity as general partner of B2M Limited Partnership:



Christopher Lopez
Sole Director

B2M LIMITED PARTNERSHIP
STATEMENTS OF PARTNERS' EQUITY
For the years ended December 31, 2022 and 2021

| Year ended December 31, 2022 <i>(thousands of Canadian dollars, except number of units) (Note 9)</i> | Class A Units | | Class B Units | | Total | |
|---|--------------------|----------------|-------------------|---------------|--------------------|----------------|
| | Number of units | Unit value | Number of units | Unit value | Number of units | Unit value |
| January 1, 2022 | 188,579,358 | 172,876 | 22,000,000 | 20,056 | 210,579,358 | 192,932 |
| Distributions to partners | — | (18,573) | — | (2,064) | — | (20,637) |
| Net income and comprehensive income | — | 18,044 | — | 1,964 | — | 20,008 |
| December 31, 2022 | 188,579,358 | 172,347 | 22,000,000 | 19,956 | 210,579,358 | 192,303 |

| Year ended December 31, 2021 <i>(thousands of Canadian dollars, except number of units) (Note 9)</i> | Class A Units | | Class B Units | | Total | |
|---|--------------------|----------------|-------------------|---------------|--------------------|----------------|
| | Number of units | Unit value | Number of units | Unit value | Number of units | Unit value |
| January 1, 2021 | 188,579,358 | 175,085 | 22,000,000 | 20,325 | 210,579,358 | 195,410 |
| Distributions to partners | — | (18,273) | — | (2,041) | — | (20,314) |
| Net income and comprehensive income | — | 16,064 | — | 1,772 | — | 17,836 |
| December 31, 2021 | 188,579,358 | 172,876 | 22,000,000 | 20,056 | 210,579,358 | 192,932 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

| Year ended December 31 <i>(thousands of Canadian dollars)</i> | 2022 | 2021 |
|---|-----------------|-----------------|
| Operating activities | | |
| Net income | 20,008 | 17,836 |
| Adjustments for: | | |
| Depreciation <i>(Note 4)</i> | 6,865 | 6,859 |
| Regulatory accounts | 75 | 2,032 |
| Changes in non-cash balances related to operations <i>(Note 11)</i> | 66 | (249) |
| Net cash from operating activities | 27,014 | 26,478 |
| Financing activities | | |
| Notes payable repaid | (4,126) | (6,278) |
| Distributions paid to partners | (7,124) | (6,800) |
| Cash advances paid to partners | (13,513) | (13,514) |
| Change in inter-company receivable | (24) | 43 |
| Net cash used in financing activities | (24,787) | (26,549) |
| Investing activities | | |
| Capital expenditures - property, plant and equipment | (167) | (499) |
| Net cash used in investing activities | (167) | (499) |
| Net change in cash and cash equivalents | 2,060 | (570) |
| Cash and cash equivalents, beginning of year | 8,073 | 8,643 |
| Cash and cash equivalents, end of year | 10,133 | 8,073 |

See accompanying notes to Financial Statements.

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021

1. DESCRIPTION OF THE BUSINESS

B2M Limited Partnership (B2M LP or the Partnership) was formed on March 22, 2013, under the laws of the Province of Ontario (Province). B2M LP is 65.71% 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 34.19% owned by the Chippewas of Nawash First Nation and the Chippewas of Saugeen First Nation, collectively referred to as the Saugeen Ojibway Nation (SON). 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.

B2M LP 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 B2M LP on January 1, 2020 and holds the general partner interests and carries out the general partner responsibilities of B2M LP. On the same day, Hydro One Indigenous Partnerships GP Inc., the prior general partner of B2M LP, was wound up into Hydro One Networks.

The principal business of the Partnership is the operation, management and maintenance of an electricity transmission line (Bruce to Milton Line) in southwestern Ontario, from the Bruce Power facility in Kincardine to Hydro One's Milton Switching Station in the Town of Milton.

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

Rate Setting

On July 31, 2019, B2M LP filed a transmission rate application for 2020-2024. On January 16, 2020, the OEB approved the 2020 base revenue requirement of \$33,250 thousand, and a revenue cap escalator index for 2021 to 2024.

On November 26, 2020, the OEB issued its decision approving B2M LP's revenue cap index adjustment application for 2021 base revenue requirement of \$33,025 thousand beginning January 1, 2021. On December 17, 2020, the OEB issued its decision for Uniform Transmission Rates which included the approval of a one-year disposition period for B2M LP's 2020 foregone revenue including interest, beginning on January 1, 2021. This resulted in a 2021 rates revenue requirement of \$33,652 thousand.

On December 16, 2021, the OEB approved B2M LP's revenue cap index adjustment application for 2022 base revenue requirement of \$33,652 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 Bruce to Milton Line transmission 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 Bruce to Milton Line transmission assets on December 16, 2014. 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 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 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

B2M LP, 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.

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

Easements include rights to use portions of licensed properties of Hydro One Networks for the purpose of operating and maintaining the Bruce to Milton Line transmission assets.

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2022 and 2021

Depreciation

The cost of property, plant and equipment is depreciated on a straight-line basis over 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 | 77 |
| Depreciation Rates - Range | 1.0% - 4.2% |
| 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 B2M LP'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 and inter-company receivable are classified as loans and receivables. The Partnership considers the carrying amount of accounts receivable and inter-company 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 B2M LP:

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 |

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2022 and 2021

4. DEPRECIATION AND ASSET REMOVAL COSTS

| Year ended December 31 (thousands of dollars) | 2022 | 2021 |
|---|-------|-------|
| Depreciation of property, plant and equipment | 6,865 | 6,859 |
| Asset removal costs | 14 | 42 |
| | 6,879 | 6,901 |

5. PROPERTY, PLANT AND EQUIPMENT

| As at December 31, 2022 (thousands of dollars) | Property, Plant and Equipment | Accumulated Depreciation | Construction in Progress | Total |
|--|-------------------------------|--------------------------|--------------------------|---------|
| Transmission | 432,393 | 49,147 | — | 383,246 |
| Easements | 96,721 | 7,911 | — | 88,810 |
| | 529,114 | 57,058 | — | 472,056 |

| As at December 31, 2021 (thousands of dollars) | Property, Plant and Equipment | Accumulated Depreciation | Construction in Progress | Total |
|--|-------------------------------|--------------------------|--------------------------|---------|
| Transmission | 432,224 | 43,237 | 2 | 388,989 |
| Easements | 96,721 | 6,956 | — | 89,765 |
| | 528,945 | 50,193 | 2 | 478,754 |

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, 2022 and 2021:

| As at December 31 (thousands of dollars) | 2022 | 2021 |
|---|---------|---------|
| 1.78% note payable due February 2025 | 93,483 | 97,333 |
| Floating-rate note payable due February 2025 ¹ | 19,306 | 19,582 |
| 2.18% note payable due February 2030 | 100,380 | 100,380 |
| 2.73% note payable due February 2050 | 76,368 | 76,368 |
| | 289,537 | 293,663 |

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

In 2022, B2M LP repaid promissory notes totaling \$4,126 thousand (2021 - \$6,278 thousand). No promissory notes were issued in 2022 and 2021.

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

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2022 and 2021

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 | 289,537 | 245,451 | — | 245,451 | — |

| As at December 31, 2021 (thousands of dollars) | Carrying Value | Fair Value | Level 1 | Level 2 | Level 3 |
|--|----------------|------------|---------|---------|---------|
| Liabilities: | | | | | |
| Notes payable | 293,663 | 288,816 | — | 288,816 | — |

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 receivable and 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.

8. REGULATORY LIABILITIES

Regulatory liabilities arise as a result of the rate-setting process. B2M LP has recorded the following liabilities:

| As at December 31 (thousands of dollars) | 2022 | 2021 |
|---|------|------|
| Regulatory liabilities: | | |
| Earnings sharing mechanism deferral account | 75 | — |
| Total regulatory liabilities | 75 | — |
| Less: current portion | — | — |
| | 75 | — |

Earnings Sharing Mechanism Deferral

In January 2020, the OEB accepted B2M LP'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, B2M LP 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.

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2022 and 2021

9. PARTNERS' EQUITY

B2M LP is authorized to issue an unlimited number of Class A and Class B units. The Class A and Class B units are voting and participate equally in profits, losses and capital distributions of B2M LP. The Class A and Class B units are equal with respect to all rights, benefits obligations and limitations provided under the Limited Partnership Agreement. Any units issued by B2M LP must be first offered to the existing partners in proportion to their ownership interests. At December 31, 2022 and 2021, B2M LP had 188,579,358 Class A units issued and outstanding, and 22,000,000 Class B units issued and outstanding.

As the SON is a tax exempt entity, 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 SON and the Hydro One Partners as follows:

| Year ended December 31, 2022 <i>(thousands of dollars, except number of units)</i> | SON | Hydro One Partners | Total |
|---|---------------|-------------------------------|----------------|
| Class A Units | | | |
| Class A - number of units - December 31, 2022 | 50,000,000 | 138,579,358 | 188,579,358 |
| Class A unit value - January 1, 2022 | 45,581 | 127,295 | 172,876 |
| Distributions to partners | (4,692) | (13,882) | (18,573) |
| Net income and comprehensive income | 4,463 | 13,581 | 18,044 |
| Class A unit value - December 31, 2022 | 45,352 | 126,994 | 172,347 |
| Class B Units | | | |
| Class B - number of units - December 31, 2022 | 22,000,000 | — | 22,000,000 |
| Class B unit value - January 1, 2022 | 20,056 | — | 20,056 |
| Distributions to partners | (2,064) | — | (2,064) |
| Net income and comprehensive income | 1,964 | — | 1,964 |
| Class B unit value - December 31, 2022 | 19,956 | — | 19,956 |
| Total partners' equity | | | |
| Number of units - December 31, 2022 | 72,000,000 | 138,579,358 | 210,579,358 |
| Partners' equity - January 1, 2022 | 65,637 | 127,295 | 192,932 |
| Distributions to partners | (6,756) | (13,882) | (20,637) |
| Net income and comprehensive income | 6,427 | 13,581 | 20,008 |
| Partners' equity - December 31, 2022 | 65,308 | 126,994 | 192,303 |
| Year ended December 31, 2021 <i>(thousands of dollars, except number of units)</i> | | | |
| | SON | Hydro One Partners | Total |
| Class A Units | | | |
| Class A - number of units - December 31, 2021 | 50,000,000 | 138,579,358 | 188,579,358 |
| Class A unit value - January 1, 2021 | 46,193 | 128,892 | 175,085 |
| Distributions to partners | (4,638) | (13,635) | (18,273) |
| Net income and comprehensive income | 4,026 | 12,038 | 16,064 |
| Class A unit value - December 31, 2021 | 45,581 | 127,295 | 172,876 |
| Class B Units | | | |
| Class B - number of units - December 31, 2021 | 22,000,000 | — | 22,000,000 |
| Class B unit value - January 1, 2021 | 20,325 | — | 20,325 |
| Distributions to partners | (2,041) | — | (2,041) |
| Net income and comprehensive income | 1,772 | — | 1,772 |
| Class B unit value - December 31, 2021 | 20,056 | — | 20,056 |
| Total partners' equity | | | |
| Number of units - December 31, 2021 | 72,000,000 | 138,579,358 | 210,579,358 |
| Partners' equity - January 1, 2021 | 66,518 | 128,892 | 195,410 |
| Distributions to partners | (6,679) | (13,635) | (20,314) |
| Net income and comprehensive income | 5,798 | 12,038 | 17,836 |
| Partners' equity - December 31, 2021 | 65,637 | 127,295 | 192,932 |

B2M LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (continued)
For the years ended December 31, 2022 and 2021

10. RELATED PARTY TRANSACTIONS

The Partnership is 65.81% indirectly owned by Hydro One and 34.19% owned by the SON. 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 | 35,352 | 33,702 |
| | Notes payable repaid | 4,126 | 6,278 |
| | Interest expense on notes payable | 6,920 | 7,011 |
| Hydro One Networks | Distributions and cash advances paid | 13,860 | 13,614 |
| | Services received - costs incurred | 1,702 | 2,371 |
| HOIP | Distributions and cash advances paid | 22 | 21 |
| SON | Distributions and cash advances paid | 6,756 | 6,679 |

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 | 2,907 | 3,007 |
| Inter-company receivable ² | 5,373 | 5,349 |
| Inter-company payable ² | 5,688 | 5,688 |
| Notes payable, including current portion | 289,537 | 293,663 |
| Accrued interest | 2,459 | 2,488 |

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 receivable and 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) | | |
|---|------|-------|
| | 2022 | 2021 |
| Accounts receivable | 100 | (316) |
| Other assets | (7) | — |
| Accrued liabilities | 2 | 111 |
| Accrued interest | (29) | (44) |
| | 66 | (249) |

12. SUBSEQUENT EVENTS

Cash Advances

On January 11, 2023, cash advances in the amount of \$4,505 thousand were paid to partners, of which \$4,046 thousand and \$459 thousand were paid to Class A and Class B unit holders, respectively.

1 **RECONCILIATION OF REGULATORY FINANCIAL RESULTS WITH**
2 **AUDITED FINANCIAL STATEMENTS (2023)**

| | Total per Exhibit A-06-02-01 (\$K) (a) | Adjustments (\$K) (b) | Utility Income (\$K) (c) |
|---|--|-----------------------------|-----------------------------------|
| Revenues | | | |
| Revenues | 36,590 | 657 | 37,247 |
| Costs | | | |
| Operation, maintenance, and administration | 2,455 | 0 | 2,455 |
| Depreciation | 6,866 | 0 | 6,866 |
| Income before financing charges and income tax expense | 27,269 | 657 | 27,926 |
| Financing charges | 6,564 | 93 | 6,657 |
| Income tax expense | 0 | 2,354 | 2,354 |
| Net Income | 20,705 | (1,790) | 18,915 |

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1 **DRAFT ISSUES LIST**

2

3 **A. GENERAL**

- 4 1. Has B2M LP responded appropriately to all relevant Ontario Energy Board (OEB)
- 5 directions from previous proceedings?
- 6 2. Are all elements of the proposed revenue requirement and their associated total
- 7 bill impacts reasonable?
- 8

9 **B. REVENUE REQUIREMENT FRAMEWORK**

- 10 3. Is the proposed revenue requirement framework appropriate?
- 11 4. Is the proposed Earnings Sharing Mechanism appropriate?
- 12

13 **C. TRANSMISSION SYSTEM PLAN**

- 14 5. Are the proposed spending levels for capital appropriate?
- 15

16 **D. PERFORMANCE**

- 17 6. Is the proposed monitoring and reporting of performance adequate?
- 18

19 **E. OPERATIONS MAINTENANCE & ADMINISTRATION COSTS**

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

1 **F. RATE BASE & COST OF CAPITAL**

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

5

6 **G. DEFERRAL/VARIANCE ACCOUNTS**

- 7 13. Are the proposed amounts, disposition and continuance of existing deferral and
8 variance accounts appropriate?
9 14. Are the proposed new deferral and variance accounts appropriate?

TRANSMISSION SYSTEM OVERVIEW

1.0 INTRODUCTION

B2M LP is licensed by the Ontario Energy Board (OEB) to own, operate, and maintain transmission facilities in the Province of Ontario, specifically circuits B560V and B561M running from the Bruce Nuclear Power Development to the Milton Switching Station. This Exhibit provides a description of B2M LP's transmission assets, and a discussion on the requirements for B2M LP within the electricity industry and regulatory framework in Ontario.

2.0 DESCRIPTION OF B2M LP TRANSMISSION ASSETS

B2M LP's transmission assets are part of the bulk electricity system and are comprised solely of one 500kV double circuit transmission line, known as Circuit B560V and Circuit B561M, which have a combined capacity of approximately 3,000 MW.

The route of B2M LP's 500kV double circuit transmission line runs parallel to a pre-existing 500kV double circuit transmission line between the Bruce Power Complex in Kincardine, and Milton SS, as depicted in the map in Figure 2 below, passing through Bruce, Grey, Wellington, and Dufferin counties; the regional municipality of Halton; and the municipalities of Kincardine, Brockton, Hanover, West Grey, Southgate, Wellington North, Erin, East Luther Grand Valley, East Garafraxa, Halton Hills and Milton.

From the Bruce Power Complex at Kincardine, the line runs to a point near Highway 7 just east of Acton, where the double circuit line joins a short section of 500kV double circuit line which carries on from Highway 7 south to Milton SS. Each circuit is approximately 176 km in length, and they form a contiguous line from the Bruce Power Complex to Milton SS. Hydro One owns the terminating stations (Bruce A TS, Bruce B SS, and Milton SS).

1 The demarcation point for each of B2M LP's circuits from Hydro One's transmission
2 system is:

- 3 • Circuit B560V: terminating at the north end near Bruce A TS at tower #2A,
4 inclusive, and at the south end at Milton SS at tower #726, inclusive; and
- 5 • Circuit B561M: terminating at the north end near Bruce B SS at tower #2,
6 inclusive, and at the south end at Milton SS at tower #726, inclusive.

7
8 The major components of these circuits include overhead conductors, steel support
9 structures and foundations, insulators, and connecting hardware and grounding systems.
10 B2M LP also has rights to Hydro One's existing transmission corridor on which the
11 circuits are located. A summary of B2M LP's key assets are provided in Table 1. For a
12 further description of B2M LP's transmission assets, please refer to B2M LP's
13 Transmission System Plan presented in Attachment 1 of Exhibit B-01-03.

14
15

Table 1 - Asset Summary

| B2M LP Assets | |
|-------------------------------|----------------------|
| Fixed Assets (Net Book Value) | \$469 M* |
| Transmission System Voltages | 500kV |
| Overhead Transmission Lines | 4224 ¹ km |
| Steel Support Structures | 710 towers |
| Line Insulators | 5,100 strings |

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

¹ Each circuit is 176 km in length. Each circuit consists of 3 phases with a bundle of four conductor wires for each phase. There are two identical circuits.

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COMPANY VALUES AND STRATEGIC OBJECTIVES

1.0 INTRODUCTION

This Exhibit provides an overview of Bruce to Milton Limited Partnership (B2M LP)'s business objectives and company values. It also outlines B2M LP's strategic goals and five-year vision.

2.0 B2M LP'S PRIORITIES & OBJECTIVES

B2M LP's priorities include safety, reliable and efficient stewardship of assets, and conducting its business in a manner that respects Indigenous peoples and their traditions.

The five-year vision associated with B2M LP's strategic objectives is shown in Table 1. In managing its transmission assets, B2M LP is committed to meeting the OEB's Renewed Regulatory Framework (RRF) outcomes as demonstrated by the alignment of B2M LP's strategic objectives to the RRF outcomes.

Table 1 - B2M LP 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. |
| Operational Effectiveness | Foster Indigenous Relationships | To foster positive relationships with the Indigenous communities of the partners. |
| | Injury-Free | Ensure B2M LP operations and management services agreement is executed in accordance with good utility practice for employee and public safety. |
| Public Policy Responsiveness | 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 B2M LP'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. |

1 B2M LP is proposing to track its performance using the outcomes described in Exhibit D-
2 01-01 to ensure that B2M LP satisfies its five-year plan.

3

4 External and unexpected factors may impact B2M LP's achievement of its outcomes.
5 These include examples such as unforeseen weather events and material changes to
6 codes and standards. However, all operation & maintenance work is completed to
7 ensure compliance with regulatory requirements, good utility practice, and manage
8 spending within budget.

1 **SUMMARY OF CAPITAL EXPENDITURES AND IN-SERVICE**
2 **ADDITIONS**

3
4 Most of the 500kV double circuit transmission line owned by B2M LP was originally
5 commissioned in May 2012. However, the line was connected to a short section of pre-
6 existing line from around Highway 7 south to Milton SS, as described in Section 3.0 of
7 Exhibit B-01-01. Therefore, approximately 90% of the line is approximately 12 years old,
8 and the remaining 10% of the line is about 44 years old¹. At this point in its life cycle,
9 capital spending of a planned nature on the line is not required. Therefore, B2M LP has
10 no capital spending planned (or associated in-service additions forecasted in gross
11 plant) over the five-year horizon of this Application. Further details on the B2M asset life
12 cycle and condition assessments are included in B2M LP's Transmission System Plan
13 found as Attachment 1 to this Exhibit.

14
15 Although a 500kV double circuit transmission line, if maintained properly, is extremely
16 durable and resilient in normal circumstances, extraordinary events (including tornados
17 and ice formations) can occur and cause damage to the line. These types of extreme
18 weather events, while uncommon, may result in unplanned capital spending to repair the
19 system. Due to the risk of major storm damage or other events, B2M LP is proposing to
20 continue to use a z-factor approach² to seek relief for unplanned spending. B2M LP is
21 satisfied with the efficacy of this mechanism to protect the partners from the impacts that
22 could result from unforeseen events and is not requesting a change. In accordance with
23 the OEB's Filing Requirements³, this mechanism would apply to the recovery of material
24 costs (that meet the eligibility criteria) associated with unforeseen events that are outside

¹ Towers and conductors on circuits B560M and B561M from Tower 660 to 726 were in-serviced in 1980 and are currently 44 years old. Towers and conductors on circuit B561M from Bruce B SS to Bruce JCT were in-serviced in 1983 and are 41 years old. Insulator strings for both these sections were replaced in 2022 and are currently 3 years old. All remaining assets owned by B2M LP were in-serviced in 2012 and are currently 12 years old.

² See EB-2015-0026, Decision and Order, page 10

³ See Section 2.8.12 of the OEB Filing Requirements for Electricity Transmission Applications

1 the control of the transmitter's ability to manage, such as storms causing damage to its
2 assets.

3

4 To date, B2M LP has not utilized the z-factor mechanism prescribed in the previous
5 decision. As previously mentioned, there are no planned capital expenditures anticipated
6 between 2025 and 2029.

TRANSMISSION SYSTEM PLAN

Historical Period and Bridge Year: 2020-2024
Test Year and Forecast Period: 2025-2029



B2M | LIMITED PARTNERSHIP

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1 **1.0 INTRODUCTION**

2 B2M Limited Partnership (“B2M LP”) prepared this 2025 to 2029 Transmission System
3 Plan (“TSP”) in accordance with Chapter 2 of the Ontario Energy Board’s (“OEB”) *Filing*
4 *Requirements for Electricity Transmission Applications* published on February 11, 2016,
5 with further guidance from Chapters 3 and 5 of the OEB’s *Filing Requirements for*
6 *Electricity Distribution Rate Applications (Incentive Rate-Setting Applications and*
7 *Distribution System Plan)*, revised on June 15, 2023 and December 15, 2022, respectively
8 (together, the “Filing Requirements”).

9
10 The planning tools, processes, and investments outlined in this TSP are based upon the
11 current state of the assets owned by the partnership, most of which are relatively new.
12 This TSP has been prepared for information purposes to support the overall Application
13 and to be responsive to the Filing Requirements. There are no capital projects planned for
14 2025 – 2029.

15
16 **2.0 TRANSMISSION SYSTEM PLAN**

17
18 **2.1 TRANSMISSION SYSTEM PLAN OVERVIEW (OEB FILING REQ. 2.4)**

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

21
22 **2.1.1 KEY ELEMENTS OF THE PLAN**

23 B2M LP’s transmission assets are limited to the components of a single 500kV double
24 circuit transmission line. Given the relatively new vintage of this line, no planned capital
25 spending is required to meet the Applicant’s business objectives over the 2025 to 2029
26 planning period. The absence of planned capital spending is expected to result in no in-
27 service additions to grow the rate base of the Applicant during the planning period.

28
29 The forecast OM&A expenditure is a relatively small portion of the rate proposal,
30 representing approximately 9% of revenue requirement. The proposed OM&A expense

1 will ensure that the B2M LP assets are operated and maintained in accordance with good
2 utility practice and reliability standards.

3
4 **2.1.2 CUSTOMER PREFERENCES AND EXPECTATIONS**

5 B2M LP's 500kV double circuit transmission line is part of Ontario's bulk electric system,
6 which helps to ensure the adequacy of supply to the province by connecting to major
7 generating sources and delivering that power to major load centres in Ontario. B2M LP
8 has no delivery points and therefore has no customers that it directly serves; thus, the
9 partnership has not performed any independent customer research.

10
11 B2M LP's five-year plan supports the general objective of maintaining long-term system
12 reliability while ensuring manageable and stable rate impacts to ratepayers over the
13 course of the planning period. The plan does not propose any planned capital spending
14 and includes a modest OM&A budget to maintain B2M LP's transmission reliability. B2M
15 LP is renewing its Service Level Agreement (SLA) with HONI to continue providing
16 maintenance and operational services on the transmission line for the next five years.
17 Having this service provider, with its breadth of capabilities and local knowledge, provides
18 assurance that the assets will continue to be operated and maintained in accordance with
19 good utility practice and reliability standards.

20
21 **2.1.3 ANTICIPATED SOURCES OF EFFICIENCIES**

22 The majority of B2M LP's OM&A expense (accounting for approximately 83% of the
23 average annual OM&A expense for 2025 - 2029) are for services provided by HONI
24 through an SLA. Efficiencies gained by HONI are passed through to B2M LP. B2M LP's
25 asset is a 500kV double circuit transmission line that is located directly adjacent to a line
26 owned by HONI. Given the proximity of the assets, there are meaningful efficiencies
27 inherent in having one party, HONI, plan and perform the work on both lines
28 simultaneously.

1 B2M LP's controllable costs are minimal but do include certain administrative expenses.
2 Over the past period, B2M LP has been able to recognize lower costs in such things as
3 insurance and the Managing Director's office, which are reflected in this Application.
4

5 **2.1.4 PERIOD COVERED AND VINTAGE OF INFORMATION**

6 This TSP covers a five-year historical period of 2020 to 2024, and a five-year forecast
7 period from 2025 to 2029 inclusive. The information contained in this TSP is considered
8 current as of year-end 2023, unless otherwise noted.
9

10 **2.1.5 IMPORTANT CHANGES TO THE ASSET MANAGEMENT PROCESS**

11 B2M LP has not made any changes to how it manages its assets. B2M LP continues to
12 retain HONI under an SLA to plan, organize, and execute the operation and maintenance
13 of the assets, and provide corporate and administrative support. B2M LP relies upon
14 HONI's asset management process to develop its plan, as articulated in Section 3.1 Asset
15 Lifecycle Optimization Policies and Practices below.
16

17 **2.1.6 CONTINGENCIES OF PLAN**

18 B2M LP is not proposing a capital plan over the five-year term of this Application; therefore,
19 there are no contingencies of plan required.
20

21 **2.1.7 GRID MODERNIZATION**

22 At this time, B2M LP is not implementing any capital plans for future initiatives such as
23 distributed energy resources, grid modernization or climate change.
24

25 **2.2 PLANNING WITH THIRD PARTIES (OEB FILING REQ. 2.4.2)**

26 B2M LP is not a lead transmitter for any of the planning regions. B2M LP owns only one
27 500kV double circuit transmission line, which is part of the bulk system. The bulk system
28 planning process is under the purview of the Independent Electricity System Operator
29 ("IESO") and is coordinated as part of that undertaking. If requested, B2M LP would
30 participate in the bulk system planning process and/or regional bulk system planning
31 process, as per Section 3C of the Transmission System Code and the OEB endorsed

1 Planning Process Working Group (the “PPWG”) Report, in compliance with B2M LP’s
2 obligations as a licensed transmitter. To date, B2M LP has not received such a request
3 and is not expecting such a request in the foreseeable future.

4 5 **2.3 PERFORMANCE MEASUREMENT FOR CONTINUOUS IMPROVEMENT**

6 B2M LP is proposing to continue to track its performance by utilizing the measures
7 approved by the OEB in proceedings EB-2015-0026 and EB-2019-0178 to ensure that
8 B2M LP is meeting its five-year plan as described in this Application. The performance
9 measures will be tracked annually, and the results of this tracking will be reported to the
10 OEB at the next proceeding. Further details on the methods and measures, as well as on
11 the historical performance and forecast targets, are documented in Exhibit D-01-01.

12 13 **3.0 ASSET MANAGEMENT PROCESS (OEB FILING REQ. 2.4.1)**

14 15 **3.1 ASSET MANAGEMENT PROCESS OVERVIEW**

16 B2M LP seeks to identify and prioritize asset maintenance and capital investments in an
17 optimal way throughout the life cycle of its assets. To achieve this goal, B2M LP works
18 with HONI to undertake a strategic and methodical asset management process, drawing
19 upon HONI’s experience to monitor its transmission system assets, identify and define
20 needs, and determine the optimal timing for investment and maintenance activities. In
21 doing so, B2M LP strives to ensure that it can continue to deliver, over the long term, a
22 level of transmission service that is responsive to operational needs, while also minimizing
23 rate impacts and risks in support of the company’s strategic objectives.

24 25 **3.2 OVERVIEW OF ASSETS MANAGED**

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

1 **3.2.1 FEATURES OF THE SERVICE AREA**

2 B2M LP's 500kV double circuit transmission line passes through Bruce, Grey, Wellington,
3 and Dufferin counties; the regional municipality of Halton; and the municipalities of
4 Kincardine, Brockton, Hanover, West Grey, Southgate, Wellington North, Erin, East Luther
5 Grand Valley, East Garafraxa, Halton Hills and Milton, as noted in Figure 2 in Exhibit B-
6 01-01. These are primarily rural areas that generally allow for easy access to perform
7 maintenance activities. However, the climate in these areas varies by season and is
8 susceptible to a variety of extreme weather conditions, such as blizzards, hail, ice storms,
9 lightning, thunderstorms, extreme heat and tornadoes.

10
11 **3.2.2 SYSTEM CONFIGURATION**

12 Table 1 provides a high-level description and quantity of major transmission assets that
13 comprise this transmission line.

14
15 **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. | 4224 ¹ km |
| 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. | 710 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. | 5,100 strings |

16
17 These asset types are similar to those on HONI's transmission system. For further detailed
18 descriptions of each asset component and the maintenance plans please refer to HONI's
19 Joint Rate Application (EB-2021-0110) in Exhibit B-02-01 Section 2.1.2.2, Key
20 Transmission Assets.

¹ Each circuit is 176 km in length. Each circuit consists of 3 phases with a bundle of four conductor wires for each phase. There are two identical circuits.

1 **3.2.3 ASSET CONDITION**

2 This section presents the service profile and condition of B2M LP's key transmission
3 assets. Roughly 90% of the assets were constructed and in-serviced in 2012. The
4 remaining 10% of the assets were pre-existing HONI-owned assets that were originally in-
5 serviced in 1980 and sold to B2M LP. As a result, as outlined in Table 2, assets that were
6 constructed and in-serviced prior to 2012 are identified as "Legacy".

7
8 As identified in Section 4.2 below, an ongoing defect was identified in legacy insulator
9 strings as they aged. As a result, all the legacy insulators were replaced between 2020
10 and 2022. These have been identified as "Replaced" in Table 2 below.

11
12 **In-Service Profile**

13 The asset profile, as noted in Table 2, provides the average age of the components and
14 the Expected Service Life ("ESL"). The ESL is defined as the average time duration in
15 years that an asset can be expected to operate under normal system conditions and is
16 determined by considering manufacturer guidelines and HONI's historical asset retirement
17 data. Assets operating beyond ESL generally have a higher likelihood of failing or being
18 in poor condition.

19
20 **Table 2 - Asset Service Profile**

| Asset Type | Quantity | Average Age (years) | Expected Service Life (years) |
|---|-----------------|--------------------------------|--|
| Conductors (Legacy) | 444 km | 44 | 90 |
| Conductors | 3780 km | 12 | 90 |
| Steel Towers (Legacy) | 77 towers | 44 | 80 |
| Steel Towers | 633 towers | 12 | 80 |
| Insulator Strings (Replaced) | 468 strings | 3 | 70 |
| Insulator Strings | 4632 strings | 12 | 70 |

1 **Condition**

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

- 7 • **Good:** These assets are new or show minimal signs of deterioration.
- 8 • **Fair:** Assets that are experiencing deterioration and the condition of these assets
9 is monitored for progression of further deterioration.
- 10 • **Poor:** Assets that have deteriorated to a point where they can no longer provide
11 the intended functionality or service.

12
13 **Table 3 - Asset Condition Summary**

| Asset Type | Quantity | Poor | Fair | Good |
|--------------|---------------|------|------|------|
| Conductors | 4224 km | 0% | 0% | 100% |
| Steel Towers | 710 towers | 0% | 0% | 100% |
| Insulators | 5,100 strings | 0% | 0% | 100% |

14 Majority of B2M LP’s assets were in-serviced in 2012; therefore, little degradation has
15 occurred, and these assets are considered to be in good condition. There was a population
16 of insulators on the pre-existing structures that had been determined to be defective.
17 These have all been replaced in the past 3 years.

18
19 **3.2.4 ASSET UTILIZATION**

20 B2M LP’s 500kV double circuit transmission line, circuits B560V and B561M, have a
21 combined capacity of approximately 3,000 MW. This 500kV double circuit transmission
22 line is part of the bulk system and is operated in accordance with the planning criteria as
23 part of the IESO-controlled grid. The adequacy of the bulk system is assessed by the
24 IESO as part of the bulk system planning processes in accordance with NERC and NPCC
25 Standards, including the IESO’s Ontario Resource Transmission Assessment Criteria
26 (“ORTAC”). The bulk system is within acceptable capacity levels.

1 **3.3 ASSET LIFECYCLE OPTIMIZATION POLICIES AND PRACTICES**

2 As documented in Section 3.1, B2M LP works with HONI to undertake a strategic and
3 methodical asset management process, drawing upon HONI's experience to monitor its
4 transmission system assets. HONI has developed and implemented asset strategies for
5 various components of the transmission system. The specific strategies related to
6 overhead transmission line assets are outlined in detail in HONI's Joint Rate Application
7 (EB-2021-0110) in Exhibit B-02-01, Section 2.2. The following sections provide an
8 overview of the specific operations and maintenance activities and replacement strategy
9 applicable to B2M LP.

10 11 **3.3.1 ROUTINE OPERATION AND MAINTENANCE**

12 On behalf of B2M LP, HONI performs routine operation and maintenance of B2M LP's
13 transmission assets as follows.

14 15 **Operating Services:**

16 Operating services include the monitoring and control of the transmission system, in
17 accordance with the requirements of B2M LP's Transmission Licence and all services
18 required to fulfill B2M LP's obligations under its Connection Agreement and the IESO-
19 B2M LP operating requirements. These services include, but are not limited to, the
20 following:

- 21 • Alarm/asset monitoring, and minor control;
- 22 • Asset operation and switching;
- 23 • Emergency response to transmission system events;
- 24 • Outage processing;
- 25 • Crew dispatching;
- 26 • Record maintenance; and
- 27 • IT Support of the power system applications used by operators.

1 **Maintenance Services:**

2 The maintenance services include all planned and corrective maintenance services of the
3 transmission line assets and right-of-way, in accordance with the requirements and
4 obligations of B2M LP's Transmission Licence. Further details are outlined below.

5
6 **a) Overhead Transmission Lines**

7 On behalf of B2M LP, HONI routinely inspects the overhead transmission lines by ground
8 and aerial-based patrols to identify safety and reliability defects. If significant defects are
9 identified during the patrols, HONI undertakes emergency repairs and response to restore
10 power or minor corrective work to resolve reliability and safety problems with transmission
11 line assets when necessary. This is unplanned work that constitutes minor corrective
12 action and does not constitute replacement of major assets (towers, conductors, insulators
13 etc.). As assets age, separate detailed assessments are also performed on individual
14 conductor and structure assets to monitor condition and determine when replacement is
15 required based upon assessed condition.

16
17 **b) Transmission Right-of-Way**

18 On behalf of B2M LP, HONI performs regular maintenance to maintain clearance
19 distances between the energized circuits (B560V and B561M) and the vegetation located
20 on and adjacent to the transmission right-of-way. In Southern Ontario, vegetation
21 maintenance is performed on clearing cycles of six years. Cycle lengths have been set to
22 ensure that rights-of-way are in good condition and maintain a sustainable level of
23 reliability between maintenance cycles. B2M LP's transmission line is also subject to
24 NERC Standard FAC-003 entitled '*Transmission Vegetation Management Reliability*
25 *Standard*', which currently requires B2M LP to report all vegetation-related outages on
26 500kV circuits within B2M LP's control. If vegetation management issues arise mid-cycle,
27 HONI would undertake corrective action to resolve reliability and safety problems.

28
29 **c) Overhead Transmission Lines – DHIs and Spacer Damper Repair Program**

30 In late 2019, a critical failure occurred in December 2019 due to a broken conductor, which
31 caused an outage impacting Bruce Power. This failure was due to a defective spacer

1 damper. Upon conducting Detailed Helicopter Inspections (DHIs), it was observed that
2 many other spacer dampers had similar issues. To ensure reliability and prevent further
3 conductor failures, HONI undertook a multi-year and multi-faceted maintenance program
4 to identify and repair defective spacer dampers. The program is expected to last until 2029.
5 The general approach is to conduct DHI every year to identify obvious defects (including
6 high risk defects). To mitigate defects cost-effectively, HONI utilizes carts mounted on the
7 line to travel and repair these defects, as well as inspect and repair every damper between
8 the mounting and dismounting locations. Any other defects encountered will also be fixed
9 at the same time. This method minimizes disruptions to landowners and is the most
10 efficient from a time, cost and labour perspective. Depending on outage availability, the
11 cost can fluctuate from year to year, but it is estimated to be approximately \$1.2M per year
12 on average for the next 5 years.

13
14 Once all the defective spacer dampers are repaired, B2M LP is proposing to retain the
15 Annual DHIs as an ongoing incremental OM&A expense of \$0.1M. DHIs have proven to
16 be useful in facilitating planning of medium-term defect mitigation (defects that do not
17 require immediate mitigation but need to be addressed within 12 months). Mitigating
18 defects in this manner minimizes disruptions to landowners, streamlines activity with
19 planned in-year outages, and allows for optimization of labour and equipment. Customers
20 benefit from DHIs through greater assurance that defects requiring near-term mitigation
21 are not missed. Proactive defect mitigation also prevents unplanned outages which reduce
22 system reliability and carry significantly higher defect mitigation costs.

23
24 A summary of the planned maintenance activities and frequency of maintenance can be
25 found in Table 4.

1

Table 4 - Summary of Planned Maintenance Activities

| Asset | Maintenance | Frequency | Description |
|------------------------------------|----------------------------------|------------------|--|
| Overhead Transmission Lines | Detailed Helicopter Patrol (DHI) | 1 year | 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 | 1 year | Identifies defective transmission line components by detecting their heat signature using infrared cameras. |
| Transmission Right 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 have the potential to exceed B2M LP'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 B2M LP'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 rights-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, B2M LP is required to annually inspect all 500kV circuits. |

1 **3.3.2 ASSET REPLACEMENT**

2 B2M LP's planned replacement strategy is as aligned with HONI's. Assets are replaced
3 based on condition assessments. Once an asset is determined to have a high condition
4 risk, it is scheduled and prioritized for replacement. In the case of material unplanned
5 capital replacement, B2M LP proposes utilizing a z-factor claim approach in accordance
6 with Section 2.8.12 of the OEB Filing Requirements, if necessary.

7
8 **3.4 SYSTEM CAPABILITY ASSESSMENT RENEWABLE ENERGY GENERATION**

9 The B2M LP 500kV double circuit transmission line is operated in accordance with the
10 planning criteria as part of the IESO-controlled grid based on the load, generation and
11 import patterns. The B2M LP circuits, B560V and B561M, continue to allow the transfer of
12 committed generating resources and potential to enable new renewable resources in the
13 Bruce area. If new generation requests emerge, the assessment of capacity need or
14 limitation and its planning would be under the purview of the IESO as part of the bulk
15 system planning. At this time, there is no renewable energy generation connection
16 forecast affecting B2M LP's assets.

17
18 **4.0 CAPITAL EXPENDITURE PLAN (OEB FILING REQ. 2.4.3)**

19 This section provides the details of the overall plan that B2M LP plans to undertake over
20 the 2025 to 2029 period, and other pertinent information regarding the elements of the
21 planning process.

22
23 **4.1 CAPITAL PLANNING PROCESS OVERVIEW**

24 On behalf of B2M LP, HONI completes an annual investment planning process to establish
25 a plan that appropriately reflects operational needs, while minimizing rate impacts. This
26 planning process ultimately forms part of the overall asset management process, which is
27 aimed at identifying and scoping the optimal timing of capital investments and asset
28 maintenance throughout the life cycle of assets, as discussed in Section 3.3 above. B2M
29 LP's 2025 to 2029 plan is an output of this asset management framework.

1 **4.2 CAPITAL EXPENDITURE SUMMARY**

2 Table 5 provides a summary of B2M LP's overall plan. There was \$2.7M of capital
3 expenditure between 2020 through 2022. Work completed was previously identified in EB-
4 2019-0178. As mentioned in Section 4.2 of Exhibit B-01-03-01 of proceeding EB-2019-
5 0178, defective insulators were identified in 2019 and were initially slated for replacement
6 in 2019 with a budget of \$3M. However, actual expenditures incurred between 2020 and
7 2022. This capital project was successfully in-serviced under budget at \$2.7M. B2M LP is
8 not anticipating the need for any planned capital spending over the 2025 – 2029 rate filing
9 period.

10
11 **4.3 JUSTIFYING CAPITAL EXPENDITURES**

12 This section (and corresponding OEB Appendix 2-AA) is not applicable, as B2M LP is not
13 anticipating the need for any planned capital spending over the five-year horizon.

14
15 **5.0 OPERATION AND MAINTENANCE EXPENDITURES**

16 As outlined in Table 5 below, the average OM&A annualized forecast for the 2025 to 2029
17 period is \$3.3M. The 2020 Test Year OM&A approved in EB-2019-0178 rate filing was
18 \$1.2M. This represents a \$2.0M increase over the 2020 test year. The average annualized
19 forecast OM&A spend for the 2020 to 2024 period is \$2.4M which is also higher than 2020
20 Test Year approved OM&A of \$1.2M. OM&A costs, have on-average been \$1.2M over
21 plan for the 2020 – 2024 period. Three key factors are contributing to high OM&A costs
22 for 2025 to 2029: continuation of the Spacer Damper Repair Program, planned cyclic
23 vegetation management activities for 2025 to 2029, and inclusion of shared asset cost
24 allocation.

25
26 As outlined in section 3.3.1, defective spacer dampers were identified in 2019. Mitigation
27 was initiated in 2020 and is anticipated to continue till 2029. OM&A costs are anticipated
28 to reduce by about \$1M annually after 2029 once the Spacer Damper Repair Program has
29 been completed.

1 Higher OM&A forecasts for the 2025 to 2029 period are also due to large portions of B2M
2 LP's Right of Way undergoing major vegetation maintenance in 2025, 2027, and 2028. As
3 outlined in Table 4, Line Clearing and Brush Control cyclic maintenance activities are
4 scheduled for Right of Ways every 6 years. These activities have significantly higher unit
5 costs compared to other vegetation management and patrol activities.

6

7 Starting 2023, B2M LP is also charged transfer pricing by HONI for the use of certain
8 Shared Assets. The Shared Asset costs allocated to B2M LP include those for major fixed
9 assets and intangible assets, as well as minor fixed assets. Shared Asset Allocation is
10 forecast to be \$0.3M annually for the 2025 to 2029 period, and mainly relates HONI's SAP
11 system, an enterprise-wide system that integrates work management, finance, supply
12 chain and other enterprise software. Use of these systems is required for HONI to
13 coordinate and execute its asset management process and subsequent maintenance
14 activities for B2M LP.

15

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

1

Table 5 - Overall Plan (\$M)

OEB Appendix 2-AB

| OEB Category | Historical | | | | | | | | | | | | Bridge | Forecast | | | | |
|-----------------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|------------|------------|------------|------------|------------|
| | 2020 | | | 2021 | | | 2022 | | | 2023 | | | 2024 Forecast | 2025 | 2026 | 2027 | 2028 | 2029 |
| | Plan | Act | Var | Plan | Act | Var | Plan | Act | Var | Plan | Act | Var | | | | | | |
| 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 |
| System Renewal | 3.0 | 1.7 | (1.3) | 0.0 | 0.8 | 0.8 | 0.0 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 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 |
| 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 |
| Total Capital | 3.0 | 1.7 | (1.3) | 0.0 | 0.8 | 0.8 | 0.0 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total OM&A | 1.2 | 2.8 | 1.6 | 1.2 | 2.0 | 0.8 | 1.2 | 1.6 | 0.4 | 1.2 | 2.5 | 1.2 | 3.1 | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |

Filed: 2024-05-23
EB-2024-0116
Exhibit B-1-3
Attachment 1
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1

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RATE BASE

1.0 INTRODUCTION

This exhibit outlines B2M LP'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 its Decision on B2M LP's 2020 revenue requirement application in EB-2019-0178.

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 | 548.5 | 549.2 | (0.7) |
| Less: Mid-Year Accumulated Depreciation | (61.0) | (60.8) | (0.2) |
| Mid-Year Net Utility Plant | 487.5 | 488.4 | (0.9) |
| Cash Working Capital | 0.0 | 0.0 | 0.0 |
| Materials & Supply Inventory | 0.0 | 0.0 | 0.0 |
| Total Rate Base | 487.5 | 488.4 | (0.9) |

Actual rate base in 2020 is in line with the OEB-approved rate base, as it is within 0.2% of the OEB-approved amount.

3.0 UTILITY RATE BASE FORECAST

B2M LP's utility rate base calculations for the test years are filed at Exhibit C-01-01, Attachment 5.

1 B2M LP's approved rate base for the 2020 historical year is compared to the 2025 test
 2 year, as shown in Table 2. B2M LP's most recent historical year, the 2024 bridge year and
 3 the 2025 to 2029 forecast years are shown in Table 3. The mid-year gross plant balance
 4 reflects the forecast capital expenditure programs and in-service additions.

5
 6

Table 2 - Transmission Rate Base (\$ M)

| Description | 2020 OEB- approved | Test 2025 |
|-----------------------------------|--------------------------|--------------|
| Mid-Year Gross Plant | 549.2 | 550.4 |
| Mid-Year Accumulated Depreciation | (60.8) | (95.3) |
| Mid-Year Net Plant | 488.4 | 455.1 |
| Cash Working Capital | 0.0 | 0.0 |
| Materials and Supply Inventory | 0.0 | 0.0 |
| Transmission Rate Base | 488.4 | 455.1 |
| <i>% Change</i> | | (6.8%) |

7
 8

Table 3 - Transmission Rate Base (\$ M)

| Description | Actual | Bridge | Test | | | | |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Mid-Year Gross Plant | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 |
| Mid-Year Accumulated Depreciation | (81.7) | (88.6) | (95.3) | (101.8) | (108.2) | (114.7) | (121.2) |
| Mid-Year Net Plant | 468.6 | 461.8 | 455.1 | 448.6 | 442.1 | 435.7 | 429.2 |
| 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 | 468.6 | 461.8 | 455.1 | 448.6 | 442.1 | 435.7 | 429.2 |
| Year over year % change | | (1.4%) | (1.4%) | (1.4%) | (1.4%) | (1.5%) | (1.5%) |

9 Table 4 provides historical and bridge year continuity of total fixed assets. Further details
 10 in gross plant are discussed in Exhibit B-01-03, Attachment 1 from Sections 3.2 through
 11 4.3. The in-service forecast is outlined in Section 5 of this exhibit.

1 **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 | 547.7 | 547.7 | 549.4 | 550.2 | 550.4 | 550.4 | 550.4 |
| In-Service Additions | 3.0 | 1.7 | 0.8 | 0.2 | 0.0 | 0.0 | 0.0 |
| 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 | 550.7 | 549.4 | 550.2 | 550.4 | 550.4 | 550.4 | 550.4 |

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

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

| Description | Test | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2025 | 2026 | 2027 | 2028 | 2029 |
| Opening Gross Asset Balance | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 |
| In-Service Additions | 0.0 | 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 | 550.4 | 550.4 | 550.4 | 550.4 | 550.4 |

4
 5 **4.0 CASH WORKING CAPITAL**

6 In 2013, B2M LP retained Navigant Consulting Inc. (now Guidehouse) to undertake a lead-
 7 lag study on its working capital requirements. The study found that the flows of revenue
 8 and expenses substantially offset each other, resulting in an approximately zero
 9 requirement for cash working capital. Further details on the working capital study are filed
 10 in B2M LP's 2015-2019 transmission rate application (EB-2015-0026). B2M LP's
 11 expenses and revenues continue to be generally synchronized, and no working capital is
 12 requested in this application.

1 **5.0 IN-SERVICE ADDITIONS**

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

4

5 Table 5 provides an overview of B2M LP's in-service additions over the historical 2020 to
6 2023 period, the 2024 bridge year, and the 2025 to 2029 forecast years. B2M LP has no
7 planned capital expenditures or associated in-service additions forecasted in gross plant
8 for the rate period.

1

Table 6 - In-Service Capital Additions (2020 – 2029) (\$ M)

| | Historical | | | | | | | | | | | | Bridge | | | Forecast |
|-----------------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| | 2020 | | | 2021 | | | 2022 | | | 2023 | | | 2024 | | | 2025 - 2029 |
| | Actual | Plan | Var* | Actual | Plan | Var* | Actual | Plan | Var* | Actual | Plan | Var* | Actual | Plan | Var* | Plan |
| 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 |
| System Renewal | 1.7 | 3.0 | (1.3) | 0.8 | 0.0 | 0.8 | 0.2 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 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 |
| 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 |
| Total | 1.7 | 3.0 | (1.3) | 0.8 | 0.0 | 0.8 | 0.2 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

* "Var" stands for variance

Filed: 2024-02-29

EB-2024-0116

Exhibit C

Tab 1

Schedule 1

Page 6 of 6

1 In 2020, B2M LP received approval for \$3.0M in capital expenditures to address defective
2 insulators on the older section of its transmission line. From 2020 to 2022, B2M LP
3 incurred \$2.7M in capital expenditures for these new assets, which were placed in-service
4 under the System Renewal category. Further information regarding this capital
5 expenditure is found in Exhibit B-01-03, Attachment 1, Section 4.2 of the TSP.

1 **CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT**

2

3 This attachment has been filed separately in MS Excel format.

1 **CONTINUITY OF PROPERTY, PLANT AND EQUIPMENT –**
2 **ACCUMULATED DEPRECIATION**

3

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1 **FIXED ASSET CONTINUITY SCHEDULE: DX CHAPTER 2 APPENDIX 2-**
2 **BA (2020 – 2025)**

3

4 This attachment has been filed separately in MS Excel format.

1 **FIXED ASSET CONTINUITY SCHEDULES: DX CHAPTER 2 APPENDIX**
2 **2-BA (2025 – 2029)**

3

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STATEMENT OF UTILITY RATE BASE

1

2

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PERFORMANCE MEASURES

1.0 INTRODUCTION

In B2M LP's application for 2015-2019 revenue requirement (EB-2015-0026); B2M LP proposed the tracking and annual reporting of four outcome measures:

- System Average Interruption Frequency (SAIDI);
- System Average Interruption Duration (SAIFI);
- Average System Availability; and
- NERC Vegetation Compliance.

In the EB-2015-0026 Decision and Order, the OEB approved B2M LP's proposal and directed B2M LP to also report annually on the operations, maintenance and administration cost per kilometer of line as a measure to track B2M LP's continuous improvement in cost efficiency. The Decision and Order also stated that the OEB did not require B2M LP to file a draft scorecard at that time.¹

During B2M LP's 2020 – 2024 revenue requirement proceeding (EB-2019-0178), B2M LP indicated that the traditional definition of SAIDI and SAIFI did not apply to B2M LP given that the entity did not have any customer delivery points. Those measures rely on interruption data at a delivery point. As a result, the Parties agreed in the EB-2019-0178 settlement agreement that in the absence of SAIDI and SAIFI metrics, additional information would be provided to reflect the performance of B2M LP's transmission circuits. B2M LP agreed that it would provide two performance metrics which measure interruptions to Hydro One delivery points caused by B2M LP's circuits. The revised T-SAIDI and T-SAIFI descriptions are provided in Appendix A below.

Given the nature of B2M LP's assets, the performance of the equipment does not lend itself to applying the typical measures that might be in place for other transmitters. B2M LP's transmission system consist solely of a single 500kV double circuit transmission

¹ Decision and Order in Proceeding EB-2015-0026, page 11.

1 line (circuits B560V and B561M) between the Bruce Nuclear Generating Station and the
2 Milton Switching Station but does not include any terminal breakers or other operable
3 assets. The demarcation point of each of the circuits is at a tower outside of the stations,
4 as noted in Exhibit B-01-01. B2M LP does not directly supply any customer delivery
5 points (or meter assets), which are the basis of interruption-based reliability performance
6 measures like SAIDI and SAIFI. However, SAIDI and SAIFI values for HONI can be
7 impacted by outages caused by B2M LP assets. As stated in the settlement agreement
8 from EB-2019-0178, B2M LP will report SAIDI and SAIFI contribution caused by B2M
9 assets (T-SAIDI B2MLP Contribution and T-SAIFI B2MLP Contribution).

11 **2.0 PERFORMANCE MEASURES**

12 B2M LP is proposing to continue to track its performance by utilizing most of the
13 measures approved by the OEB in proceeding EB-2015-0026, and the Settlement
14 Agreement in EB-2019-0178. Below are the list of performance measures:

- 15 • Transmission System Average Interruption Frequency B2MLP Contribution;
- 16 • Transmission System Average Interruption Duration B2MLP Contribution;
- 17 • Average System Availability;
- 18 • NERC Vegetation Compliance; and
- 19 • Maintenance Cost per Circuit Kilometer.

20
21 The performance measures will be tracked annually, and the results of this tracking will
22 be reported to the OEB at the next proceeding. B2M LP has aligned its performance
23 measures to the OEB's Renewed Regulatory Framework (RRF) outcomes to ensure that
24 B2M LP is monitoring and measuring performance relative to these outcomes.

25
26 Table 1 provides a summary of the results for the years 2020 to 2023, forecast for 2024
27 and proposed targets for the years 2025 and 2029.

1

Table 1 - B2M LP Performance Measures

| RRF Outcomes | Performance Measure | Actuals | | | | Forecast | Target | | | | |
|------------------------------|---|---------|--------|--------|--------|----------|--------|--------|--------|--------|--------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Operational Excellence | Average System Availability (%) | 99.80 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Operational Excellence | T-SAIDI B2MLP Contribution | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operational Excellence | T-SAIFI B2MLP 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 kilometer ² | 5.4 | 3.6 | 2.4 | 2.8 | 4.9 | 4.9 | 3.6 | 6.9 | 7.4 | 3.4 |

² Circuit kms refer to total route kms multiplied by number of circuits per km. For B2M LP, this is 176 kms x 2 circuits = 352 kms.

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

4
5 The variations in the B2M LP Maintenance expenses are mainly a result of the cyclical
6 vegetation management program required for compliance with NERC standards. The
7 asset is divided into 4 ROW sections that undergo major vegetation management
8 maintenance in the form of Line Clearing and Brush Control every 6 years. Two of these
9 projects are scheduled for maintenance in 2024 and 2025, whereas the remaining two
10 are scheduled in 2027 and 2028. In addition, as explained in Exhibit F-02-01, during
11 detailed helicopter inspections several spacer dampers were observed to be defective.
12 To ensure reliability and prevent further conductor failures, HONI undertook a multi-year
13 and multi-faceted maintenance program to repair these spacer dampers and any other
14 defective components. The program is expected to continue until 2029, following which
15 Maintenance Unit Costs are expected to drop by \$3K per Circuit Kilometer.

1 **APPENDIX A – DESCRIPTION OF THE PERFORMANCE MEASURES**

2
3 **Average System Availability**

4 “System Availability” is a measure of the extent to which the transmission line(s) are
5 available for use within the system. For the purposes of quantifying this metric, the
6 cause of the forced outages that would contribute to the unavailability of the
7 transmission lines would be limited to factors affecting assets owned by B2M LP as
8 opposed to any other equipment, owned by HONI, which could also cause the
9 transmission line(s) to be removed from service.

10
11
$$= 1 - \left(\frac{\sum_{i=1}^{N_L} F_{L_i}}{T_L} \right) \times 100\%$$

- 12
13
14
15 • F_{L_i} is the annual forced outage duration in hours due to transmission line-related
16 outages of circuit L_i .
17 • T_L is the inventory (expressed in 100 km-hours) of all in-service transmission
18 circuits.
19 • N_L is the total number of in-service transmission circuits

20
21 **Contribution to Delivery Point Performance**

22 B2M LP Assets do not contain any delivery points. As a result, traditional delivery point
23 performance metrics do not apply. In this place, two substitute performance metrics are
24 utilized.

25
26 T-SAIDI (Transmission System Average Interruption Duration Index) Contribution
27 (minutes per DP per year) measures the B2M asset contribution to HONI’s overall
28 SAIDI. Similarly, T-SAIFI (Transmission System Average Interruption Frequency Index)
29 Contribution (# of interruptions per DP per year) measures the B2M asset contribution to
30 HONI’s overall SAIFI.

1 The formulae for the two measures are as follows:

2

$$3 \quad T - SAIFI_{B2MLP \text{ Contribution}} = \frac{\sum_{i=1}^k (SF_i + MF_i)}{n}$$

4

$$5 \quad T - SAIDI_{B2MLP \text{ Contribution}} = \frac{\sum_{i=1}^k (SD_i)}{n}$$

6 Where:

- 7
- 8 • n is the total number of HONI delivery points.
 - 9 • k is the total number of HONI delivery points that may be impacted by B2M LP circuits.
 - 10 • SF and MF are the number of sustained and momentary interruptions experienced at Delivery Point i in a given year caused by B2M LP circuits.
 - 11 • SD is the duration of the sustained interruptions experienced at Delivery Point i in a given year caused by B2M LP circuits.
- 12
- 13
- 14

15 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 B2M LP.

16

17

18

19

20

21 **NERC Vegetation Compliance**

22 NERC Vegetation Compliance is a measure of the extent to which B2M LP 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

23

24

25

26

27

28

- 1 NERC Standard FAC-003-05. Compliance with the Standard is mandatory and
- 2 enforceable.

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REVENUE REQUIREMENT

1.0 SUMMARY OF REVENUE REQUIREMENT

B2M LP follows standard regulatory practice and has calculated its revenue requirement as follows:

Table 1 - Revenue Requirement (\$M)

| Components | 2025 | 2026 | 2027 | 2028 | 2029 | Reference |
|---|-------------|-------------|-------------|-------------|-------------|-------------------------------|
| OM&A | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 | Exhibit F-01-01 |
| Depreciation | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | Exhibit F-05-01 |
| Income Taxes | 2.4 | 2.6 | 2.9 | 3.0 | 3.2 | Exhibit F-06-01, Attachment 1 |
| Return on Capital | 25.7 | 25.6 | 25.3 | 24.9 | 24.5 | Exhibit G-01-01 |
| Total Revenue Requirement | 37.8 | 37.5 | 38.6 | 38.5 | 37.0 | |
| Deduct External Revenues and Other ¹ | (0.8) | 0.0 | 0.0 | 0.0 | 0.0 | Exhibit H-01-01 |
| Rates Revenue Requirement | 37.0 | 37.5 | 38.6 | 38.5 | 37.0 | Exhibit E-01-01, Attachment 1 |

The above rates revenue requirement is the amount required by B2M LP to achieve its business objectives, provide responsible stewardship of a safe and reliable system, and minimize the impact on customer rates. The above rates revenue requirement is also a reflection of B2M LP'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.

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

1 **2.0 CALCULATION OF REVENUE REQUIREMENT**

2 The details of the revenue requirement components are as follows:

3
4 **2.1 OM&A EXPENSE**

5
6 **Table 2 - OM&A Expense (\$M)***

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-------------------------------|------------|------------|------------|------------|------------|
| Service Level Agreement Costs | 2.6 | 2.2 | 3.3 | 3.5 | 2.1 |
| Incremental Expenses | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |
| Total OM&A | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |

* Exhibit F-02-01

7
8 **2.2 DEPRECIATION AND AMORTIZATION EXPENSE**

9
10 **Table 3 - Depreciation and Amortization Expense (\$M)***

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------------|------------|------------|------------|------------|------------|
| Depreciation | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Total Depreciation Expense | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |

*Exhibit F-05-01

11 **2.3 CORPORATE INCOME TAXES**

12
13 **Table 4 - Corporate Income Taxes (\$M)***

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|---------------------------|------------|------------|------------|------------|------------|
| Regulatory Taxable Income | 9.2 | 9.8 | 11.0 | 11.5 | 11.9 |
| Tax Rate | 26.5% | 26.5% | 26.5% | 26.5% | 26.5% |
| Subtotal | 2.4 | 2.6 | 2.9 | 3.0 | 3.2 |
| Less: Credits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Income Taxes | 2.4 | 2.6 | 2.9 | 3.0 | 3.2 |

* Exhibit F-06-01

1 **2.4 RETURN ON CAPITAL**

2

3

Table 5 - Return on Capital (\$M)*

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Return on Debt | 9.0 | 9.1 | 9.0 | 8.9 | 8.7 |
| Return on Equity | 16.8 | 16.5 | 16.3 | 16.0 | 15.8 |
| Return on Capital | 25.7 | 25.6 | 25.3 | 24.9 | 24.5 |

* Exhibit G-01-01

4

5 **3.0 REVENUE REQUIREMENT – YEAR OVER YEAR COMPARISON**

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

8

9 **3.1 2025 TEST YEAR COMPARED TO 2024 OEB APPROVED**

10 The change in the total revenue requirement of \$1.4M (or 3.8%) from 2024 approved
 11 revenue requirement to the 2025 revenue requirement is predominately driven by higher
 12 OM&A from overhead lines maintenance and vegetation management work programs,
 13 higher cost of debt from maturing five-year issuance, and higher tax expenses arising from
 14 lower tax deductions from capital cost allowance and loss carryforwards that were fully
 15 utilized during the historical period.

16

17 **Table 6 - Comparison of 2025 to 2024 OEB-approved**

| Description | 2024 (\$M) | 2025 (\$M) | 2025 vs. 2024 (\$M) | 2025 vs. 2024 (%) |
|---------------------------|---------------|---------------|---------------------------|-------------------------|
| Total Revenue Requirement | 36.4 | 37.8 | 1.4 | 3.8% |

1 **3.2 2025 TEST YEAR VS 2020 OEB-APPROVED**

2 The difference in the 2025 revenue requirement compared to the 2020 OEB-approved test
3 year is predominantly driven by higher costs of OM&A, debt and taxes, as further
4 explained in Exhibit F-02-01, Exhibit G-01-01, and Exhibit F-06-01, respectively.

5
6 **Table 7 - Impact of the Individual Components on Total Revenue Requirement**

| Description | 2020 (\$M) | 2025 (\$M) | 2025 vs. 2020 (\$M) | 2025 vs. 2020 (%) |
|--|---------------|---------------|---------------------------|-------------------------|
| OM&A | 1.2 | 3.1 | 2.0 | 171% |
| Rate Base | 23.6 | 23.2 | (0.4) | -2% |
| Cost of debt | 7.0 | 9.0 | 2.0 | 29% |
| Tax | 0.8 | 2.4 | 1.6 | 186% |
| Impact on Total Revenue Requirement | 32.6 | 37.8 | 5.2 | 16% |

1 **CALCULATION OF REVENUE REQUIREMENT (2025 - 2029)**

2

3 This attachment has been filed separately in MS Excel format.

OPERATING COSTS SUMMARY

1.0 INTRODUCTION

This exhibit presents an overview of B2M LP’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.

Table 1 - Operating Costs (\$M)

| Description | Historical Years | | | | Bridge Year | Forecast | | | | |
|-------------------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| OM&A | 2.8 | 2.0 | 1.6 | 2.5 | 3.1 | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |
| Depreciation and Amortization | 7.4 | 6.9 | 6.9 | 6.9 | 6.9 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Income Taxes | 0.6 | 1.2 | 1.5 | 1.8 | 2.0 | 2.4 | 2.6 | 2.9 | 3.0 | 3.2 |
| Total Operating Costs | 10.8 | 10.1 | 10.0 | 11.1 | 12.0 | 12.0 | 11.8 | 13.3 | 13.6 | 12.4 |

The annual average of the proposed operating costs for the 2025 – 2029 is forecast to be \$12.6M, an increase of \$2.1M compared to historical average within 2020 - 2024. This increase is primarily due to higher OM&A as a result of higher work program needs to ensure reliability, the inclusion of shared asset allocation from HONI, as well as higher insurance costs. This is further outlined in Exhibit F-02-01. The increase in operating costs during the test year is also driven in part by higher income tax arising from lower tax deductions from capital cost allowance and loss carryforwards that were fully utilized during the historical period. Further details can be found in exhibit F-06-01.

1 **2.0 KEY ELEMENTS OF OPERATING COSTS**

2 B2M LP's operating costs forecast has been developed to sustain the safe and reliable
3 operation of its transmission assets.

4
5 **2.1 OPERATION, MAINTENANCE AND ADMINISTRATIVE (OM&A)**

6 B2M LP is managed by its general partner, HOIP, which retains HONI under a Service
7 Level Agreement, to plan and organize the operation and maintenance of the assets and
8 provide certain corporate and administrative support as outlined in Exhibit F-03-01.

9
10 OM&A expenses are derived from the various work programs and functions performed by
11 or on behalf of the Partnership. Further details on the OM&A costs are provided in Exhibit
12 F-02-01.

13
14 **2.2 DEPRECIATION AND AMORTIZATION**

15 The depreciation expense for B2M LP in this Application is supported by the appropriate
16 depreciation rates approved for Hydro One Transmission in support of its 2023 to 2027
17 Rate Application (EB-2021-0110). Further details are provided in Exhibit F-05-01.

18
19 **2.3 INCOME TAXES**

20 Under the *Income Tax Act*, a partnership is not taxable but is required to compute its
21 taxable income, which is then allocated to its partners. Details of the calculation of the
22 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 represent the work required by B2M LP to meet public and employee safety objectives, maintain transmission reliability, and to comply with regulatory requirements, and environmental requirements. Key components in the build-up of OM&A requirements are:

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

Table 1 provides a summary of the actual OM&A expenditure and forecast expenditure 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, B2M LP OM&A spending is low in comparison to other transmitters in Ontario. This relates primarily to the characteristics of the assets that it owns. B2M LP owns a 176 km 500kV double-circuit transmission line that is parallel to an existing 500kV double-circuit line, so servicing of the line is efficient given its proximity to the existing circuit. Additionally, B2M LP owns no station assets, which often have additional maintenance requirements beyond those experienced by Lines assets like those owned by B2M LP.

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

Table 1 – Summary of OM&A (\$M)

| | Historical | | | | | | | | | | | | Bridge | | Test Period (Forecast) | | | | |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------------------|------------|------------|------------|------------|
| | 2020 | | | 2021 | | | 2022 | | | 2023 | | | 2024 | | 2025 | 2026 | 2027 | 2028 | 2029 |
| | Plan* | Act | Var | Plan* | Act | Var | Plan* | Act | Var | Plan* | Act | Var | Plan* | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst |
| SLA Costs | 0.7 | 2.4 | 1.7 | 0.7 | 1.6 | 0.9 | 0.8 | 1.3 | 0.5 | 0.8 | 2 | 1.3 | 0.8 | 2.5 | 2.6 | 2.2 | 3.3 | 3.5 | 2.1 |
| Incremental Expenses | 0.4 | 0.4 | 0 | 0.4 | 0.3 | (0.1) | 0.4 | 0.4 | (0.1) | 0.5 | 0.4 | (0.0) | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |
| Total OM&A | 1.2 | 2.8 | 1.6 | 1.2 | 2.0 | 0.8 | 1.2 | 1.6 | 0.4 | 1.2 | 2.5 | 1.2 | 1.3 | 3.1 | 3.1 | 2.7 | 3.9 | 4.1 | 2.8 |

*The Plan values reflect the test year values (2020) approved by the OEB as part of the previous revenue requirement application, EB-2019-0178, as escalated by approved Revenue Cap Index values.

2.0 KEY COMPONENTS OF THE OM&A EXPENDITURES

2.1 SLA COSTS

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 B2M LP. The services procured by B2M LP from HONI are not reasonably available in the market in the manner, type, and quantity that fits with B2M LP's requirements. There are no known service providers that can unilaterally provide these bundled services in this manner. Entering 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.

Table 2 - Total SLA Costs (\$M)

| | Actual | | | | Bridge | Test Period (Forecast) | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|---------------------------|------------|------------|------------|------------|
| | 2020 | 2021 | 2022 | 2023 | | 2024 | 2025 | 2026 | 2027 | 2028 |
| Maintenance Expenses | 1.9 | 1.3 | 0.8 | 1.1 | 1.7 | 1.7 | 1.3 | 2.4 | 2.6 | 1.2 |
| Shared Asset Allocation | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Administrative and Corporate Expenses | 0.5 | 0.4 | 0.4 | 0.6 | 0.5 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 |
| Total SLA Costs | 2.4 | 1.6 | 1.3 | 2.0 | 2.5 | 2.6 | 2.2 | 3.3 | 3.5 | 2.1 |

2.1.1 MAINTENANCE EXPENSES

The Maintenance expenses relate to the maintenance services performed by HONI, on behalf of B2M LP under the SLA. Examples of the services received are listed below:

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

- 1 • Transmission ROW maintenance, including mandatory annual NERC vegetation
2 patrols, line clearing, brush control, condition patrol and property owner
3 notification.

4

5 Further details on the maintenance services are presented in B2M LP's Transmission
6 System Plan in Exhibit B-03-01, Attachment 1.

7

8 **Maintenance Variance and Forecast Explanation**

9 As observed in Table 1, the magnitude of the SLA annual variance between planned and
10 actual costs was between \$0.5M and \$1.7M for the 2020 – 2024 period. This variance is
11 related to increased maintenance expenses caused by the spacer damper repair program
12 and the cyclical nature of the ROW vegetation management program.

13

14 SLA costs, have on average been \$1.2M over the plan annually for the 2020 – 2024
15 period. This overage was primarily driven by unplanned spacer damper repairs between
16 2020 and 2024 which led to increased Maintenance expenditures. In late 2019, a failure
17 occurred due to broken conductors, which caused a significant outage impacting Bruce
18 Power. This was due to a defective spacer damper. Upon conducting Detailed Helicopter
19 Inspections (DHI) it was observed that many other spacer dampers had similar issues. To
20 ensure reliability and prevent further conductor failures, B2M LP initiated an unplanned,
21 multi-year maintenance program to identify and repair defective spacer dampers. This
22 program is expected to continue until 2029 when all defective spacer dampers will be
23 repaired. As a result, B2M LP is continuing to forecast a higher than usual maintenance
24 budget for 2025 – 2029. Maintenance costs are anticipated to reduce by \$1M annually
25 after 2029 once the Spacer Damper Repair Program has been fully executed.

26

27 As explained in Exhibit B-01-03, Attachment 1, Section 3.3, major vegetation maintenance
28 (Line Clearing and Brush Control) activities are completed once every six years on a ROW.
29 Aerial and ground vegetation patrol & mitigation programs completed during other years
30 have significantly lower unit costs associated with them. B2M LP assets are divided into
31 four ROW segments to determine maintenance activities for labour and equipment

1 availability. One of the segments is scheduled for maintenance in 2024, whereas the
2 remaining three segments are scheduled in 2027 and 2028. As a result, as outlined in
3 Table 2, maintenance costs are higher for these years compared to 2029.

4 5 **Unplanned Maintenance Program**

6 To ensure reliability and prevent further conductor failures, B2M LP is continuing the
7 unplanned maintenance program until 2029. This program consists of the following
8 activities:

- 9 • Annual DHIs supplementing thermovision helicopter patrols to identify high risk line
10 defects requiring immediate mitigation, and prioritization of other defects requiring
11 mitigation within the next 12 months; and
- 12 • Specifically identifying spacer dampers requiring repairs over the next 12 months
13 and completing work in a cost-effective manner.

14
15 This program was initiated in 2020 and is expected to be complete by end of 2029. For
16 2025 to 2029 rate period, this program is expected to cost \$1.2M annually.

17
18 Once all the defective spacer dampers are repaired, B2M LP is proposing to retain the
19 Annual DHIs after 2029 as an ongoing incremental maintenance expense of \$0.1M. DHIs
20 have been included within maintenance expenses from 2020 through 2029, and have
21 proven to be useful in facilitating planning of medium-term defect mitigation (defects that
22 do not require immediate mitigation but need to be addressed within 12 months).
23 Mitigating defects in this manner minimizes disruptions to landowners, streamlines activity
24 with planned in-year outages, and allows for optimization of labour and equipment.
25 Customers benefit from DHIs through greater assurance that defects requiring near-term
26 mitigation are not missed. Proactive defect mitigation also reduces unplanned outages,
27 which can reduce system reliability and carry significantly higher defect mitigation costs.

28 29 **2.1.1 SHARED ASSET ALLOCATION**

30 B2M LP is charged transfer pricing by HONI for the use of certain shared assets. The
31 shared asset costs allocated to B2M LP include those for major fixed assets and intangible

1 assets, as well as minor fixed assets. The forecast amount of \$0.3M per year mainly
2 relates to HONI's SAP system, an enterprise-wide system that integrates work
3 management, finance, supply chain and other enterprise software. Transfer pricing for
4 shared assets is being considered in this application as B2M LP is utilizing HONI' assets.
5 Further details on the Shared Asset Allocation are described in Exhibit F-03-01.

6
7 **2.1.2 ADMINISTRATIVE AND CORPORATE EXPENSES INCLUDING OPERATING**
8 **SERVICES**

9 The Administrative and Corporate Expenses include the costs arising from the support
10 functions provided by HONI to B2M LP for administrative services and systems. The
11 investment in those systems and the cost of their operation are incurred by HONI but are
12 allocated to Hydro One Inc. and its affiliates through a cost allocation methodology.

13
14 This methodology lowers costs for all of the Hydro One Inc. subsidiaries by providing
15 access to a sophisticated administration infrastructure at a lower cost than if each built its
16 own unique and independent system. This sharing of costs for a unified infrastructure
17 benefits ratepayers through lower rates and has been accepted by the OEB in numerous
18 previous proceedings, including B2M LP's 2020 to 2024 Transmission Rates Application
19 (EB-2019-0178). Per the methodology, corporate cost allocations include operating
20 services as described below:

- 21 • Monitoring/Control of the transmission system, including alarm monitoring, asset
22 monitoring, and minor control;
- 23 • Asset Operation within HONI-prescribed limits including application of HONI
24 equipment directives and switching on Hydro One transmission system to regulate
25 B2M LP 's transmission system;
- 26 • Emergency Response to transmission system events, including response to IESO-
27 directed emergency actions, and implementation of load shedding;
- 28 • Outage Processing including scheduling, planning, and submitting to IESO;
- 29 • Crew Dispatching, including 24/7 assessment, contacting, and dispatching;
- 30 • Record Maintenance including retention of logged items, retention of SCADA
31 information, and trip reports; and

- 1 • Power System IT Support of the power system applications used by operators.

2

3 The result of this allocation is \$0.5M to \$0.6M in administrative and corporate expenses
4 throughout the rate term. This is consistent with the level of costs experienced in the past
5 when considering the shift in classification of operating services cost allocation to
6 corporate costs based on the Black and Veatch study that was approved in the 2023-2027
7 Hydro One Distribution and Transmission Custom IR Application (EB-2021-0110). Further
8 details on the common corporate costs and cost allocation methodology are provided in
9 Exhibit F-04-01.

10

11 **2.2 INCREMENTAL EXPENSES**

12 There are certain functions that must be executed by B2M LP to meet its obligations and
13 objectives that are not supported by the SLA with HONI. Table 3 presents the required
14 funding in the test period, along with the actual and planned spending levels for the bridge
15 and historical years. Further details on these functions are provided in the following
16 sections.

Table 3 - Total Incremental Expenses (\$M)

| Description | Historical | | | | | | | | Bridge | Test Period (Forecast) | | | | |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------------------|------------|------------|------------|------------|
| | 2020 | | 2021 | | 2022 | | 2023 | | | 2024 | 2025 | 2026 | 2027 | 2028 |
| | Plan | Actual | Plan | Actual | Plan | Actual | Plan | Actual | Fcst | Fcst | Fcst | Fcst | Fcst | Fcst |
| Insurance | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Regulatory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 |
| Administrative | 0.1 | 0.2 | 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 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Incremental Expense | 0.4 | 0.4 | 0.4 | 0.3 | 0.4 | 0.4 | 0.5 | 0.4 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.7 |

1

2

1 **2.2.1 INSURANCE**

2 B2M LP is obligated, by agreement and by good utility practice, to maintain an appropriate
3 level of insurance to protect its assets, its owners and its customers from catastrophic
4 loss. B2M LP is fortunate to be able to leverage the existing HONI insurance policies,
5 rather than procuring insurance protection unilaterally, resulting in cost savings for B2M
6 LP. The annual premiums for this insurance are about \$0.2 M from 2025 to 2029.

7
8 **2.2.2 REGULATORY**

9 B2M LP incurs regulatory expenses related to its transmission revenue requirement
10 application proceedings, which require rebasing on a five-year term based on the OEB
11 Filing Requirements. Over the 2025 to 2029 rate period, there are forecast regulatory
12 costs ranging between \$0.1M and \$0.2M to cover costs for notice, intervenors, OEB
13 hearing charges and other items incurred directly by B2M LP.

14
15 **2.2.3 ADMINISTRATIVE**

16 B2M LP incurs administrative expenses for other external fees and expenses not
17 otherwise covered, such as auditor and professional fees, statutory remittances, and other
18 items. The administrative expenses included in the test years are \$0.1M annually, which
19 are in line with the actual spend in the historical years.

20
21 **2.2.4 MANAGING DIRECTOR'S OFFICE**

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

- 24
- 25 • Monitoring and ensuring that the terms and conditions of the partnership
26 agreement are fulfilled;
 - 27 • Working with employees from HONI and other entities to ensure that the Applicant
28 and its assets are properly maintained and administered;
 - 29 • Managing and Chairing Advisory Committee meetings with the partners on a
regular basis, as spelled out in the partnership agreement;

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

12

13 To complete these tasks, the Managing Director's Office is provided an annual budget for
14 things such as salary, office, communication, and other expenses that may be required.
15 The total Managing Director's Office expense included in each test year is \$0.2M to \$0.3M,
16 which is in line with the average annual spend over the historical years.

AFFILIATE SERVICE AGREEMENTS

1.0 INTRODUCTION

This exhibit discusses the agreements between B2M LP and HONI for operations services, maintenance services, and common administrative and corporate services.

2.0 THE DEVELOPMENT OF THE SERVICE LEVEL AGREEMENT

B2M LP and HONI identified the nature of the services required for the safe and prudent operation of B2M LP's transmission assets in accordance with good utility practice. An Agreement for Operations and Management Services, dated December 18, 2019 (Agreement), capturing these requirements was reviewed and approved by each company's accountable officer for a term of five years. As the term expires at the end of 2024, a renewed Agreement will be developed for the next five-year period, having substantially the same terms and conditions. The expectation is that this renewed Agreement will be approved by each of the company's accountable officers upon expiration of the initial term.

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 B2M LP. This includes the provision of Operations Services, Maintenance Services, as well as Administrative and Corporate Services. Further details about these services and the key clauses are provided below.

3.1 PROVISION OF OPERATIONS AND MANAGEMENT SERVICES

The Agreement addresses the provision by HONI to B2M LP of operations, maintenance, and certain common administrative and corporate services. A description of the services contained in the Agreement is provided in Table 1.

1

Table 1 - Service Level Agreement

| Services Provider | Services Recipient(s) | Description of Services |
|--------------------------|------------------------------|--|
| Hydro One Networks Inc. | B2M LP | a) Operations Services – monitoring and control of the transmission system, in accordance with the requirements of B2M LP’s transmission licence and all services required to fulfill all of B2M LP’s obligations under its Connection Agreement and the IESO-B2M LP operating requirements. |
| Hydro One Networks Inc. | B2M LP | b) Maintenance Services – all maintenance, repair and refurbishment services, in accordance with the requirements of B2M LP’s transmission licence and all services required to fulfill all of B2M LP’s obligations under its Connection Agreement and the IESO-B2M LP operating requirements. |
| Hydro One Networks Inc. | B2M LP | 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. |

2

3 **3.2 FEES**

4 Pursuant to the ARC, where a utility provides to an affiliate a service, resource, product
 5 or use of an asset, for which a reasonably competitive market exists, the utility shall
 6 charge no less than the greater of (i) the market price of that service, product, resource
 7 or use of asset, and (ii) the utility’s fully-allocated cost to provide that service, product,
 8 resource or use of asset. In purchasing such a service, resource, product or use of an
 9 asset from an affiliate, a utility shall pay no more than the market price for that service,
 10 product, resource or use of asset. Where no reasonably competitive market exists, a
 11 utility shall charge no less than its fully-allocated cost to provide the service, product,
 12 resource or use of asset, and a utility receiving such service, product, resource or use of
 13 asset shall pay no more than the affiliate’s fully-allocated cost to provide the service,
 14 product, resource or use of asset. The level of costs for B2M LP’s services was
 15 determined in accordance with the principles above, where the fees charged for the
 16 operations services and management services provided by HONI to B2M LP are set in
 17 line with fully-allocated costs, as further described Exhibit F-03-01, Attachment 1.

1 The services procured by B2M LP from HONI are not reasonably available in the market
2 in the manner, type and quantity that fits with B2M LP's requirements. There is no known
3 provider that can unilaterally provide these bundled services in this manner. To enter
4 into a multi-vendor arrangement would give rise to significant additional management
5 costs. As a result, the services procured from HONI are done so on a fully-allocated cost
6 basis. For a demonstration of the efficacy of the costs, B2M LP relies on the Black &
7 Veatch study of B2M LP's costs previously completed for HONI and shared with B2M
8 LP.

9 10 **3.3 BUDGETS, ACCOUNTS AND RIGHT TO AUDIT**

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

18
19 HONI and HOIP agree that the budget may be amended from time to time by mutual
20 agreement to reflect revisions necessitated by unanticipated circumstances, including
21 such as changes in applicable laws, additions or deletions to the scope of the services,
22 emergencies and force majeure events.

23
24 If HONI becomes aware that the costs of services for the current fiscal year may exceed
25 the budget by 5% or more, HONI must promptly notify HOIP of such anticipated budget
26 overrun and provide HOIP with a proposed amendment to the budget.

27
28 HOIP must notify HONI within 30 days after receipt of HONI's proposed budget
29 amendment of any issues, and the parties must cooperate with each other in developing
30 a mutually acceptable amendment to the budget. Except in the case of an emergency,

1 HONI is not allowed to perform any services without the prior approval of HOIP, if such
2 services would result in a cost overrun.

3
4 In the event of an accident or emergency relating to the B2M LP assets, HONI may take
5 action to address the situation without obtaining approval from HOIP. This may result in
6 spending funds deemed by HONI to be reasonably necessary under the circumstances.
7 As promptly and as reasonably practicable after HONI establishes control over such
8 accident or emergency, HONI must furnish HOIP with a reasonably detailed written
9 description of the accident or emergency and the manner in which such accident or
10 emergency was handled by HONI. As well, B2M LP must pay HONI for these costs as
11 incurred but may enter a dispute if so warranted.

12
13 Except in the case of an emergency, HONI must perform all services in accordance with
14 the annual operating plan accompanying the Budget. HONI and HOIP agree to keep all
15 necessary and proper accounts and records relating to services provided by HONI, and
16 these accounts and records shall be open to audit and inspection for a period of six
17 years.

18 19 **3.4 DISPUTE RESOLUTION PROCEDURE**

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

25 26 **4.0 SHARED ASSET ALLOCATION**

27 B2M LP is charged transfer pricing by HONI for the use of certain shared assets. The
28 service level agreement between B2M LP and HONI for services provided to, or
29 received from, HONI are described above. The shared assets allocated to B2M LP
30 include major fixed assets and intangible assets, as well as minor fixed assets. For
31 example, one significant shared asset is the SAP system, which is software that

1 integrates work management, finance, supply chain and customer service and other
2 enterprise software. The methodology for calculating the transfer pricing is described in
3 more detail in HONI's 2023 to 2027 Custom IR application in EB-2021-0110, Exhibit E-
4 04-08, Attachment 1. The OEB accepted HONI's use of Black and Veatch's Shared
5 Asset allocation methodology in the HONI 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 December, 2019.

BETWEEN:

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

-and-

Hydro One Indigenous Partnerships Inc. ("HOIP")

-and-

B2M Limited Partnership ("B2M LP") by its general partner,
Hydro One Indigenous Partnerships Inc.

WHEREAS:

- 1) B2M LP is the transmitter licensed under the *Ontario Energy Board Act, 1998* to own and operate the second 500KV electric transmission tower line spanning approximately 180 kilometres from the Bruce Power Nuclear Generating Station in Kincardine, Ontario to Hydro One Networks' switchyard in Milton, Ontario (the "**BXM Line**"), which line went into commercial service in May 2012.
- 2) HOIP is an affiliate of Hydro One Networks within the meaning of the ARC.
- 3) B2M LP wishes to subcontract the operation of the BXM Line to Hydro One Networks as further set out herein.
- 4) B2M LP and Hydro One Networks are parties to an agreement for operations services and management services dated December 17, 2014 (the "**2014 Services Agreement**") and they have agreed to terminate the 2014 Services Agreement.
- 5) HOIP wishes to obtain the assistance of Hydro One Networks, from time to time, via a new agreement in connection with certain management functions associated with the transmission business of B2M LP.
- 6) The parties are entering this Agreement to define their respective rights and obligations with respect to management and operation of the BXM 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. In addition to terms defined elsewhere in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized terms, wherever used in this Agreement, shall have the following meanings:

"**Act**" means the *Ontario Energy Board Act, 1998*, as amended from time to time;

"**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;

"**B2M LP Transmission Licence**" means the licence or licence issued to B2M LP by the OEB pursuant to the Act and in effect from time to time;

"**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 Facilities Agreement**" means the connection facilities agreement dated December 17, 2014 between B2M LP and Hydro One Networks governing the interconnection of the BXM Line with the transmission systems owned and operated by Hydro One Networks;

"**Effective Date**" shall be the date first written above.

"**Fees**" means collectively 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-B2M LP Operating Agreement" means the operating agreement which B2M LP has or will enter with the IESO through which the IESO ensures that the BXM Line will be operated in a manner which does not compromise the operation or reliability of the IESO-controlled grid to which the BXM Line is connected;

"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 BXM 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 BXM Line in accordance with the B2M LP Transmission Licence and all services required to fulfill all of B2M LP's obligations under the Connection Facilities Agreement and the IESO-B2M LP Operating Agreement;

"Management Activities" means the activities to be undertaken by HOIP in connection with the management of transmission business of the B2M LP which include:

- (i) obtaining (including preparation of applications therefor and submission thereof) licences, permits, approvals and rates required in connection with the BXM 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 BXM Line and the transmission of electricity thereby;
- (iii) representation of the B2M LP 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 the B2M LP;
- (viii) defending any litigation commenced against the B2M LP; and
- (ix) such other management activities associated with running the transmission business of the B2M LP.

"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 HOIP to assist HOIP with the performance of the Management Activities, which services will be requested in writing by HOIP from time to time;

"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) B2M LP (other than taxes that are imposed upon the income, property, payroll or capital of B2M LP or any of the partners of B2M LP), or HOIP (other than taxes that are imposed upon the income, property, payroll or capital of HOIP).

"Term" has the meaning ascribed to this term in Section 9.1 below.

ARTICLE II: PROVISION OF OPERATIONS AND MANAGEMENT SERVICES

2.1 B2M LP 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 BXM Line.

2.2 HOIP shall be responsible for all Management Activities related to the transmission business of B2M LP. HOIP may make a request in writing, from time to time, to Hydro One Networks, for Management Services to assist HOIP in connection with the Management Activities. Hydro One Networks agrees to provide to HOIP those Management Services requested in writing by HOIP.

2.3 Hydro One Networks shall at all times provide Operations Services and Management Services

in accordance with Good Utility Practice, the B2M LP Transmission Licence, the ARC, all other applicable codes, rules, orders and decisions of the OEB, which are binding upon the BXM 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 BXM Line and business activities of B2M LP.

2.5 Upon expiration or termination of this Agreement for reasons other than the default of B2M LP, and provided that B2M LP is not in default of paying the Fees owing hereunder, Hydro One Networks shall provide, at the request of B2M LP, 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 B2M LP may request. The provisions of this Section 2.5 shall forever survive the termination or expiration of this Agreement.

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 Networks shall add the B2M LP as an additional named insured under Hydro One Networks' insurance program and allocate to B2M LP, as Fees, a portion of the premium therefor and any incremental costs borne by Hydro One Networks in accommodating the unique circumstances of B2M LP (e.g. reducing deductibles to such reasonable levels requested by B2M LP).

ARTICLE III: FEES

3.1 B2M LP shall pay, without duplication, the Operations Fees and all applicable Taxes to Hydro One Networks for the performance of the Operations Services.

3.2 HOIP 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 B2M LP and HOIP in a manner consistent with the ARC.

3.4 Fees will be set in line with fully-allocated costs. 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 B2M LP or HOIP, 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 B2M LP, 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 B2M LP with a breakdown of Hydro One Network's fully allocated costs of providing the Operations Services and Management Services.

3.4 HOIP shall use commercially reasonable efforts to recover the Fees payable hereunder by B2M LP and HOIP in the B2M LP 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 B2M LP and HOIP 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 B2M LP receives payments for the transmission of electricity. B2M LP and HOIP 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, provide HOIP with a proposed annual operating, maintenance and capital improvement budget for the subsequent fiscal year of B2M LP (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. HOIP 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 HOIP 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.

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 HOIP of such anticipated budget overrun and provide HOIP a proposed amendment to the Budget. HOIP 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 HOIP 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 HOIP 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 BXM Line in order to operate the BXM 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 HOIP 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 HOIP's prior consent, which consent shall not be unreasonably withheld or delayed. In the event that HOIP 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 BXM Line, Hydro One Networks may, without obtaining any approvals of HOIP 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 HOIP 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 B2M LP and HOIP and B2M LP and HOIP 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 B2M LP and HOIP and the total liability of B2M LP and HOIP 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 B2M LP and HOIP 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 B2M LP 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.

6.7 The provisions of this Article VI shall forever survive the termination or expiration of this Agreement.

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 HOIP 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 hereto 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 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 Section 13 of the Limited Partnership Agreement governing the B2M LP, the resolution of the Dispute under the Section 13 of the Limited Partnership Agreement governing B2M LP 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 *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 forgoing 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;
- (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 BXM 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 BXM Line.

8.8 The obligations in this Article VIII shall forever survive the termination or expiration of this Agreement.

ARTICLE IX: TERM AND TERMINATION

9.1 Except as otherwise specified herein and subject to early termination rights in Sections 5.6, and 9.3, this Agreement shall continue in full force and effect for a term of five years commencing on the Effective Date (the “**Term**”).

9.2 Except for those provisions in the 2014 Services Agreement which survive termination thereof as specified therein, the 2014 Services Agreement is terminated as of the Effective Date.

9.3 Hydro One Networks may terminate this Agreement on 60 days' prior written notice in the event that B2M LP 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 HOIP all books, records and accounts which it has developed and maintained relating solely to the BXM Line or its operations or the business of B2M LP and return all property owned by B2M LP, 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 B2M LP, HOIP 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 BMLP, in its sole discretion. This Agreement and the rights and obligations hereunder may not be assigned in whole or in part by B2M LP other than (i) to the transferee of the BXM 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 signed using written or electronic signatures and may be delivered in any number of counterparts, each of which when signed and delivered is an original, but all of which taken together constitute one and the same instrument. This Agreement and any amendment, supplement, restatement or termination of this Agreement in whole or in part may be delivered by means of facsimile or via e-mail in portable document format (PDF).

[signature page follows]

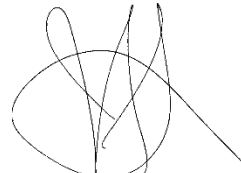
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the signatures of their representatives duly authorized in that behalf.

HYDRO ONE NETWORKS INC.




Name: Chris Lopez
Title: Chief Financial Officer
I have the authority to bind the corporation.

B2M LIMITED PARTNERSHIP, by its general partner, HYDRO ONE INDIGENOUS PARTNERSHIPS INC.



Name: Jeffrey Smith
Title: Managing Director
I have the authority to bind the corporation.

HYDRO ONE INDIGENOUS PARTNERSHIPS INC.



Name: Jeffrey Smith
Title: Managing Director
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.

1 **COMMON CORPORATE COSTS, COST ALLOCATION**
2 **METHODOLOGY**

3
4 Common Corporate Costs are costs incurred to provide service on a shared basis
5 among HONI and its affiliates, including B2M LP. The provision of these services is
6 centralized to enable them to be delivered efficiently. Common Corporate Costs are
7 allocated among HONI and its affiliates, including B2M LP, using an established
8 methodology that is based on cost causality principles.

9
10 Common Corporate Costs include Corporate Common Functions and Services
11 (CCF&S), Asset Management, Information Technology, and Operating Programs. As it
12 relates to B2M LP, the allocated CCF&S costs are for services provided by Finance,
13 Taxation, Planning, Security Operations, Real Estate Services, Indigenous Relations,
14 Regulatory Affairs and General Counsel.

15
16 Since 2004, in connection with each of its major cost of service applications, HONI has
17 commissioned an expert study to recommend a best practice methodology to allocate
18 common corporate costs among the business entities using the common services. The
19 adopted methodology represents the industry's best practices, identifying appropriate
20 cost drivers to reflect cost causality and benefits received. In this Application, B2M LP
21 has included the same corporate cost allocation highlighted by independent expert Black
22 & Veatch in Hydro One's 2023 to 2027 Custom IR application (EB-2021-0110).¹

23
24 The forecast allocation of Common Corporate Costs to B2M LP for the test years (2025
25 to 2029) ranges from \$0.53M to \$0.58M annually. This is materially consistent when
26 considering grid operation costs that are now included in common corporate costs. The
27 actual allocated Common Corporate Costs for B2M LP for the period 2020 to 2024
28 averaged \$0.44M annually. The historical actual allocated Common Corporate Costs
29 were higher than the OEB approved levels (\$0.2M) for that period due to the inclusion of

¹ See Exhibit E-04-08, Attachment 1 from EB-2021-0110.

- 1 grid operating service costs into corporate costs as well as from higher cost pressures
- 2 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 B2M LP's depreciation and amortization expense for the 2025 to 2029 test years.

2.0 DEPRECIATION METHODOLOGY

The depreciation and amortization expense included in B2M LP's application transmission revenue requirement for the historical 2020 to 2024 period (EB-2019-0178) 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 B2M LP'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 Consultant 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. In this Application, the Alliance depreciation study forms the basis for B2M LP's depreciation rates and depreciation expense for the 2025 to 2029 period. As a single asset transmission utility, B2M LP's assets are similar in nature to certain of HONI's transmission assets and those assets are expected to perform in the same manner as the assets on which HONI's depreciation study was based.

Consistent with the approach taken in its 2020-2024 revenue requirement application in EB-2019-0178, B2M LP adopted HONI's transmission depreciation rates in deriving its own depreciation expense. There continues to be no additional value or need to incur the significant additional expense to maintain unique depreciation rates for B2M LP.

1 For a summary of the changes in the depreciation methodology between the Foster
 2 depreciation study and the Alliance depreciation study approved in HONI's 2023 to 2027
 3 Custom IR rebasing application, please refer to Exhibit E-08-01 of EB-2021-0110.¹
 4

5 **3.0 DEPRECIATION EXPENSE**

6 As discussed above, B2M LP relied on HONI's updated depreciation study for
 7 transmission assets approved in HONI's 2023 to 2027 Custom IR Application (EB-2021-
 8 0110, Exhibit E-08-01, Attachment 1), which adopted the Alliance methodology to
 9 determine the depreciation expense for the test years Historical and forecast
 10 depreciation expense from 2020 to 2029 are summarized in Table 1. There are no
 11 forecasted asset removal costs from 2024 to 2029 as no replacement projects or asset
 12 retirements have been projected during this period.
 13
 14

Table 1 - B2M LP Depreciation Expense (\$M)

| Description | Historical | | | | Bridge | Test | | | | |
|-------------------------------------|------------|------------------|------------------|------------|------------|------------|------------|------------|------------|------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| Depreciation On Fixed Assets | 7.2 | 6.9 | 6.9 | 6.9 | 6.9 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| Less Capitalized Depreciation | - | - | - | - | - | - | - | - | - | - |
| Asset Removal Costs | 0.2 | 0.0 ² | 0.0 ³ | - | - | - | - | - | - | - |
| Losses/(Gains) On Asset Disposition | - | - | - | - | - | - | - | - | - | - |
| Total | 7.4 | 6.9 | 6.9 | 6.9 | 6.9 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |

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

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

² Actual asset removal cost incurred in 2021 was \$42,097.14.

³ Actual asset removal cost incurred in 2022 was \$14,192.15.

1 **DEPRECIATION AND AMORTIZATION EXPENSES (2020 – 2025)**

2

3 This attachment has been filed separately in MS Excel format.

1 **DEPRECIATION AND AMORTIZATION EXPENSES (2025 – 2029)**

2

3 This attachment has been filed separately in MS Excel format.

CORPORATE INCOME TAXES

1.0 OVERVIEW

This exhibit explains how B2M LP calculates its income tax expenses for the purposes of rate recovery. Exhibit F-06-01, Attachments 1 to 2 contain detailed calculations of income tax for the historical, bridge and test years, 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.

In the historical period, there were sufficient CCA and loss carryforwards to reduce income tax expense to nil. As the loss carryforward have been utilized and the annual capital cost allowance (CCA) deduction declines¹, B2M LP is expected to have taxes payable over the test period.

2.0 OVERVIEW OF INCOME TAXES

2.1 INTRODUCTION

B2M LP is a limited partnership pursuant to 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 and taxed at the hands of its partners.

Prior to 2020, Hydro One Indigenous Partnerships GP Inc. (HOIP GP) was the general partner and held the 65.7% of the B2M LP partnership units. To simplify Hydro One Inc.'s ownership structure and to create a common general partner for both B2M LP and Niagara Reinforcement LP, HOIP GP transferred its limited partnership interests to Hydro One

¹ The decline in annual CCA is due to the legislated requirement to calculate CCA on a declining balance basis with higher CCA available in the earlier years of the transmission assets' life. The ratepayers have benefited from this higher CCA deduction by having lower revenue requirements relating to regulatory taxes during this period.

1 Networks Inc. (HONI) and concurrently, Hydro One B2M LP Inc. changed its name to
2 Hydro One Indigenous Partnerships Inc. (HOIP) and became the general partner of B2M
3 LP effective January 1, 2020.

4
5 The partners of B2M LP as of December 31, 2023 are as follows:

| Partner | Interests | Description |
|--|-----------|--|
| Hydro One Networks Inc. (HONI) | LP | A corporation owned directly by Hydro One Inc. |
| Saugeen Ojibway Nation Finance Corporation (SON FC) - Nominee for SON ² | LP | A nominee corporation owned directly by the Chippewas of Saugeen and Chippewas of Nawash First Nations |
| Hydro One Indigenous Partnerships Inc. (HOIP) | GP | A corporation owned directly by Hydro One Inc. |

6
7 SON FC and its shareholders are not subject to corporate income tax. Therefore, the
8 taxable income in B2M LP allocated to SON FC will not be subject to income tax. This
9 ultimately leads to less total income tax paid, which is a savings to ratepayers.

10

11 **2.2 REGULATORY INCOME TAX EXPENSE**

12 Regulatory income taxes for B2M LP are determined by applying the statutory tax rate to
13 the regulatory taxable income allocated to HONI and HOIP, the taxable corporate partners
14 of B2M LP.

15

16 **2.3 ONTARIO CORPORATE MINIMUM TAX (OCMT)**

17 OCMT is designed to impose a minimum tax based on financial statement income
18 calculated without most tax adjustments. The OCMT paid in the year can be applied to
19 reduce taxes payable in future year. B2M LP recovered the OCMT expense from
20 customers in the historical years and have utilized the maximum allowable OCMT credits
21 to reduce regulatory income tax expenses and taxes payable in the test years. These
22 credits are expected to be fully utilized prior to the start of the test period, resulting in an

² See Exhibit A-05-01 for further details.

1 increase to the overall regulatory income tax expense during the test period. The OCMT
 2 credits available to be carried forward are computed based on the activities of B2M LP
 3 without any regard to the other activities at the partner level.

4
 5 **2.4 INCOME TAX RATE (FEDERAL AND ONTARIO)**

6 A combined income tax rate of 26.5% has been used for the forecast years, as set out in
 7 Table 1 below, comprising a federal rate of 15% and a provincial rate of 11.5%. Any
 8 variance between actual taxes payable and forecast taxes, because of tax policy and
 9 legislation changes, will be captured in a variance account for tax rate changes as per
 10 Section 7.1 of the 2006 Electricity Distribution Rate (EDR) Handbook, as described further
 11 in Exhibit H-01-01.

12
 13 **Table 1 - Combined Income Tax Rates**

| | Historical | | | | Bridge | Test |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 to 2029 |
| Federal Tax Rate (%) | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Provincial Rate (%) | 11.50 | 11.50 | 11.50 | 11.50 | 11.50 | 11.50 |
| Total Statutory Tax Rate (%) | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 | 26.50 |

14 **3.0 RECONCILIATION BETWEEN REGULATORY NET INCOME BEFORE TAX AND**
 15 **TAXABLE INCOME**

16 Reconciliation between the regulatory net income before tax (NIBT) and taxable income
 17 for the historical years is provided in Exhibit F-06-01, Attachment 1. This schedule
 18 contains the income tax computation and also shows how the taxable income is computed
 19 by making adjustments to the regulatory NIBT for items such as depreciation and CCA.
 20 The calculation of test year CCA is provided in Exhibit F-06-01, Attachment 2.

1 Reconciliation between the accounting NIBT and taxable income for the historical years
2 2020-2023 is provided in Exhibit F-06-01, Attachment 1. The calculation of CCA for the
3 historical years is provided in Exhibit F-06-01, Attachment 1.

4
5 To make it easier to follow these reconciliations, B2M LP has separated the tax
6 adjustments into the following categories:

- 7 1. Recurring items that must be added (deducted) because they have been included
8 in the OM&A expenses in arriving at the revenue requirement, or for which
9 appropriate tax adjustments are made (for example, depreciation versus CCA);
10 and
- 11 2. Recurring items not in the revenue requirement.

12 13 **4.0 OVERVIEW OF PROCESS TO ARRIVE AT TAXABLE INCOME**

14 The starting point for the computation of B2M LP taxable income is the NIBT as shown on
15 the utility's income statement for the year. The NIBT is prepared by using U.S. Generally
16 Accepted Accounting Principles, but taxable income is computed using the relevant tax
17 legislation, interpretations and assessing practices. Therefore, there are a number of
18 adjustments that are typically made, where applicable, to the NIBT to arrive at taxable
19 income and most of these adjustments are made to account for timing differences.
20 Adjustment for timing differences can arise when: (1) expenditures are both capitalized
21 and depreciated over time for both financial accounting and tax requirements, but the
22 depreciation rates and depreciation methodology are different; or (2) costs that are
23 expensed for financial accounting purposes but not for tax purposes or vice versa. A
24 common item that increases NIBT (i.e., it is added back to NIBT for tax purposes) is
25 financial accounting depreciation and amortization with CCA being the common item that
26 reduces NIBT (i.e., it is deducted from NIBT for tax purposes). Consequently, it is
27 imperative that the NIBT be adjusted for amounts that have been included (or deducted)
28 for accounting purposes that are not income (or deductible) for tax return purposes.

1 **5.0 TAXABLE TREATMENT OF REGULATORY ASSETS AND REGULATORY**
2 **LIABILITIES**

3 Regulatory assets and regulatory liabilities are typically recognized by the utility's balance
4 sheets for forgone revenue or for expenses that have been incurred, for which recovery
5 will be sought from ratepayers through future rates. Disposition of the deferral accounts
6 is determined by the OEB.

7
8 For example, in the illustrative example shown in Table 2, assuming that a 26.5% tax rate
9 applies and a \$100 expense is incurred, the utility will record a regulatory asset for the
10 expense to be recovered in the future while tax will be allowed a deduction of the \$100 for
11 the year in which the expense is incurred in computing taxable income. If the OEB
12 subsequently approves recovery of this expense over a two-year period through a rate
13 rider, the utility will include the approved recovery amounts in computing taxable income
14 for the year in which it is billed to ratepayers. The net result is that the utility has recovered
15 the \$100 cost although the income or expense has been taxed or deducted in different
16 years.

17
18 **Table 2 - Example of the Income Tax Treatment of Regulatory Assets and**
19 **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 |

20 Therefore, regulatory assets and regulatory liabilities have not been included in computing
21 tax payable for purposes of the revenue requirement since the associated tax benefit has
22 or will be obtained through the tax system, generally within a reasonable time horizon (i.e.,
23 the application period).

1 **6.0 INTEGRITY CHECKS**

2 B2M LP has performed the integrity checks as described in Section 2.8.11.2 of the Filing
3 Requirements.

4

5 **7.0 SUPPORTING ATTACHMENTS**

6 The attachments supporting the determination of the income tax expense are provided in
7 the following attachments:

8

9 **Attachment 1:** Calculation of Historical Utility Income Taxes and Capital Cost
10 Allowance

11 **Attachment 2:** Calculation of Test Year Utility Income Taxes and Capital Cost
12 Allowance

1 **CALCULATION OF UTILITY INCOME TAXES AND CAPITAL COST**
2 **ALLOWANCE (2020-2023)**

3

4 This attachment has been filed separately in MS Excel format.

1 **CALCULATION OF UTILITY INCOME TAXES AND CAPITAL COST**
2 **ALLOWANCE (2024-2029)**

3

4 This attachment has been filed separately in MS Excel format.

1

INCOME TAX RETURN

2

3 **Attachment 1:** T5013 – Partnership Financial Return

This page has been left blank intentionally.

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-2024-0116
Exhibit F-7-1
Attachment 1
Page 1 of 41

| | | | |
|---|--|---|---|
| <p>Identification</p> <p>Partnership account number 001 80820 9530 RZ0001</p> <p>Partnership name 006 B2M LIMITED PARTNERSHIP 007</p> <p>Partnership operating or trading name 008 B2M LIMITED PARTNERSHIP 009</p> <p>Location of the partnership head office Has this location changed since the last time you filed a partnership information return? 010 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered Yes to line 010, enter the address of the new location on lines 011 to 018. 011 012 City Province, territory or state 015 016 Country Postal or zip code 017 018</p> <p>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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered Yes to line 020, enter the new mailing address on lines 021 to 028. 021 c/o 023 024 City Province, territory or state 025 026 Country Postal or zip code 027 028</p> <p>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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered Yes to line 030, enter the address of the new location on lines 031 to 038. 031 032 City Province, territory or state 035 036 Country Postal or zip code 037 038</p> | <p>Is this an amended return? 040 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Fiscal period to which this information return applies 060 Fiscal period start 061 Fiscal period-end* Year Month Day Year Month Day From 2023-01-01 To 2023-12-31 *If you answered Yes to question 078 below, enter the date when the partnership ceased to exist.</p> <p>The end members of this partnership are (tick the applicable boxes) 062 01 <input checked="" type="checkbox"/> Individuals (including trusts) 02 <input checked="" type="checkbox"/> Corporations Is this the first year of filing? 070 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered Yes to line 070, enter the date the partnership was created 071 Year Month Day Number of T5013 slips 073 3</p> <p>Is this the partnership's final information return up to dissolution? 078 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If an election was made under section 261 by one or more partners, enter the functional currency code used for this return 079</p> <p>Was the partnership a Canadian partnership throughout the fiscal period? 082 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Type of partnership at the end of the fiscal period</p> <table style="width:100%;"> <tr> <td style="width:50%; vertical-align: top;"> 086 Non tax shelter <input type="checkbox"/> 01 General partnership <input checked="" type="checkbox"/> 02 Limited partnership <input type="checkbox"/> 03 Limited liability partnership <input type="checkbox"/> 08 Investment club </td> <td style="width:50%; vertical-align: top;"> Tax shelter <input type="checkbox"/> 11 General partnership <input type="checkbox"/> 12 Limited partnership <input type="checkbox"/> 13 Co-ownership <input type="checkbox"/> 19 Other (specify below) </td> </tr> </table> <p>If the partnership is a tax shelter (TS), enter the TS identification number 087</p> <p>Industry code (NAICS): 221121</p> | 086 Non tax shelter <input type="checkbox"/> 01 General partnership <input checked="" type="checkbox"/> 02 Limited partnership <input type="checkbox"/> 03 Limited liability partnership <input type="checkbox"/> 08 Investment club | Tax shelter <input type="checkbox"/> 11 General partnership <input type="checkbox"/> 12 Limited partnership <input type="checkbox"/> 13 Co-ownership <input type="checkbox"/> 19 Other (specify below) |
| 086 Non tax shelter <input type="checkbox"/> 01 General partnership <input checked="" type="checkbox"/> 02 Limited partnership <input type="checkbox"/> 03 Limited liability partnership <input type="checkbox"/> 08 Investment club | Tax shelter <input type="checkbox"/> 11 General partnership <input type="checkbox"/> 12 Limited partnership <input type="checkbox"/> 13 Co-ownership <input type="checkbox"/> 19 Other (specify below) | | |

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.

| | | | | |
|---|------------|---|--|----------------------------|
| At any time during the fiscal period, was the partnership a member of another partnership (directly or indirectly through one or more partnerships)? | 150 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 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 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 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 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T106 |
| Does the partnership have to file Form T1134 in respect of any foreign affiliates in the fiscal period? | 172 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T1134 |
| Has the partnership made any charitable donations, gifts of cultural or ecological property or federal, provincial, territorial or municipal political contributions? | 202 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 2 |
| Does the partnership have a permanent establishment in more than one jurisdiction? | 205 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 5 |
| Has the partnership realized any capital gains or incurred any capital losses during the fiscal period? | 206 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 6 |
| Does the partnership have any property that is eligible for capital cost allowance? | 208 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | T5013 SCH 8 |
| Does the partnership have any resource-related deductions (not including renounced expenditures)? | 212 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 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 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | Calculation and allocation |
| Did the partnership incur any scientific research and experimental development (SR&ED) expenditures? | 232 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T661 |
| Did the partnership allocate renounced resource expenses to its members? | 252 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | 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 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T1135 |
| Is the partnership allocating any Canadian journalism labour tax credits? | 260 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 58 |
| Is the partnership allocating any return of fuel charge proceeds to farmers tax credits? | 261 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 63 |
| Is the partnership allocating any air quality improvement tax credits? | 262 | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | T5013 SCH 65 |

Protected B when completed

Additional information

Did the partnership use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? 270 Yes No

Was a slip issued to one or more nominees or agents? 271 Yes No

Does the partnership agreement require that the nominee(s) or agent(s) complete and file any of the documents identified on page 2? 272 Yes No

Does the partnership have one or more new nominees or agents? 273 Yes No

Did the partnership allocate any amount of income tax deducted at source? 274 Yes No

Did the partnership make any other election(s) under the Act during the fiscal period? 275 Yes No

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 Yes No

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 Yes No

If **Yes**, see Guide T4068 to verify your filing requirements.

Did members of the partnership immigrate to Canada during the fiscal period? 291 Yes No

Did members of the partnership emigrate from Canada during the fiscal period? 292 Yes No

If the major business activity is construction, did you have any subcontractors during the fiscal period? 295 Yes No

Did the partnership report its farming or fishing income using the cash method? 296 Yes No

Is this a publicly traded partnership? 297 Yes No

If you answered **Yes** to line 297, did the partnership issue T5008 information slips to report transactions of interests in the partnership? 298 Yes No

Miscellaneous information

For tax deductions withheld at the source, was an NR4 information return filed for the fiscal period? 301 Yes No

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 Yes No

Is this partnership a specified investment flow-through (SIFT) partnership? 304 Yes No

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 _____

Protected B when completed

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 HYDRO ONE INDIGENOUS PARTNERSHIPS INC. **402** 818382046RC0001
Name of designated partner Identification number

Additional information for tax shelters only

Principal promoter

500 **501** **502**
Last name (print) First name (print) Identification number

Certification

950 I, TRAN **951** NANCY **954** VP CORPORATE TAX
Last name (print) First name (print) 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 2024-03-13 **956**
Year Month Day Signature of the authorized partner Telephone number

Nancy Tran

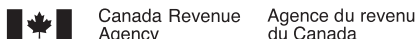
Digitally signed by Nancy Tran
Date: 2024.03.19 08:25:10 -04'00'

Language of correspondence

Indicate your language of correspondence **990** 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.



PARTNERSHIP'S BALANCE SHEET INFORMATION

**T5013
SCHEDULE 100**

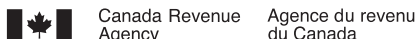
| | | | |
|--|--|--|--|
| Partnership name B2M LIMITED PARTNERSHIP | Partnership account Number 80820 9530 RZ0001 | Fiscal period end Year Month Day 2023-12-31 | Original <input checked="" type="checkbox"/> Amended <input type="checkbox"/> |
|--|--|--|--|

Is this a NIL schedule? **999** Yes No

Balance sheet information

| Account | Description | GIFI | Current year | Prior year |
|--------------------------|---|---------------|------------------------------|------------------------------|
| Assets | | | | |
| | Total current assets | 1599 + | <u>19,181,000.00</u> | <u>18,438,000.00</u> |
| | Total tangible capital assets | 2008 + | <u>529,114,000.00</u> | <u>529,114,000.00</u> |
| | Total accumulated amortization of tangible capital assets | 2009 - | <u>63,924,000.00</u> | <u>57,058,000.00</u> |
| | Total intangible capital assets | 2178 + | | |
| | Total accumulated amortization of intangible capital assets | 2179 - | | |
| | Total long-term assets | 2589 + | | |
| | * Assets held in trust | 2590 + | | |
| | Total assets (mandatory field) | 2599 = | <u><u>484,371,000.00</u></u> | <u><u>490,494,000.00</u></u> |
| Liabilities | | | | |
| | Total current liabilities | 3139 + | <u>8,481,983.00</u> | <u>8,579,000.00</u> |
| | Total long-term liabilities | 3450 + | <u>286,155,000.00</u> | <u>289,612,000.00</u> |
| | * Subordinated debt | 3460 + | | |
| | * Amounts held in trust | 3470 + | | |
| | Total liabilities (mandatory field) | 3499 = | <u><u>294,636,983.00</u></u> | <u><u>298,191,000.00</u></u> |
| Partner's capital | | | | |
| | Total partners' capital (mandatory field) | 3575 + | <u>189,734,017.00</u> | <u>192,303,000.00</u> |
| | Total liabilities and partners' capital | 3585 = | <u><u>484,371,000.00</u></u> | <u><u>490,494,000.00</u></u> |

* Generic item



T5013

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

| | | | |
|--|--|--|--|
| Partnership name B2M LIMITED PARTNERSHIP | Partnership account number 80820 9530 RZ0001 | Fiscal period end Year Month Day 2023-12-31 | Original <input checked="" type="checkbox"/> Amended <input type="checkbox"/> |
|--|--|--|--|

Income statement information

| Description | GIFI |
|-------------|------|
|-------------|------|

Is this a NIL schedule? **999** Yes No

Operating Business Name **0001**
 Description of the operation **0002** ELECTRICITY TRANSMISSION
 Sequence Number **0003** 01

| Account | Description | GIFI | Current year | Prior year |
|---------|-------------|------|--------------|------------|
|---------|-------------|------|--------------|------------|

| Income statement information | | | | |
|------------------------------|---|---------------|---------------|---------------|
| | Total sales of goods and services | 8089 + | 36,590,000.00 | 35,352,000.00 |
| | Cost of sales | 8518 - | | |
| | Gross profit/loss | 8519 = | 36,590,000.00 | 35,352,000.00 |
| | Cost of sales | 8518 + | | |
| | Total operating expenses | 9367 + | 15,885,983.00 | 15,344,000.00 |
| | Total expenses (mandatory field) | 9368 = | 15,885,983.00 | 15,344,000.00 |
| | Total revenue (mandatory field) | 8299 + | 36,590,000.00 | 35,352,000.00 |
| | Total expenses (mandatory field) | 9368 - | 15,885,983.00 | 15,344,000.00 |
| | Net non-farming income | 9369 = | 20,704,017.00 | 20,008,000.00 |

| Farming income statement information | | | | |
|--------------------------------------|---|---------------|--|--|
| | Total farm revenue (mandatory field) | 9659 + | | |
| | Total farm expenses (mandatory field) | 9898 - | | |
| | Net farm income | 9899 = | | |

| | | | | |
|--|--|---------------|---------------|---------------|
| | Net income/loss before extraordinary items – all operations | 9970 = | 20,704,017.00 | 20,008,000.00 |
|--|--|---------------|---------------|---------------|

| | | | | |
|--|---|---------------|--|--|
| | Total other comprehensive income | 9998 = | | |
|--|---|---------------|--|--|

| Extraordinary items and income (linked to Schedule 140) | | | | |
|---|--|---------------|---------------|---------------|
| | Extraordinary item(s) | 9975 - | | |
| | Legal settlements | 9976 - | | |
| | Unrealized gains/losses | 9980 + | | |
| | Unusual items | 9985 - | | |
| | Current income taxes | 9990 - | | |
| | Deferred income tax provision | 9995 - | | |
| | Total – Other comprehensive income | 9998 + | | |
| | Net income/loss after taxes and extraordinary items (mandatory field) | 9999 = | 20,704,017.00 | 20,008,000.00 |

General Index of Financial Information (GIFI) – Additional Information

| | | | |
|---|---|---|--|
| Partnership name B2M LIMITED PARTNERSHIP | Partnership account number 80820 9530 RZ0001 | Fiscal period-end Year Month Day 2023-12-31 | <input checked="" type="checkbox"/> Original <input type="checkbox"/> 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 No
If you answered **no**, go to Part 2.

Does that person have a professional designation in accounting? **095** Yes No

Is that person connected** with the partnership? **097** Yes No

* 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**

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

Part 4 – Other information

Were notes to the financial statements prepared? **101** Yes No

Did the partnership have any subsequent events? **104** Yes No

Did the partnership re-evaluate its assets during the fiscal period? **105** Yes No

Did the partnership have any contingent liabilities during the fiscal period? **106** Yes No

Did the partnership have any commitments during the fiscal period? **107** Yes No

Does the partnership have investments in joint ventures? If **yes**, complete question 109 below **108** Yes No

Is the partnership filing joint venture(s) financial statements? **109** Yes No

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 – GIF

Form identifier 100

| | | |
|-------------------------|----------------------------|-------------------------------------|
| Partnership name | Partnership account number | Fiscal period end Year Month Day |
| B2M LIMITED PARTNERSHIP | 80820 9530 RZ0001 | 2023-12-31 |

Is this a NIL schedule? **999** Yes No

Assets – lines 1000 to 2599

| | | | | | |
|-------------|----------------|-------------|----------------|-------------|----------------|
| 1001 | 10,995,000.00 | 1060 | 2,944,000.00 | 1400 | 5,212,000.00 |
| 1480 | 30,000.00 | 1599 | 19,181,000.00 | 1740 | 529,114,000.00 |
| 1741 | -63,924,000.00 | 2008 | 529,114,000.00 | 2009 | -63,924,000.00 |
| 2599 | 484,371,000.00 | | | | |

Liabilities – lines 2600 to 3499

| | | | | | |
|-------------|----------------|-------------|----------------|-------------|--------------|
| 2620 | 364,983.00 | 2629 | 2,429,000.00 | 2860 | 5,688,000.00 |
| 3139 | 8,481,983.00 | 3140 | 285,419,000.00 | 3320 | 736,000.00 |
| 3450 | 286,155,000.00 | 3499 | 294,636,983.00 | | |

Partner's capital – lines 3540 to 3575

| | | | | | |
|-------------|----------------|-------------|----------------|-------------|----------------|
| 3545 | 20,704,017.00 | 3550 | 20,704,017.00 | 3551 | 192,558.00 |
| 3552 | 21,000.00 | 3553 | -23,000.00 | 3560 | 190,558.00 |
| 3561 | 192,110,442.00 | 3562 | 20,683,017.00 | 3563 | -23,250,000.00 |
| 3571 | 189,543,459.00 | 3575 | 189,734,017.00 | 3585 | 484,371,000.00 |

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Form identifier 125

| | | |
|-------------------------|----------------------------|-------------------------------------|
| Partnership name | Partnership account number | Fiscal period end Year Month Day |
| B2M LIMITED PARTNERSHIP | 80820 9530 RZ0001 | 2023-12-31 |

Is this a NIL schedule? 999 Yes No

| |
|--|
| Description |
| Sequence number 0003 01 |

Revenue – lines 8000 to 8299

| | | |
|---------------------------|---------------------------|---------------------------|
| 8020 36,590,000.00 | 8089 36,590,000.00 | 8299 36,590,000.00 |
|---------------------------|---------------------------|---------------------------|

Cost of sales – lines 8300 to 8519

| |
|---------------------------|
| 8519 36,590,000.00 |
|---------------------------|

Operating expenses – lines 8520 to 9369

| | | |
|---------------------------|---------------------------|---------------------------|
| 8670 6,865,939.00 | 8710 6,564,000.00 | 9284 2,456,044.00 |
| 9367 15,885,983.00 | 9368 15,885,983.00 | 9369 20,704,017.00 |

Farming revenue – lines 9370 to 9659

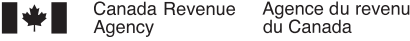
| |
|------------------|
| 9659 0.00 |
|------------------|

Farming expenses – lines 9660 to 9899

| |
|------------------|
| 9898 0.00 |
|------------------|

Extraordinary items and taxes – lines 9970 to 9999

| | |
|---------------------------|---------------------------|
| 9970 20,704,017.00 | 9999 20,704,017.00 |
|---------------------------|---------------------------|



Net Income (Loss) for Income Tax Purposes

Protected B when completed

T5013
Schedule 1

| | | | |
|--|--|--|--|
| Partnership name B2M LIMITED PARTNERSHIP | Partnership account number 80820 9530 RZ0001 | Fiscal period end Year Month Day 2023-12-31 | <input checked="" type="checkbox"/> Original <input type="checkbox"/> 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? Yes No **999**

(If **yes**, do not use zeroes (000 00), dashes (-), nil, or N/A on the lines.)

| | | |
|--|------------|---------------------|
| Amount calculated on line 9999 from Schedule 125 or Schedule 140 | 500 | 20,704,017.00 |
| Add: | | |
| Provision for Part IX.1 specified investment flow through (SIFT) taxes | 101 | |
| Amortization/depreciation of tangible assets | 104 | 6,865,939.00 |
| 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 | 661,366.00 |
| Total (Add lines 101 to 199. Enter this amount on line 501) | | 7,527,305.00 |
| Deduct: Amount from line 511 on page 3 of this schedule | 502 | – 15,314,876.16 |
| Net income (loss) for income tax purposes – (line 500 plus line 501 minus line 502) | 503 | = 12,916,445.84 |
| Deduct: Net income (loss) for general partners | 504 | – 13,570.00 |
| Net income (loss) for income tax purposes for limited and non-active partners (line 503 minus line 504) | 505 | = 12,902,875.84 |

Partnership account number
80820 9530 RZ0001

Fiscal period end
Year Month Day
2023-12-31

Protected B when completed

Add:

| | | |
|---|-----|-------|
| 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:

| | | |
|---|-----|------------|
| 600 Movement in Regulatory asset/liability | 290 | 661,366.00 |
| 601 _____ | 291 | _____ |
| 602 _____ | 292 | _____ |
| 603 _____ | 293 | _____ |
| 604 _____ | 294 | _____ |

Total (Add lines 290 to 294. Enter this amount on line 507) 661,366.00 **507** + 661,366.00

Total (Add lines 506 and 507) **508** = 661,366.00

Enter the amount from line 508 on line 199 on page 1 of this schedule.

Partnership account number
80820 9530 RZ0001

Fiscal period end
Year Month Day
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 | 15,314,876.16 |
| 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) 15,314,876.16 **510** + 15,314,876.16

Total (Add lines 509 and 510) **511** = 15,314,876.16
Enter this amount on line 502 on page 1 of this schedule.

Protected B when completed

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? Yes No

If you answered **yes**, complete Part 2. Otherwise, go to Part 3.

Is there more than one source of income? Yes No

If you answered **no**, enter the income of that source of income (net income for income tax purposes before any CCA deductions) 150

If the answer is **yes**, complete the table below.

| | 1 Source of income | 2 Income before any CCA deductions from each source (if the income is a loss or nil, enter "0") | 3 Aggregate amount of DIEP used for each source |
|---|-----------------------|--|--|
| 1 | 160 | 165 | 170 |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |

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 | 20 CCA rate % See note 17 | 21 Recapture of CCA See note 18 | 22 Terminal loss See note 19 | 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 | 24 UCC at the end of the fiscal period (column 10 minus column 23) |
|---|---|--|--|-------------------------------------|---|--|---|---|
| | | | 224 | 212 | 213 | 215 | 217 | 220 |
| 1 | | | | 4.00 | | | 92,139.74 | 2,211,353.85 |
| 2 | | | | 8.00 | | | 12,560,467.23 | 144,445,373.17 |
| 3 | | | | 5.00 | | | 2,662,269.19 | 35,370,147.78 |
| 4 | | | | | | | | |
| 5 | | | | | | | | |
| 6 | | | | | | | | |
| 7 | | | | | | | | |
| 8 | | | | | | | | |
| | | | | | 230 | 240 | 250 | |
| | | | | | | | | Totals |
| | | | | | | | 15,314,876.16 | |

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.

Protected B when completed

| Partner 3 | | Ownership | | | | | Fiscal period's income (loss) allocation | | Account activity |
|-----------|---|---|--|--|---|---|--|---|------------------|
| 100 | Partner name | 101 | 105 | 106 | 107 | 110 | 220 | 300 | |
| | HYDRO ONE NETWORKS INC. | Partner identification number 870865821RC0001 | Type of partner 2 | Partner code 0 | Percentage (%) of partner's interest 65.7086 | Did the partner dispose of an interest during the fiscal period? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Partner's share of the net income (loss) 8,916,788.00 | Cost base 198971906.00 | |
| | | Account activity (continued) | | | | | At-risk amount (ARA) (for limited partners only) | | |
| 310 | Cost of units acquired during the fiscal period | 320 | 330 | 340 | 350 | 410 | 420 | 430 | |
| | 7,207,025.00 | Partner's share of the previous fiscal period's net income (loss) | Capital contributions in the fiscal period | Withdrawals in the fiscal period -15,703,909.00 | 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 -9,000,000.00 | |

| Partner 4 | | Ownership | | | | | Fiscal period's income (loss) allocation | | Account activity |
|-----------|---|---|--|----------------------------------|--------------------------------------|--|--|--|------------------|
| 100 | Partner name | 101 | 105 | 106 | 107 | 110 | 220 | 300 | |
| | | Partner identification number | Type of partner | Partner code | Percentage (%) of partner's interest | Did the partner dispose of an interest during the fiscal period? <input type="checkbox"/> Yes <input type="checkbox"/> No | Partner's share of the net income (loss) | Cost base | |
| | | Account activity (continued) | | | | | At-risk amount (ARA) (for limited partners only) | | |
| 310 | Cost of units acquired during the fiscal period | 320 | 330 | 340 | 350 | 410 | 420 | 430 | |
| | | 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 | |

| Partner 5 | | Ownership | | | | | Fiscal period's income (loss) allocation | | Account activity |
|-----------|---|---|--|----------------------------------|--------------------------------------|--|--|--|------------------|
| 100 | Partner name | 101 | 105 | 106 | 107 | 110 | 220 | 300 | |
| | | Partner identification number | Type of partner | Partner code | Percentage (%) of partner's interest | Did the partner dispose of an interest during the fiscal period? <input type="checkbox"/> Yes <input type="checkbox"/> No | Partner's share of the net income (loss) | Cost base | |
| | | Account activity (continued) | | | | | At-risk amount (ARA) (for limited partners only) | | |
| 310 | Cost of units acquired during the fiscal period | 320 | 330 | 340 | 350 | 410 | 420 | 430 | |
| | | 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 | |

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 808209530RZ0001

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 13,570 00

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 15,314 85

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 M5G2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 113 | | 23,899 00 | 116 | | 13,570 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 118 | | 36,590 00 | | | |

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

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Box Case Code Amount – Montant Box Case Code Amount – Montant

Box Case Code Amount – Montant Box Case Code Amount – Montant

Box Case Code Amount – Montant Box Case Code Amount – Montant

Filer's name and address – Nom et adresse du déclarant
B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 4 | 003 CAN | 004 3 |

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)
001 808209530RZ0001

Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire
010 3,986,088 00

Total business income (loss) / Total du revenu (de la perte) d'entreprise
020

Partner's identification number / Numéro d'identification de l'associé
006 822177333RC0001

Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes
005 34.191385

Total capital gains (losses) / Total des gains (pertes) en capital
030

Capital cost allowance / Déduction pour amortissement
040 5,236,368 34

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

▶ **SON FINANCE CORP (TRUSTEE)**

BDO CANADA
663 BERFORD STREET P.O. BOX 849
WIARTON ON N0H2T0

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 104 | | 3,986,088 00 | 113 | | 7,544,692 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|----------|------|------------------|
| 118 | | 12,510,628 00 | | | |

Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| | | | | | |

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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)

001 808209530RZ0001

Total limited partner's business income (loss)
Total du revenu (de la perte) d'entreprise du commanditaire

010 8,916,788 00

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 65.708615

Total capital gains (losses)
Total des gains (pertes) en capital

030

Capital cost allowance
Déduction pour amortissement

040 10,063,192 97

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 ST
8TH FLOOR, SOUTH TOWER
TORONTO ON M5G 2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 104 | | 8,916,788 00 | 105 | | 166,555,196 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 106 | | 166,555,196 00 | 113 | | 15,703,909 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 118 | | 24,042,782 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

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Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Filer's name and address – Nom et adresse du déclarant
B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 808209530RZ0001

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 13,570 00

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 15,314 85

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 M5G2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 113 | | 23,899 00 | 116 | | 13,570 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|----------|------|------------------|
| 118 | | 36,590 00 | | | |

Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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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 – Annexe à votre déclaration d'impôt sur le revenu 2

See recipient instructions / Voir les instructions du bénéficiaire

Filer's name and address – Nom et adresse du déclarant
B2M LIMITED PARTNERSHIP
 185 CLEGG ROAD
 MARKHAM ON L6G1B7

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 808209530RZ0001

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 13,570 00

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 15,314 85

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 M5G2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 113 | | 23,899 00 | 116 | | 13,570 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|----------|------|------------------|
| 118 | | 36,590 00 | | | |

Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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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

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 4 | 003 CAN | 004 3 |

Partnership account number (15 characters)
Numéro de compte de la société de personnes (15 caractères)

001 808209530RZ0001

Total limited partner's business income (loss)
Total du revenu (de la perte) d'entreprise du commanditaire

010 3,986,088 00

Total business income (loss)
Total du revenu (de la perte) d'entreprise

020

Partner's identification number
Numéro d'identification de l'associé

006 822177333RC0001

Partner's share (%) of partnership
Part de l'associé (%) dans la société de personnes

005 34.191385

Total capital gains (losses)
Total des gains (pertes) en capital

030

Capital cost allowance
Déduction pour amortissement

040 5,236,368 34

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

SON FINANCE CORP (TRUSTEE)

BDO CANADA
663 BERFORD STREET P.O. BOX 849
WIARTON ON N0H2T0

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 104 | | 3,986,088 00 | 113 | | 7,544,692 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 118 | | 12,510,628 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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| | | |

| 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 – Annexe à votre déclaration d'impôt sur le revenu 2

See recipient instructions
Voir les instructions du bénéficiaire

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 4 | 003 CAN | 004 3 |

Partnership account number (15 characters)
Numéro de compte de la société de personnes (15 caractères)

001 808209530RZ0001

Total limited partner's business income (loss)
Total du revenu (de la perte) d'entreprise du commanditaire

010 3,986,088 00

Total business income (loss)
Total du revenu (de la perte) d'entreprise

020

Partner's identification number
Numéro d'identification de l'associé

006 822177333RC0001

Partner's share (%) of partnership
Part de l'associé (%) dans la société de personnes

005 34.191385

Total capital gains (losses)
Total des gains (pertes) en capital

030

Capital cost allowance
Déduction pour amortissement

040 5,236,368 34

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

SON FINANCE CORP (TRUSTEE)

BDO CANADA
663 BERFORD STREET P.O. BOX 849
WIARTON ON N0H2T0

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

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Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 104 | | 3,986,088 00 | 113 | | 7,544,692 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 118 | | 12,510,628 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| | | | | | |

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

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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)

001 808209530RZ0001

Total limited partner's business income (loss)
Total du revenu (de la perte) d'entreprise du commanditaire

010 8,916,788 00

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 65.708615

Total capital gains (losses)
Total des gains (pertes) en capital

030

Capital cost allowance
Déduction pour amortissement

040 10,063,192 97

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 ST
8TH FLOOR, SOUTH TOWER
TORONTO ON M5G 2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 104 | | 8,916,788 00 | 105 | | 166,555,196 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 106 | | 166,555,196 00 | 113 | | 15,703,909 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| 118 | | 24,042,782 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case Code Other information – Autres renseignements

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Box – Case Code Other information – Autres renseignements

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 – Annexe à votre déclaration d'impôt sur le revenu 2

See recipient instructions / Voir les instructions du bénéficiaire

Filer's name and address – Nom et adresse du déclarant
B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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)
001 808209530RZ0001

Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire
010 8,916,788 00

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 65.708615

Total capital gains (losses) / Total des gains (pertes) en capital
030

Capital cost allowance / Déduction pour amortissement
040 10,063,192 97

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 ST
8TH FLOOR, SOUTH TOWER
TORONTO ON M5G 2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 104 | | 8,916,788 00 | 105 | | 166,555,196 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 106 | | 166,555,196 00 | 113 | | 15,703,909 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| 118 | | 24,042,782 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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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

Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 808209530RZ0001

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 13,570 00

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 15,314 85

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 M5G2P5

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

Box – Case Code Other information – Autres renseignements

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Box – Case Code Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| 113 | | 23,899 00 | 116 | | 13,570 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| 118 | | 36,590 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Filer's name and address – Nom et adresse du déclarant
B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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 4 | 003 CAN | 004 3 |

Partnership account number (15 characters) / Numéro de compte de la société de personnes (15 caractères)
001 808209530RZ0001

Total limited partner's business income (loss) / Total du revenu (de la perte) d'entreprise du commanditaire
010 3,986,088 00

Total business income (loss) / Total du revenu (de la perte) d'entreprise
020

Partner's identification number / Numéro d'identification de l'associé
006 822177333RC0001

Partner's share (%) of partnership / Part de l'associé (%) dans la société de personnes
005 34.191385

Total capital gains (losses) / Total des gains (pertes) en capital
030

Capital cost allowance / Déduction pour amortissement
040 5,236,368 34

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
SON FINANCE CORP (TRUSTEE)

BDO CANADA
663 BERFORD STREET P.O. BOX 849
WIARTON ON N0H2T0

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|------------|------|------------------|
| 104 | | 3,986,088 00 | 113 | | 7,544,692 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|------------|------|------------------|----------|------|------------------|
| 118 | | 12,510,628 00 | | | |

Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Box – Case / Code / Other information – Autres renseignements

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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Filer's name and address – Nom et adresse du déclarant

B2M LIMITED PARTNERSHIP
185 CLEGG ROAD
MARKHAM ON L6G1B7

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)

001 808209530RZ0001

Total limited partner's business income (loss)
Total du revenu (de la perte) d'entreprise du commanditaire

010 8,916,788 00

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 65.708615

Total capital gains (losses)
Total des gains (pertes) en capital

030

Capital cost allowance
Déduction pour amortissement

040 10,063,192 97

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 ST
8TH FLOOR, SOUTH TOWER
TORONTO ON M5G 2P5

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 104 | | 8,916,788 00 | 105 | | 166,555,196 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 106 | | 166,555,196 00 | 113 | | 15,703,909 00 |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
|----------|------|------------------|----------|------|------------------|
| 118 | | 24,042,782 00 | | | |

| Box Case | Code | Amount – Montant | Box Case | Code | Amount – Montant |
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| Box – Case | Code | Other information – Autres renseignements |
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| Box – Case | Code | Other information – Autres renseignements |
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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 80820 9530 RZ0001 | Fiscal period-start 2023-01-01 | Year Month Day 2023-01-01 | Fiscal period-end 2023-12-31 | Year Month Day 2023-12-31 |
| Name of the partnership B2M LIMITED PARTNERSHIP | | | | Postal or ZIP code L6G1B7 |
| Are you a nominee or an agent? (If yes, provide the following information) | | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Nominee or agent's account number | Name of the nominee or agent | | | Postal or ZIP code |
| Is the partnership a tax shelter? | | | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| If yes, enter the tax shelter identification number (TS) | | | | |

Part 2 – Totals from T5013 slips

| | | |
|--|------------|---------------|
| Total number of T5013 information slips attached | 009 | 3 |
| Total limited partner's business income (loss) | 010 | 12,902,876.00 |
| Total business income (loss) | 020 | 13,570.00 |
| Total capital gains (losses) | 030 | |
| Capital cost allowance | 040 | 15,314,876.16 |

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.

| | | | |
|------------------------------|--|---|--|
| 2024-03-13 Year Month Day | Nancy Tran Signature of authorized person | <small>Digitally signed by Nancy Tran Date: 2024.03.19 08:24:14 -04'00'</small> | VP CORPORATE TAX Position or office |
|------------------------------|--|---|--|

| | |
|-------------|----------------|
| Prepared by | Year Month Day |
| | 2024-03-13 |

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.

Attached Notes – Summary

Name of the cell GIFI code 3553 – General partners' drawings Form Sch. 3575 - Partners' capital
Per F/S, total distributions = 23,273K
23,273K * .1 = \$23,273 rounded to 23,000
208336 - 2024-02-26 Keep this note when rolling forward the file

Name of the cell GIFI code 3563 – Limited partners' drawings Form Sch. 3575 - Partners' capital
Per F/S, total distributions = \$23,273K. 232,273,000 - 23000 above = \$23,250,000
208336 - 2024-02-26 Keep this note when rolling forward the file

Name of the cell GIFI code 3552 – General partners' net income (loss) Form Sch. 3575 - Partners' capital
Per 2023 B2M LP Acctg Equity and Dist allocation file, cell G100
208336 - 2024-02-26 Keep this note when rolling forward the file

Name of the cell Other additions – Amount Form T5013 Schedule 1 - Partnership's net income (loss) for income
13.2
208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Amortization/depreciation of tangible assets Form T5013 Schedule 1 - Partnership's net income (loss) for income
8.12
208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Capital cost allowance from Schedule 8 Form T5013 Schedule 1 - Partnership's net income (loss) for income
8.0
208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell GIFI code 8670 – Amount – Amortization of tangible assets Form Sch. 9367 - Operating expenses
8.12
208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Deduct: Net income (loss) for general partners Form T5013 Schedule 1 - Partnership's net income (loss) for income
Tab 19.2, cell E35

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Income allocated (for ac Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E44

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
C.1 Tab 5.0 cell F18

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Income allocated (for ac Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E41

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell D18

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Income allocated (for ac Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E42

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Partner's amount – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell E18

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 220 – Partner's Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E36

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 300 – Cost of : Form T5013/RL-15 Data entry screen - Partnership income
agreed to PY

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – ACB at the end of 1 Form T5013/RL-15 Data entry screen - Partnership income
agreed to PY T5013

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 320 – Partner's Form T5013/RL-15 Data entry screen - Partnership income
agreed to PY T5013

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 340 – Withdra Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell F18

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Column 430 – Non Form T5013/RL-15 Data entry screen - Partnership income
C.1 Tab 5.0 3 x \$4,500 Q4 payment made in 2024

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 113 – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell F18

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 – Box 020 – Total business income (loss) Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E35

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 – Partner's share of the partnership's total gross income Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell K36

208336 - 2024-03-05 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 220 – Partner's Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E33

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 220 – Partner's Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E34

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – ACB at the end of 1 Form T5013/RL-15 Data entry screen - Partnership income
agreed to PY T5013

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 340 – Withdra Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell D18

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 320 – Partner's Form T5013/RL-15 Data entry screen - Partnership income
agreed to PY T5013

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Column 430 – Non Form T5013/RL-15 Data entry screen - Partnership income
not required since not at risk

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 010 – Total limited partner business inc Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E33

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 104 – Limited partner's business income Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E33

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 113 – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 5.0, cell D18

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Box 116 – Business income (loss) Form T5013/RL-15 Data entry screen - Partnership income
SON is an agent therefore not at risk

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Partner's share of the partnership's total gross income Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell K34

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Box 040 – Capital cost allowance Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell I34

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Box 040 – Capital cost allowance Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell I35

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Box 040 – Capital cost allowance Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell I36

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Box 340 – Withdra Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E18

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 Schedule 50 – Amount per partner – Column 430 – Non Form T5013/RL-15 Data entry screen - Partnership income
C.1 Tab 5.0 3 advances x 3,000,000. Q4 2023 paid in 2024

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 010 – Total limited partner business incc Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell E34

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell Federal (T5013) – Box 113 – Return of capital Form T5013/RL-15 Data entry screen - Partnership income
Agreed to C.1, Tab 5.0, E18

208336 - 2024-03-06 Keep this note when rolling forward the file

Name of the cell T5013 – Partner's share of the partnership's total gross income Form T5013/RL-15 Data entry screen - Partnership income
C.1, Tab 19.2, cell K35

208336 - 2024-03-06 Keep this note when rolling forward the file

| | |
|--|---|
| <input type="checkbox"/> Name of the cell <u>Can you identify the person specified in the heading of Part 1?</u> Form <u>Sch. 141 - General Index of Financial Information (GIFI) – Add</u> KPMG 208336 - 2024-03-08 | Keep this note when rolling forward the file <input type="checkbox"/> |
|--|---|

Z-FACTOR CLAIMS

1
2
3
4

B2L LP is not seeking recovery of any material costs associated with unforeseen events as described in section 2.8.12 of the Filing Requirements.

Filed: 2024-05-23
EB-2024-0116
Exhibit F
Tab 8
Schedule 1
Page 2 of 2

1

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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 B2M LP'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, B2M LP 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 B2M LP'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, B2M LP 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 B2M LP (EB-2020-0226).¹

¹ Past approval of a one-time update to cost of long-term debt was approved in EB-2019-0178, B2M LP's 2020-2024 Decision and Order, Schedule A, Issue 14

1 **2.0 CAPITAL STRUCTURE**

2 B2M LP's deemed capital structure for rate-making purposes is 60% debt and 40%
3 common equity of utility rate base, as affirmed by the OEB's Decision in B2M LP's 2020
4 to 2024 transmission rate application (EB-2019-0178). The 60% debt component is
5 comprised of 4% deemed short-term debt and 56% long-term debt.

6
7 This structure is consistent with the OEB's Report on the Cost of Capital for Ontario's
8 Regulated Utilities, dated December 11, 2009 (EB-2009-0084), and its subsequent
9 Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated
10 Utilities dated January 14, 2016.

11
12 **3.0 COST OF CAPITAL SUMMARY**

13 The cost of capital as described in this exhibit has been reflected in the revenue
14 requirement for each year of this Application. B2M LP's proposed 2025 to 2029 cost of
15 capital requirements are presented in Exhibit G-01-03.

16
17 As discussed above, when the OEB releases its 2025 cost of capital parameters during
18 this proceeding, B2M LP will update the revenue requirement for the 2025 test year to
19 reflect: (a) the OEB-prescribed 2025 ROE and short-term debt rates; and (b) a long-term
20 debt rate based on B2M LP's weighted average of its existing debt rate and the rate on
21 B2M LP's forecast debt refinancing in 2025, using the September 2024 Consensus
22 Forecast.

23
24 The historical, bridge and test years' debt and equity summary schedules are provided
25 at Exhibit G-01-03.

26
27 Hydro One expects the OEB to issue its Decision and Order before B2M LP issues new
28 10-year debt to refinance its maturing long-term 5-year debt in 2025. The future
29 refinancing rate on a portion of B2M LP's long-term debt is unknown and may have an
30 impact on B2M LP's financial performance if the actual cost is not reflected in rates. As
31 such, B2M LP proposes a one-time update to the cost of long-term debt for the 2026

1 revenue requirement year to reflect the actual market rate achieved on the long-term
2 debt it will issue in 2025.²

3.1 RETURN ON COMMON EQUITY

5 B2M LP's evidence reflects a return on equity (ROE) of 9.21% as a placeholder for 2025
6 to 2029 based on the cost of capital parameters released by the OEB on October 31,
7 2023, effective for January 1, 2024 rates. It is calculated according to the OEB's
8 formulaic approach in Appendix B of the Cost of Capital for Ontario's Regulated Utilities
9 report, dated December 11, 2009 (EB-2009-0084).

11 As set out above, B2M LP will update the equity cost of capital for the 2025 test year by
12 using the 2025 ROE to be prescribed by the OEB in the fall of 2024.

3.2 DEEMED SHORT-TERM DEBT

15 The OEB has determined that the deemed amount of short-term debt that should be
16 factored into rate setting be fixed at 4% of rate base. The deemed short-term rate of
17 6.23% is being used by B2M LP as a placeholder for 2025 to 2029 and is based on the
18 Cost of Capital Parameters released by the OEB on October 31, 2023, for rates effective
19 January 1, 2024.

21 B2M LP will update the short-term debt rate for the 2025 test year based on the 2025
22 deemed short-term debt rate to be prescribed by the OEB in the fall of 2024.

3.3 LONG-TERM DEBT

25 The OEB has determined that the deemed amount of long-term debt that should be
26 factored into rate setting be fixed at 56% of rate base, in B2M LP's 2020 to 2024
27 transmission rate application (EB-2019-0178). The forecast weighted average long-term
28 debt rate is calculated to be 3.07% for 2025.

² Consistent with the 2021 revenue requirement update application (EB-2020-0226)

1 At the time of DRO, B2M LP will update the long-term debt rate for the 2025 test year
2 based on B2M LP's weighted average of its existing debt rate and the September 2024
3 Consensus Forecast, consistent with the proposed update of the return on common
4 equity and deemed short-term interest rate.

6 **3.3.1 B2M LP LONG-TERM DEBT**

7 Hydro One Inc. provides treasury services to B2M LP. B2M LP issues debt to Hydro One
8 Inc. to reflect debt issued by Hydro One Inc. to third-party public debt investors. In 2020,
9 Hydro One Inc. issued five, ten and thirty-year notes to third-party investors to finance
10 100% of B2M LP's debt. Third-party public debt investors hold all of the long-term debt
11 issued by Hydro One Inc. The debt portfolio for B2M LP is detailed in Exhibit G-01-02.

13 **3.3.2 CREDIT RATINGS**

14 As an issuing entity, Hydro One Inc. obtains credit ratings from credit rating agencies as
15 a requirement to issue medium term notes in the Canadian public debt markets. Table 1
16 lists the credit ratings of Hydro One Inc.'s debt obligations by DBRS Limited, Moody's
17 Investors Service and S&P Global Ratings:

19 **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- |

20
21 Rating agency reports are available at Exhibit A-06-03 of Hydro One's 2023-27 Custom
22 IR Application for Transmission and Distribution (EB-2021-0110).

24 **3.3.3 COST OF LONG-TERM DEBT**

25 The long-term debt rate for 2025 is calculated as the weighted average cost rate on
26 existing debt and forecast 10-year debt planned to be issued in 2025 to refinance the
27 maturing 5-year debt issued in 2020. The proposed weighted average long-term debt

1 rate for 2025 is 3.07%. Details used in the calculation of the forecast long-term debt rate
2 are presented at Exhibit G-01-02, Page 1.

3 4 **3.3.4 FORECAST DEBT**

5 The OEB has determined in its Cost of Capital Report that the rate for new debt that is
6 held by a third-party public debt investor will be the prudently negotiated contract rate.
7 This would include recognition of premiums and discounts.

8
9 B2M LP's planned borrowing requirement in 2025 is \$85.8M, based on its most recent
10 forecast. B2M LP's borrowing requirements are driven entirely by the maturity of its
11 existing debt.

12
13 B2M LP issued 5, 10 and 30-year notes in 2020 for the entire amount of its debt. These
14 are the standard maturity terms preferred by investors and represent the typical
15 financing terms that Hydro One Inc. utilizes to execute its financing strategy and raise
16 required funds. The timing of this issuance yielded a very low rate that provided
17 ratepayers with low long-term debt costs over the last five years. For planning purposes,
18 it is assumed that B2M LP's new 10-year debt issue will replace the existing 5-year debt
19 issued in 2025, which is maturing on February 28, 2025. The 10-year and 30-year debt
20 issued in 2020 will remain as existing debt with approximately 5 and 25 years to maturity
21 remaining respectively.

22
23 For the purpose of this application, B2M LP's evidence reflects a long-term debt rate of
24 4.35%, as a placeholder for the maturing debt for 2025 to 2029. From January to
25 February 28, 2025, the cost of existing debt of 1.78% is applied and, from February 28,
26 2025, to December 31, 2029, B2M LP has applied the long-term debt rate based on
27 Hydro One's forecast for new 10-year debt rate calculation for 2025, reflecting the
28 January 2024 Consensus Forecasts and the average of indicative new issue spreads for
29 January 2024.

30
31 Table 2 lists the fixed rate 10-year note that Hydro One Inc. plans to issue for B2M LP in

1 2025, as shown in line 4 of Exhibit G-01-02, page 1.

2

3

Table 2 - Forecast Debt Issues for 2025

| Principal Amount (\$M) | Term (Years) | Coupon |
|-----------------------------------|-------------------------|---------------|
| 85.8 | 10 | 4.348% |

4

5 Including the refinanced debt at the rate above, B2M LP has calculated the weighted
6 average debt rate to be 3.07% for 2025 as shown in Exhibit G-01-02, respectively.

7

8 B2M LP assumes that for rates effective January 1, 2025, the forecast interest rate for
9 B2M LP's debt issues will be updated based on the September 2024 Consensus
10 Forecasts and the average of indicative new issue spreads for September 2024 that will
11 be obtained from the Hydro One Medium Term Note (MTN) dealer group for each
12 planned issuance term.

13

14 **3.3.5 INTEREST RATES ON 2025 FORECAST DEBT ISSUE**

15 B2M LP's borrowing will be financed at market rates applicable to Hydro One Inc. Table
16 3 summarizes the derivation of the forecast Hydro One Inc. yields for the planned 10-
17 year issuance term for 2025.

18

19

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% |

20

21 Each rate comprises the forecast Government of Canada bond yield plus the Hydro One
22 Inc. credit spread applicable to that term. The ten-year Government of Canada bond
23 yield forecast for 2025 is based on the average of the three-month and 12-month

1 forecast from the January 2024 Consensus Forecast. Hydro One's credit spreads over
2 the Government of Canada bonds are based on the average of indicative new issue
3 spreads for January 2024 obtained from the Company's MTN dealer group for each
4 planned issuance term.

5
6 B2M LP assumes that, for rates effective January 1, 2025, the forecast interest rate for
7 Hydro One Inc.'s debt issues will be based on the September 2024 Consensus
8 Forecasts and the average of indicative new issue spreads for September 2024 that will
9 be obtained from the Hydro One Inc. MTN dealer group for each planned issuance term.

10 11 **3.3.6 TREASURY OM&A COSTS**

12 Treasury OM&A costs are incurred to:

- 13 • execute borrowing plans and issue commercial paper and long-term debt;
- 14 • ensure compliance with securities regulations, bank and debt covenants;
- 15 • manage B2M LP's daily liquidity position, control cash, and manage the
16 company's bank accounts;
- 17 • settle all transactions and manage relationships with creditors; and
- 18 • communicate with debt investors, banks and credit rating agencies.

19
20 Treasury OM&A costs are provided in the long-term debt schedules for the test years in
21 Exhibit G-01-02.

22 23 **3.3.7 OTHER FINANCING-RELATED FEES**

24 Column (e) of Exhibit G-01-02 (Premium, Discount and Expenses) represents the costs
25 of issuing debt. These costs are specific to each debt issue and include commissions,
26 legal fees, debt discounts or premiums on issues and re-openings of issues relative to
27 par, and hedge gains or losses.

28
29 Other financing-related fees include the Transmission allocation of Hydro One Inc.'s
30 standby credit facility, annual credit rating agency, filing fees to security regulators,

Filed: 2024-05-23

EB-2024-0116

Exhibit G

Tab 1

Schedule 1

Page 8 of 8

- 1 letters of credit, banking, custodial and trustee fees. These fees are summarized in the
- 2 long-term debt schedules for the test years in Exhibit G-01-02.

1
2
3

COST OF LONG-TERM DEBT CAPITAL

This exhibit has been filed separately in MS Excel format.

1 **SUMMARY OF COST OF CAPITAL (UTILITY CAPITAL STRUCTURE)**

2

3 This exhibit has been filed separately in MS Excel format.

REGULATORY ACCOUNTS

1.0 INTRODUCTION

The purpose of this exhibit is to provide a description of B2M LP's regulatory accounts and proposal with respect to account requests and disposition. The regulatory accounts reported by B2M LP have been established consistent with the Ontario Energy Board's (OEB) requirements as set out in the Accounting Procedures Handbook, subsequent OEB direction, or as per specific requests initiated by B2M LP.

B2M LP's regulatory balances were last disposed on a final basis in EB-2020-0251 as of December 31, 2020.¹

In this Application, B2M LP requests disposition of its regulatory account balance in the Earnings Sharing Mechanism (ESM) deferral account that accumulated between 2022 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 |
| Forgone Revenue Deferral Account | 0 | 0 | 0 |
| ESM Deferral Account | (732,119) | (44,208) | (776,327) |
| Total Group 2 Balances | (732,119) | (44,208) | (776,327) |

¹ EB-2020-0251, 2021 Uniform Transmission Rates, Decision and Rate Order, December 17, 2020

1 The projected interest for 2024 is calculated by applying interest on the December 31,
2 2023 principal balance, using the OEB's quarterly prescribed interest rates for deferral
3 and variance accounts. As shown in the Deferral and Variance Account continuity
4 schedule at Exhibit H-01-01, Attachment 1, there is a small principal adjustment of
5 \$20.7K in 2023 reflecting activity in 2022 due to improper inclusion of a small First
6 Nations segment in the year-end ESM calculations. This adjustment was discovered
7 during the review of the 2022 Regulated ROE calculations. Given that the general ledger
8 (GL) for 2022 was closed, the adjustment was booked to the GL in 2023. However, the
9 adjustment was reflected in the 2022 audited financial statements as filed in Exhibit A-
10 06-02, Attachment 2.

11
12 Information on each account and its balance is described in Section 2.0 of this Exhibit,
13 with a detailed continuity schedule for the period 2020 to the present, showing separate
14 itemization of opening balances, annual adjustments, transactions, interest and closing
15 balances presented in Exhibit H-01-01, Attachment 1. No adjustments have been made
16 to account balances that were previously approved by the OEB on a final basis.

17
18 B2M LP is requesting to dispose of the ESM deferral account balance as part of its
19 revenue requirement over a one-year period commencing January 1, 2025.

20

21 **2.0 DESCRIPTION OF REGULATORY ACCOUNTS**

22 The OEB has approved the establishment of three regulatory accounts for B2M LP
23 which are described herein.

24

25 **2.1 TAX RATE AND RULE CHANGES VARIANCE ACCOUNT (ACCOUNT 1592)**

26 On December 29, 2015, the OEB approved the establishment of the Tax Rate and Rule
27 Changes Variance account as part of the OEB's decision for the 2015-2019 revenue
28 requirement application (EB-2015-0026). On January 20, 2020, the OEB approved the
29 continuance of this account as part of the 2020-2024 revenue requirement application
30 (EB-2019-0178).

1 This account tracks the revenue requirement impact of the differences that may arise
2 from:

- 3 • a legislative or regulatory change to the tax rates or rules compared to costs
4 approved by the OEB as part of transmission rates; and
- 5 • a change in, or a disclosure of, a new assessment or administrative policy that is
6 published in the public tax administration or interpretation bulletins by relevant
7 federal or provincial tax authorities.

8
9 B2M LP proposes continuance of this account in order to track the revenue requirement
10 impact of any legislative or regulatory changes to tax rates or rules during the 2025 to
11 2029 term.

12 13 **2.2 FORGONE REVENUE DEFERRAL ACCOUNT (ACCOUNT 1508)**

14 The OEB approved the establishment of the forgone revenue deferral account in its
15 decision on the 2017 revenue requirement application (EB-2016-0349) and in
16 accordance with the accounting order approved in the final Decision and Order on June
17 29, 2017. The forgone revenue account tracked the difference between revenue earned
18 by B2M LP under the interim 2017 rates set at the 2016 Uniform Transmission Rates
19 (UTR) level, and the revenues that would have been received under the approved 2017
20 UTR based on the OEB-approved 2017 load forecast. The balance was subsequently
21 recovered from ratepayers over a one-year period ending December 31, 2018.

22
23 As part of the OEB's decision for the 2018 revenue requirement on May 10, 2018 (EB-
24 2017-0380), the OEB directed B2M LP to record the difference between revenue earned
25 by B2M LP under the interim 2018 rates set at the 2017 UTR level, and the revenues
26 that would have been received under the approved 2018 UTR based on the OEB-
27 approved 2018 load forecast.

28
29 In the 2020-2024 revenue requirement application (EB-2019-0178), the OEB approved
30 the continuation of the forgone revenue deferral account until the difference between the
31 2020 interim UTRs and final UTRs was recovered by B2M LP, after which the forgone

1 revenue deferral account will no longer be required.² In the OEB's 2020 UTR decision
2 (EB-2020-0180), the OEB approved the continued use of the forgone revenue deferral
3 account to track the amounts for disposition after 2020³, and in the OEB's 2021 Decision
4 and Order for B2M LP (EB-2020-0226), the OEB approved the disposition of 2020
5 forgone revenue and accrued interest as part of the 2021 UTR rates proceeding (in EB-
6 2020-0251).⁴

7
8 B2M LP proposes continuance of this account in the event the OEB's decision on the
9 application may not be available by January 1, 2025. As such, B2M LP proposes to use
10 the forgone revenue deferral account to record any differences between the interim
11 revenue requirement awarded (as at the effective date) and the actual revenue included
12 in the final decision (as at the implementation date). Any balance will be interest
13 improved and submitted for disposition at B2M LP's next rate application.

14
15 **2.3 EARNINGS SHARING MECHANISM DEFERRAL (ESM) ACCOUNT**
16 **(ACCOUNT 2435)**

17 The OEB approved the establishment of the ESM deferral account for B2M LP, effective
18 January 1, 2020, in its decision for the 2020-2024 revenue requirement application (EB-
19 2019-0178). The ESM deferral account was established to record any over-earnings
20 realized during any year of the five-year term that was above 100 basis points of the
21 deemed return on equity.

22
23 The use of an ESM provides protection for ratepayers if forecasts differ from actual
24 results over the five-year period. The 100 basis points is consistent with the OEB-
25 approved materiality threshold for Hydro One Transmission. The ratepayer share of the
26 earnings is adjusted for any tax impacts and is credited to the deferral account that is
27 now brought forward for disposition in this Application.

² EB-2019-0178, B2M LP, Decision and Order, January 16, 2020, p. 3

³ EB-2020-0180, 2020 Uniform Transmission Rates, revised July 31, 2020, p. 16

⁴ EB-2020-0226, B2M LP, Decision and Order, p. 8

1 B2M LP proposes continuance of this account over the 2025 to 2029 rate period and will
2 share with customers 50% of any earnings that exceed the regulatory return on equity
3 reflected in this Application by more than 100 basis points in any year of the five-year
4 term.

5

6 **3.0 ACCOUNTS SOUGHT FOR DISPOSITION**

7

8 **3.1 ESM DEFERRAL ACCOUNT (ACCOUNT 2435)**

9 As of January 1, 2025, B2M LP is requesting approval to dispose of the ESM deferral
10 account balance as of December 31, 2023. The calculation of the ROE uses actual rate
11 base as determined by the sum of the Average regulated fixed assets and working
12 capital allowance, as set out in the "Calculation of ROE on a Deemed Basis" filed
13 pursuant to the OEB's RRR reporting.⁵ The ROE calculation is normalized for revenue
14 impacting items such as entries recorded in the year which relate to prior years to
15 normalize the in-year net income. The ratepayers' share of the excess earnings are
16 grossed up for the associated tax impact.

⁵ An amended ESM deferral accounting order has been filed as Attachment 2 of Exhibit H-01-01 to reflect the use of actual rate base in the ESM calculation, consistent with the RRR 2.1.5.6 ROE Filing Guide

1

Table 2 - 2020-2023 ESM Calculations

| | | 2020 | 2021 | 2022 | 2023 |
|---|--|---------------|---------------|-----------------------|------------------|
| Rate base^A | A | \$487,546,006 | \$481,772,447 | \$475,403,954 | \$468,623,125 |
| 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 | 2.59% | 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 | \$15,087,866 | \$16,701,110 | \$18,222,763 | \$18,915,148 |
| Achieved ROE | I = H / (A x D) | 7.74% | 8.67% | 9.58% | 10.09% |
| Allowed ROE | J | 8.52% | 8.52% | 8.52% | 8.52% |
| Over/(Under) earning (%) | K = I - J | (0.78%) | 0.15% | 1.063% | 1.57% |
| OEB allowed earnings threshold ^E | L | 1% | 1% | 1% | 1% |
| Over/(Under) earning (%) | M = K - L | -0.22% | -0.85% | 0.064% | 0.57% |
| Excess Earnings Pool | N = A x D x M | - | - | \$120,863 | \$1,062,609 |
| Sharing with ratepayers | O | | | 50% | 50% |
| Sharing with ratepayers | P = N x O | | | \$60,432 | \$534,990 |
| Tax Grossed-Up Principal Amount | Q = P / (0.735 - P) x 0.658 + P | | | \$74,768 ⁶ | \$657,350 |
| Total Cumulative ESM Principal Balance (as of Dec. 31, 2023) | | | | | \$732,119 |

^A Average rate base for 2021 and 2022 as per 2022 ROE filing

^B Capital structure rates from filing EB-2019-0178

^C Allowed return from filing EB-2019-0178, long-term debt rate updated as per EB-2020-0226

^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-2019-0178

⁶ (95,489) transactions in 2022 +20,721 adjustment in 2023

1 **4.0 ACCOUNTS NOT SOUGHT FOR DISPOSITION**

2
3 **4.1 TAX RATE AND RULE CHANGES VARIANCE ACCOUNT (ACCOUNT 1592)**

4 As at December 31, 2023, B2M LP had a \$nil balance in this account as its tax rates
5 were in alignment with current tax legislation.

6
7 **4.2 FORGONE REVENUE DEFERRAL ACCOUNT (ACCOUNT 1508)**

8 As at December 31, 2023, B2M LP had a \$nil balance in this account as the 2020
9 forgone revenues and accrued interest amounts were approved to be disposed of as
10 part of the 2021 UTR rates proceeding (EB-2020-0251).

11
12 **5.0 ACCOUNTING AND CONTROL PROCESS**

13 The accounts noted above will continue to be managed in a consistent manner. When
14 applicable, they will be updated monthly and interest applied to the monthly opening
15 principal balances in the accounts according to the OEB-approved rate. Balances will
16 be reported to the OEB as part of the quarterly reporting process, and will be consistent
17 with last audited financial statements. The outstanding balances at December 31, 2023
18 are being submitted for approval to the OEB as part of this B2M LP rate application, as
19 applicable.

20
21 A certification on the account balances pursuant to the Chapter 1 Filing Requirements
22 has been provided at Exhibit A-01-02, Attachment 2.⁷

⁷ Chapter 1 Filing Requirement for Electricity Distributors, 2022 Edition for 2023 Rate Applications, April 18, 2022

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1 **CONTINUITY SCHEDULE - REGULATORY ACCOUNTS**

2

3 This attachment has been filed separately in MS Excel format.

1 **TRANSMISSION ACCOUNTING ORDER – ESM DEFERRAL**
2 **ACCOUNT**

3
4 The “Earnings Sharing Mechanism (“ESM”) Deferral Account” shall record 50% of
5 earnings that exceed the regulatory return on equity (ROE) reflected in this Application by
6 more than 100 basis points in any year of the five-year term through B2M LP’s
7 transmission revenue. B2M LP shall use a methodology which is like what is outlined in
8 the annual RRR 2.1.5.6 filing. The calculation of actual ROE shall use the actual rate base
9 for that period. The ROE calculation shall be normalized for revenue impacting items such
10 as entries that are recorded in the year which relate to prior years to normalize the in-year
11 net income. The portion of B2M LP owned by Hydro One is subject to tax - this cost will
12 be included as part of the calculation of ROE.

13
14 The account will be established as Account 2435, Accrued Rate-Payer Benefit effective
15 January 1, 2020. B2M LP shall record interest on any balance in the sub-account using
16 the interest rates set by the OEB. Simple interest will be calculated on the opening monthly
17 balance of the account until the balance is fully disposed.

18
19 The following outlines the proposed accounting entries for this deferral account.

20

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

21
22 Initial entry to record the over-earnings realized in any year of the five-year term.

23

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

24
25 To record interest improvement on principal balance of ESM deferral account.

Filed: 2024-05-23
EB-2024-0116
Exhibit H-1-1
Attachment 2
Page 2 of 2

1

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COST ALLOCATION AND RATE DESIGN

1.0 COST ALLOCATION

All assets associated with B2M LP are classified as Network assets, consistent with the cost allocation methodology approved by the OEB for B2M LP in previous OEB proceedings, most recently in EB-2019-0178. A listing of the B2M LP assets by functional category is provided below in Table 1. Accordingly, the total rates revenue requirement associated with B2M LP's transmission assets will be allocated to the Network pool.

Table 1 - B2M LP Assets by Functional Category

| Circuit | Section | From | To | Functional Category |
|---------|---------|------------------|------------------|---------------------|
| B560V | 1 | Bruce A TS | Willow Creek JCT | Network |
| B560V | 3 | Willow Creek JCT | Milton SS | Network |
| B561M | 1 | Bruce B SS | Bruce JCT | Network |
| B561M | 4 | Bruce JCT | Bruce JCT | Network |
| B561M | 2 | Bruce JCT | Willow Creek JCT | Network |
| B561M | 3 | Willow Creek JCT | Milton SS | Network |

The B2M LP Network rates revenue requirement¹ for the purpose of setting Uniform Transmission Rates (UTRs) effective for the 2025 test year is \$36.99M, \$37.47M for 2026, \$38.58M for 2027, \$38.54M for 2028 and \$36.98M for 2029, as determined per Exhibit E-01-01.

¹ Including the disposition of the ESM balance as part of its revenue requirement over a one-year period commencing January 1, 2025.

Filed: 2024-05-23

EB-2024-0116

Exhibit I

Tab 1

Schedule 1

Page 2 of 2

1 **2.0 CHARGE DETERMINANTS**

2 There are no customer delivery points supplied directly from the B2M LP assets, and as
3 such the B2M LP Network charge determinant for the purpose of setting UTRs is zero.

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/RP-2001-0035/RP-2001-0036/RP-1999-0044. The current Uniform Transmission Rates (UTR) Schedules, 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 rates revenue requirement and charge determinant details used to derive the currently approved 2024 UTRs.

Since rates are established on a uniform basis, B2M LP's requested rates revenue requirement is a contributor to the total rates 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 B2M LP 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 rates revenue requirement for B2M LP 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 Niagara Reinforcement Limited Partnership (NRLP).

1 Once the total rates revenue requirement by rate pool has been established, rates are
 2 determined by applying the Provincial charge determinants for each rate pool to the total
 3 revenue for each rate pool. The Provincial charge determinants are the sum of all charge
 4 determinants, by rate pool, approved by the OEB for each of the transmitters
 5 participating in the UTR.

6
 7 The 2025 UTR schedule is provided in Exhibit I-04-01, Attachment 1, and the rates
 8 revenue requirement and charge determinants details used to calculate the 2025 UTRs
 9 are provided in Exhibit I-04-01, Attachment 2. The 2025 UTR calculation includes the
 10 2025 B2M LP rates revenue requirement and the currently approved values for the other
 11 transmitters.²

12
13 **2.0 BILL IMPACTS**

14 The impact of transmission rates on a customer's total bill varies between transmission-
 15 connected and distribution-connected customers. Table 1 shows the estimated average
 16 transmission cost as a percentage of the total bill for a transmission-connected
 17 customer.

18
19 **Table 1 - Estimated Transmission Cost as a Percentage of Total Electricity**
20 **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 |

21 The B2M LP 2025 rates revenue requirement represents approximately 1.7% of the total
 22 rates revenue requirement across all transmitters, which is approximated by adjusting

² See EB-2023-0222, Decision and Order on 2024 Uniform Transmission Rates, page 4, Table 1

1 the 2024 overall approved UTR revenue requirement to include the B2M LP 2025 rates
 2 revenue requirement.³ This percentage has been applied to B2M LP's changes in rates
 3 revenue requirement in the calculation of the net impact on average transmission rates
 4 for each year in the test period, from 2025 to 2029. Figure E (12.2%) from Table 1 above
 5 has been applied to the net impact on average transmission rates to estimate the bill
 6 impacts on transmission-connected customers in the test period, as shown in Table 2.

7

8 **Table 2 - Average Bill Impacts on Transmission-Connected Customers**

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|--------------|---------------|---------------|---------------|----------------|----------------|
| Rates Revenue Requirement ^{[1][2]} | \$36,395,939 | \$36,988,112 | \$37,466,883 | \$38,583,227 | \$38,540,010 | \$36,981,507 |
| % Change in Rates Revenue Requirement over prior year | | 1.6% | 1.3% | 3.0% | -0.1% | -4.0% |
| % Impact of load forecast change | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Net Impact on Average Transmission Rates ^[3] | | 0.027% | 0.022% | 0.050% | -0.002% | -0.068% |
| 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] | | 0.003% | 0.003% | 0.006% | 0.000% | -0.008% |

^[1] 2024 rates revenue requirement per Decision and Rate Order, EB-2023-0129, 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 B2MLP's 2024 rates revenue requirement as 1.7% of the total rates revenue requirement across all transmitters (i.e. 1.7% x 1.6% = 0.027% 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. 0.027% x 12.2% = 0.003% in 2025).

9

10 The annual total bill impacts for a typical medium density residential (Hydro One-Dx R1)
 11 customer consuming 750 kWh monthly and a typical General Service Energy less than
 12 50 kW (Hydro One-Dx GS<50kW) customer consuming 2,000 kWh monthly are
 13 determined based on the forecast change in the customer's Retail Transmission Service
 14 Rates (RTSRs) during the test period, as calculated in Table 3.

³ Exhibit I-04-01, Attachment 1

1

Table 3 - Bill Impacts for Typical Distribution-Connected Customers

| | Calculation ^[1] | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| B2M LP's Rates Revenue Requirement (\$M) ^[2] | A | 36.396 | 36.988 | 37.467 | 38.583 | 38.540 | 36.982 |
| B2M LP's 2024 Rates Revenue Requirement as % of UTR Network Revenue Requirement ^[3] | B | 2.650% | | | | | |
| Estimated Net Impact on RTSR-Network ^[4] | $C=(A/A_{PY}-1)*B_{2024}$ | | 0.043% | 0.034% | 0.079% | -0.003% | -0.107% |
| Typical Medium Density (HONI-Dx R1) Residential Customer Consuming 750 kWh per Month | | | | | | | |
| | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
| RTSR Network Charge (\$) ^{[5],[6]} | $D=D_{PY}*(1+ C)$ | 9.523 | 9.527 | 9.530 | 9.537 | 9.537 | 9.527 |
| 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 | 16.548 | 16.551 | 16.558 | 16.558 | 16.548 |
| Estimated Change in RTSR Network Charge (\$) ^[8] | $G=C*D_{PY}$ | | 0.004 | 0.003 | 0.008 | (0.000) | (0.010) |
| Total Bill (\$) ^[8] | $H=H_{PY}+D$ | 141.102 | 141.106 | 141.110 | 141.117 | 141.117 | 141.107 |
| Increase as a % of Total bill | $I=G/H_{PY}$ | | 0.003% | 0.002% | 0.005% | 0.000% | -0.007% |
| Typical General Service Energy less than 50 kW (HONI-Dx 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 | 20.394 | 20.401 | 20.417 | 20.417 | 20.395 |
| 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 | 36.615 | 36.622 | 36.638 | 36.638 | 36.616 |
| Estimated Change in RTSR Network Charge (\$) ^[8] | $M=C*J_{PY}$ | | 0.009 | 0.007 | 0.016 | (0.001) | (0.022) |
| Total Bill (\$) ^[9] | $N=N_{PY}+M$ | 441.578 | 441.587 | 441.594 | 441.610 | 441.610 | 441.588 |
| Increase as a % of Total bill | $O=M/N_{PY}$ | | 0.002% | 0.002% | 0.004% | 0.000% | -0.005% |

^[1] Inputs are current year (CY) unless otherwise denoted (e.g. PY refers to the value from the previous year). Calculations are for 2025-2029 values.

^[2] B2M LP's 2024 rates revenue requirement per Decision and Rate Order, EB-2023-0129, Decision and Order, September 7, 2023, and the 2025-2029 rates revenue requirement as per Exhibit E-01-01.

^[3] Represents B2M LP'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 B2M LP'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 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] B2M LP's rates revenue requirement is wholly allocated to the Network rate pool. As a result, B2M LP's rates revenue requirement impacts RTSR-N, and not RTSR-C.

^[9] Total 2024 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 HON-Dx R1). 2025-2029 total bills reflect the year over year estimated change in RTSR-N, and does not account for corresponding adjustments for HST and OER.

1 **CURRENT ONTARIO TRANSMISSION RATE SCHEDULES**

2

3 The current UTR Schedules were approved as part of the Decision and Rate Order
4 dated January 18, 2024 under EB-2023-0222. The approved rate schedules, and the
5 revenue requirement and charge determinants for all transmitters used to establish the
6 current UTR and revenue disbursement allocators are included in the following
7 attachments.

8

9 **Attachment 1:** 2024 Ontario Uniform Transmission Rate Schedules

10 **Attachment 2:** 2024 Uniform Transmission Rates and Revenue Disbursement
11 Allocators

Filed: 2024-05-23
EB-2024-0116
Exhibit I
Tab 3
Schedule 1
Page 2 of 2

1

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SCHEDULE B
2024 UNIFORM TRANSMISSION RATE SCHEDULES
DECISION AND RATE ORDER
EB-2023-0222
JANUARY 18, 2024

TRANSMISSION RATE SCHEDULES

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

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
EB-2023-0222

REPLACING BOARD
ORDER: EB-2023-0101
June 1, 2023

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

(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 generation are 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

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
EB-2023-0222

REPLACING BOARD
ORDER: EB-2023-0101
June 1, 2023

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
EB-2023-0222

REPLACING BOARD
ORDER: EB-2023-0101
June 1, 2023

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TRANSMISSION RATE SCHEDULES

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.

| | <u>Monthly Rate (\$ per kW)</u> |
|--|---------------------------------|
| 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.

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
EB-2023-0222

REPLACING BOARD
ORDER: EB-2023-0101
June 1, 2023

Page 5 of 6
Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

Export Transmission Service Rate (ETS):

Hourly Rate

\$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.

EFFECTIVE DATE:
January 1, 2024

BOARD ORDER:
EB-2023-0222

REPLACING BOARD
ORDER: EB-2023-0101
June 1, 2023

Page 6 of 6
Ontario Uniform Transmission
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.

1 **PROPOSED ONTARIO TRANSMISSION RATE SCHEDULES**

2

3 The current 2024 UTR Schedules and the total revenue requirement and charge
4 determinants for all transmitters are updated with B2M LP's 2025 revenue requirement to
5 establish the proposed UTR and revenue disbursement allocators which are included in
6 the following attachments.

7

8 **Attachment 1:** Proposed 2025 Ontario Uniform Transmission Rate Schedules

9 **Attachment 2:** Proposed 2025 Uniform Transmission Rates and Revenue
10 Disbursement Allocators

Filed: 2024-05-23
EB-2024-0116
Exhibit I
Tab 4
Schedule 1
Page 2 of 2

1

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SCHEDULE B
2025 UNIFORM TRANSMISSION RATE SCHEDULES
DECISION AND RATE ORDER
EB-2024-XXXX
MONTH DD, YYYY

TRANSMISSION RATE SCHEDULES

2025 ONTARIO UNIFORM TRANSMISSION RATE SCHEDULES

EB-2024-XXXX

The rates contained herein shall be implemented effective January 1, 2025

Issued: Month DD, YYYY
Ontario Energy Board

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

Page 1 of 6
Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

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Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

(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 generation are 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

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

Page 3 of 6
Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

Page 4 of 6
Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

| | <u>Monthly Rate (\$ per kW)</u> |
|--|---------------------------------|
| 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.

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

Page 5 of 6
Ontario Uniform Transmission
Rate Schedule

TRANSMISSION RATE SCHEDULES

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.

Export Transmission Service Rate (ETS):

Hourly Rate

\$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.

EFFECTIVE DATE:
January 1, 2025

BOARD ORDER:
EB-2024-XXXX

REPLACING BOARD
ORDER: EB-2023-0222
January 18, 2024

Page 6 of 6
Ontario Uniform Transmission
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 |
| B2M LP | \$36,988,112 | \$0 | \$0 | \$36,988,112 |
| NRLP | \$8,565,165 | \$0 | \$0 | \$8,565,165 |
| All Transmitters | \$1,374,100,380 | \$218,001,720 | \$621,916,870 | \$2,214,018,970 |

| 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 | |
| B2M LP | 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 | 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 | 0.87829 | 0.97325 | 0.97325 | |
| HOSSM Allocation Factor | 0.01866 | 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 | 0.02444 | 0.00000 | 0.00000 | |
| EWTLP Allocation Factor | 0.03997 | 0.00000 | 0.00000 | |
| B2M LP Allocation Factor | 0.02692 | 0.00000 | 0.00000 | |
| NRLP Allocation Factor | 0.00623 | 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: B2M LP 2025 Revenue Requirement per E-01-01.

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.