

McCarthy Tétrault LLP
PO Box 48, Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6
Canada
Tel: 416-362-1812
Fax: 416-868-0673

Gordon M. Nettleton
Direct Line: 416-601-7509
Email: gnettleton@mccarthy.ca



May 3, 2024

RESS & Email

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

Attention: Ms. Nancy Marconi, Registrar

Re: East-West Tie Limited Partnership – Updated 2024 Electricity Transmission Rates Application (EB-2023-0298) – Settlement Proposal

We are legal counsel to Upper Canada Transmission 2, Inc. (“**UCT 2**”), the general partner acting for and on behalf of East-West Tie Limited Partnership (“**Partnership**”). The UCT 2 is the Applicant in the above-referenced proceeding.

In accordance with Procedural Order No. 2 and Procedural Order No. 4, a Settlement Conference was held on February 13, 16, 26, and 28, 2024 and was attended by UCT 2, OEB Staff and the following intervenors: Association of Major Power Consumers in Ontario, Canadian Manufacturers & Exporters, Coalition of Concerned Manufacturers and Businesses of Canada, Consumers Council of Canada, School Energy Coalition, and Vulnerable Energy Consumers Coalition.

Through diligent and good faith negotiation efforts, UCT 2 and the attending intervenors were able to reach a full settlement on all of the issues that were set down for consideration in the EB-2023-0298 proceeding. The attached Settlement Proposal describes the outcomes achieved and is submitted for the OEB Panel’s consideration and approval.

UCT 2 is appreciative of the efforts of all Settlement Conference participants as well as those of Mr. Andrew Mandyam, the Settlement Conference Facilitator. UCT 2 respectfully requests the OEB to grant its approval of the Settlement Proposal on an expedited basis.

Please do not hesitate to contact the undersigned should you have any questions regarding these matters.

Yours very truly,

McCarthy Tétrault LLP

A handwritten signature in black ink, appearing to read 'G. Nettleton', written over a white background.

Gordon M. Nettleton
Partner | Associé

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by East-West Tie Limited Partnership, by its General Partner Upper Canada Transmission 2, Inc. (“**UCT 2**” or “**Applicant**”), for an Order or Orders made pursuant to section 78 of the *OEB Act* approving rates for the transmission of electricity to be effective January 1, 2024

SETTLEMENT PROPOSAL

May 3, 2024

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OVERVIEW

1. Introduction

This Settlement Proposal is filed with the Ontario Energy Board (“**OEB**”) in connection with the application made by Upper Canada Transmission 2, Inc. (“**UCT 2**”), on behalf of East-West Tie Limited Partnership (“**Partnership**”), under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the “**OEB Act**”) originally filed on October 10, 2023 and revised on October 24, 2023 and November 17, 2023. The application has sought changes to UCT 2’s rates revenue requirement and corresponding rate adjustments, effective January 1, 2024 (the “**Application**”). The OEB assigned proceeding number EB-2023-0298 to the Application (“**Proceeding**”).

As set forth herein, the Settlement Proposal contains a comprehensive settlement of all issues and relief sought within the Application. As such, and assuming this Settlement Proposal is accepted in its entirety by the OEB, the content of this Settlement Proposal, where applicable, revises and updates the evidence filed by UCT 2 and is the basis for the relief now sought.

2. Background

On October 10, 2023, UCT 2 filed the Application. On October 24, 2023, revisions to the Application were filed. Subsequently, the OEB issued a letter determining the Application was complete. On November 2, 2023, the OEB published the Notice of Hearing into the Application and established a hearing process into the Application under proceeding number EB 2023-0298. On November 17, 2023, UCT 2 identified a correction and submitted a revised Application.

On November 28, 2023, Procedural Order No. 1 (“**PO 1**”) was issued. The following organizations were approved as intervenors: Association of Major Power Consumers in Ontario (“**AMPCO**”), Canadian Manufacturers & Exporters (“**CME**”), Coalition of Concerned Manufacturers and Businesses of Canada (“**CCMBC**”), Consumers Council of Canada (“**CCC**”), School Energy Coalition (“**SEC**”), and Vulnerable Energy Consumers Coalition (“**VECC**”) (collectively the “**Intervenors**”). PO 1 also directed UCT 2, OEB Staff, and the Intervenors to develop a proposed issues list for the OEB’s consideration. On December 5, 2023, OEB Staff filed a proposed issues list, which was agreed to by all parties to the Proceeding. The OEB approved the issues list on December 8, 2023 (the “**Approved Issues List**”). The Intervenors and UCT 2 are referred to as the “**Parties**” to this Settlement Proposal.

On December 12, 2023, the OEB approved on an interim basis, a 2024 revenue requirement for UCT 2 to be included in the calculation of Uniform Transmission Rates effective January 1, 2024.

On January 10, 2024, in accordance with PO 1, interrogatories were filed by OEB Staff, AMPCO, CME, CCMBC, SEC, and VECC. CCC did not file interrogatories.

On January 29, 2024, the OEB issued Procedural Order No. 2 (“**PO 2**”). In PO 2, the OEB granted an extension request to UCT 2, permitting answers to interrogatories to be filed by February 5, 2024. UCT 2 filed all interrogatory responses on this date. The OEB’s PO 2 made provision for a Settlement Conference to take place between the Parties on February 13, 2024, and if necessary, to be continued on February 16, 2024.

3. Settlement Process

The Settlement Conference commenced via video conference on February 13, 2023, and continued on February 16, 2024. On February 16, 2024, UCT 2, with the consent of all Parties, requested an extension of the Settlement Conference so that it could continue via video conference on February 26 and 28, 2024. UCT 2, with the consent of all Parties, also requested that all other procedural steps be amended to accommodate this request.

On February 21, 2024, the OEB issued Procedural Order No. 4 (“**PO 4**”), which approved the extension of the Settlement Conference to February 26, 2024 and if necessary, February 28, 2024. PO 4 also canceled all previous procedural steps pending the outcome of the Settlement Conference.

The Settlement Conference was conducted in accordance with the OEB’s Rules of Practice and Procedure (the “**Rules**”). Mr. Andrew Mandyam of Utilis Consulting Inc. acted as facilitator. As ordered by the OEB in PO 1, OEB Staff attended the Settlement Conference as observers and also provided their perspectives.

On February 28, 2024, the Parties reached a complete settlement on all of the issues in the Approved Issues List, as further described in Part B below.

On March 8, 2024, the OEB issued Procedural Order No. 5 (“**PO 5**”), which provided that a settlement proposal detailing its terms must be submitted to the OEB by April 12, 2024. PO 5 further stipulated that any objections to the confidentiality requests made by UCT 2 should be filed by OEB staff and Intervenors by April 23, 2024. Additionally, the OEB staff must file and serve their submission on the settlement proposal to the OEB and all parties by the same date, April 23, 2024.

On April 12, 2024, the OEB issued Procedural Order No. 6 (“**PO 6**”), which approved the extension to filing the settlement proposal from April 12, 2024 to May 3, 2024.

4. Settlement Proposal Preamble

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

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the *Practice Direction on Settlement Conference*. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB’s *Practice Direction on Confidential Filings* and that the rules of the latter document do not apply. Instead, in this Settlement Conference, and in

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

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

For each settled issue, the Parties agree that the Attachments and evidence in respect of that settled issue provides a sufficient basis to support the Settlement Proposal. If this Settlement Proposal is accepted in its entirety by the OEB, the contents of this Settlement Proposal, where applicable, revises and updates the evidence previously filed by UCT 2 and is the basis for the relief now sought. Parties therefore support OEB approval of the Settlement Proposal in its entirety. The Attachments and evidence were prepared by UCT 2 and is accurate to the best of its knowledge and belief. In entering into this Settlement Proposal, the Parties are relying on the accuracy of the Attachments and the evidence.

The Parties explicitly request that the OEB consider and accept this Settlement Proposal in its entirety as a package. None of the terms and conditions of this Settlement Proposal are severable. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement.

If the Settlement Proposal is approved by the OEB, none of the Parties may withdraw from any of the approved Settlement Proposal terms and conditions except as provided for in Rule 30.05 of the Rules.

If the OEB rejects the Settlement Proposal, or otherwise defers any approval decision by first directing the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use such reasonable efforts to discuss any potential revisions. No Party will be obligated to accept any proposed revision. All revisions that may be agreed upon by the Parties must be made in writing and subsequently submitted and approved by the OEB, in their entirety, consistent with the terms and conditions stated herein.

The Parties agree that all of the Parties who take a position on a particular issue, must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not UCT 2 is a party to such proceeding. For greater certainty, the Parties shall not, in any other proceeding, challenge, oppose or make claims that are inconsistent with the terms of this Settlement Proposal and as approved by the OEB.

In this Settlement Proposal, where any of the Parties “accepts” the evidence of UCT 2, or “agrees” to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement unless expressly stated to the contrary.

PART A: SETTLEMENT SUMMARY

1. Settlement Proposal Overview

The Parties have reached a complete settlement on all issues as summarized in the following Table and as described in greater detail in **Part B**.

<p>“Complete Settlement” means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.</p>	<p>Issues Settled: ALL</p>
<p>“Partial Settlement” means an issue for which there is partial settlement, as UCT 2 and the Intervenor who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.</p>	<p>Issues Partially Settled: NONE</p>
<p>“No Settlement” means an issue for which no settlement was reached. UCT 2 and the Intervenor who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).</p>	<p>Issues Not Settled: NONE</p>

The most significant elements of this Settlement Proposal are (a) reductions in the capital expenditures recorded in Account 1509 – Impacts Arising from the COVID-19 Emergency, (“**COVID-19 Account**”) and (b) detailed adjustments made to the calculation of the 2024 Base Revenue Requirement.

The overall impact of the Settlement Proposal to the applied-for 2024 Revenue Requirement of \$102,576,635 is a \$6,442,039 (6%) reduction and results in an updated 2024 Revenue requirement of \$96,134,597. Table 1 below summarizes these adjustments. Detailed calculations in support of the amounts in Table 1 are provided in **Attachments 1, 5, 6, 7, and 8**.

Table 1 – Updated 2024 Revenue Requirement (with one-time adjustments)

Table Ex.A.2 (Settlement)
Calculation of 2024 Revenue Requirement

Line No	Component	Amount				Difference	
		Initial Filing	Settlement		\$	%	
		(a)	(\$30M) Capex (b)	Fine-Tuning (c)	Adj. Filing (d) = (a) + (b) + (c)	(e) = (d) - (a)	
1							
2							
3							
4							
5	OEB-approved 2023 rates revenue requirement	54,003,549		-	54,003,549	-	0%
6							
7	2024 Revenue Cap Index	918,060			918,060		
8	(2.0% -0.3% = 1.7%)						
9							
10	2024 COVID-19 Annualized Capital Costs (Account 1509)	8,311,781	(2,232,313)	(31,146)	6,048,321	(2,263,460)	-27%
11							
12	2024 Annualized Construction Cost Variance Account	3,622,832		(18,561)	3,604,271	(18,561)	-1%
13	(CCVA Amounts)						
14							
15	2024 Debt Rate Adjustment	9,842,696			9,842,696		
16							
17	2024 Base Revenue Requirement Before One-time	76,698,918	(2,232,313)	(49,707)	74,416,898	(2,282,020)	-3%
18	DRVA, COVID & CCVA Disposition						
19							
20	2023 Debt Rate Variance Adjustment (DRVA)	6,657,108			6,657,108		0%
21							
22	CCVA Account Balance at December 31, 2023	5,948,391		(144,345)	5,804,046	(144,345)	-2%
23							
24	COVID Account Balance at December 31, 2023	13,647,260	(3,665,275)	(620,523)	9,361,462	(4,285,798)	-31%
25							
26	2022 Earnings Sharing Balance at December 31, 2023	(375,041)		270,125	(104,916)	270,125	-72%
27							
28	2024 Revenue Requirement with One-time Adjustments	102,576,635	(5,897,588)	(544,450)	96,134,597	(6,442,039)	-6%

(a) EB-2023-0298, Exhibit A, Tab 1 pg. 8

(b) \$30M capital expenditure reduction re. COVID productivity loss

(c) CCVA/COVID rate base re-calc, ESM calc adjustment, and No Cost of Debt on Valard expenses Apr-Aug '22.

2. Reduction in Capital Expenditures Recorded in the COVID-19 Account

UCT 2's Application has sought recovery of capital cost amounts that exceeded its forecast and that were incurred during the COVID-19 Pandemic. A significant portion of these higher applied-for costs pertained to productivity losses incurred by UCT 2's engineering, procurement and construction contractor, Valard Construction ("**Valard**"), as it continued to construct the transmission line during the Pandemic subject to applicable health and safety requirements. SOCOTEC Advisory was retained to calculate the productivity loss amounts included in UCT 2's Application for purposes of quantifying the incremental costs borne by the Project due to the loss of productivity caused by the implementation of government-mandated health and safety measures. Pandemic-driven productivity losses are an issue of first impression before the OEB, and interveners were not in agreement with UCT 2 on the appropriateness of how those amounts were determined and if there should be full rate recovery.

For the purposes of settlement, the Parties have agreed to a reduction of \$30,000,000 to be applied for COVID-19 Account balance. This reduction and its associated impact on 2024 Revenue Requirement is summarized in column (b) of Table 1 above. Details of the calculation and impacts of this reduction are provided in **Attachment 1**.

3. Fine-Tuning Adjustments

The Parties have agreed on four other adjustments that affect the calculation of the 2024 Base Revenue Requirement (the “**Fine-tuning Adjustments**”). These Fine-tuning Adjustments are summarized in Column (c) of Table 1 above. A detailed description of each Fine-tuning Adjustment is provided in **Attachment 2**.

These adjustments are as follows:

3.1 Fine-tuning Adjustment #1 - COVID and CCVA One-time Costs Rate Base Calculation

As part of Line 22 and Line 24 in Table 1 above, the COVID-19 Account and Construction Cost Variance Account (“**CCVA**”) revenue requirement calculation has been updated to reflect more precise date range groupings, average rate base calculation and average debt cost calculation. The impact of this one-time adjustment is a reduction in the 2024 Base Revenue Requirement of \$45,000. This adjustment is further detailed in Attachment 5, Schedules 1 through 6.

3.2 Fine-tuning Adjustment #2 - Interest on COVID and CCVA One-time Costs April-August 2022

As part of Line 22 and Line 24 in Table 1 above, the COVID-19 Account and CCVA revenue requirement calculation has been updated to exclude the cost of debt on payments not made to the EPC contractor until September 2022. This one-time adjustment affects the interest amount otherwise included in the Application during the period April 1, 2022 to August 31, 2022. The resulting impact is a one-time reduction to the 2024 Base Revenue Requirement of \$719,868. This adjustment is further detailed in Attachment 6, Schedules 1 through 6.

3.3 Fine-tuning Adjustment #3 - Gross up the 2022 Earning Sharing Mechanism amount owed to ratepayers for taxes.

The 2022 Earnings Sharing Mechanism amount owing to ratepayers has been updated to gross-up the balance for income tax. This adjustment was not previously included in the applied-for calculation. The impact of this adjustment is a reduction in the 2024 Base Revenue Requirement of \$2,629 (Attachment 7, Schedule 1, Page 1, Line 20). The gross-up for income tax adjustment will be applied to annual Earnings Sharing Mechanism (“**ESM**”) amounts owed to ratepayers, if any, over UCT 2’s approved Custom IR term.

Following the Settlement Conference, UCT 2 identified corrections to the calculation of the 2022 ESM calculation input values. These corrections affect Operating Revenue and Operation Expense calculations used in the ESM calculation.

The Operating Revenue corrections are essentially offsetting. Historically, UCT 2 recorded revenues based on the monthly statements provided from the Independent Electric System Operator (“**IESO**”). UCT 2 was unaware that HST was included in the distributed monthly revenue

amounts. UCT 2 recorded revenue based on this amount. Subsequent information provided from the IESO's independent auditors confirmed that the monthly revenue received from the IESO included HST. As HST should be treated as a flow through amount, and not included in revenue, HST has been removed from the total revenue for 2022 and subsequent years. Offsetting this HST adjustment is a correction to include revenue from December 2022 that was not accrued. The impact of these changes is shown in **Attachment 7**, Schedule 1, Page 1, Line 1.

UCT 2 also identified a correction to the calculation of Operation Expenses following the Settlement Conference. Previously, the revenue associated with the cost of long-term debt was not included in the calculation of income tax expense. This increases the amount of taxable net income and income tax expense. As a result of the higher tax expense, the effect of this is a reduction in the earnings available for sharing. The impact of this change is shown in **Attachment 7**, Schedule 1, Page 1, Line 23. The ESM is further explained in **Attachment 7**, Schedule 2.

The overall impact of the above changes is a \$270,125 reduction in the 2022 ESM Balance, as shown at Line 26 in Table 1 above.

3.4 Fine-tuning Adjustment #4 - Adjust Rate Base in 2024 Revenue Requirement Calculation

The 2024 revenue requirement for the COVID and CCVA adjustment (Line 10 and Line 12, Table Ex.A.2) have been adjusted to reflect the calculation of 2024 rate base using the mid-year rate base amount. The impact is a \$49,707 reduction in 2024 revenue requirement. This adjustment is further detailed in **Attachment 8**, Schedules 1 through 4.

4. Bill Impacts

The bill impacts from this Settlement Proposal are summarized in Table 2 and Table 3 below and detailed in **Attachment 4**. **Attachment 4** also contains calculations of the Uniform Transmission Rate ("UTR") with UCT 2's revenue requirement as per Table 1.

The average bill impacts for transmission and distribution-connected customers are calculated using December 2023 IESO Monthly Market Report data and the 2022 Yearbook of Electricity Distributors. UCT 2's share of total transmission revenue requirements is based on the 2023 revenue requirements and billing determinants of other transmitters, consistent with UCT 2's application and the bill impacts filed by other transmitters. Bill impacts in Tables 2 and 3 below are based on annualized bill impacts from 2023 to 2024. **Attachment 4** Schedule 2 provides 2024 bill impacts assuming the foregone January to June revenue will be recovered in the July to December period.

Table 2 – Bill Impacts

	2023¹	2024²
Revenue Requirement & Ongoing Adjustments	\$54,003,549	\$96,134,597
% Change in Revenue Requirement over prior year		78.0%
% Impact of load forecast change		N/A
Net Impact on Average Transmission Rates³		2.05%
Transmission as a % of Tx-connected customer's Total Bill		11.5%
Estimated Average Transmission Customer Bill impact		0.24%
Transmission as a % of Dx-connected customer's Total Bill		10.3%
Estimated Average Distribution Customer Bill impact		0.21%

¹ 2023 Rates Revenue Requirement per Decision EB-2022-0243 dated Sept. 12, 2022.

² 2024 Rates Revenue Requirement per Table 1

³ The calculation of net impact on transmission rates is based on UCT 2's 2024 rates revenue requirement of 2.63% of the total rates revenue requirement across all transmitters multiplied by the rates revenue requirement increase (2.63% x 78.0% = 2.05%).

Bill impacts are calculated using the 2023 revenue requirements and billing determinants of other transmitters and 2023 Hydro One Distribution tariff schedule, consistent with UCT 2's application and the bill impacts filed by other transmitters.

Table 3 – 2024 Total Bill Impacts for Distribution-Connected Customers

	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy (HONI GSe) Customer Consuming 2,000 kWh per Month
Total 2024 Rates Revenue Requirement		
Total Bill as of January 1, 2024 ¹	\$137.39	\$428.31
RTSR included in 2024 Bill	\$15.17	\$33.54
Estimated July 1, 2024 Monthly RTSR ²	\$15.47	\$34.18
2024 Change in Monthly Bill	\$0.30	\$0.64
<i>2024 change as a % of total bill</i>	<i>0.22%</i>	<i>0.15%</i>

¹ Total bill amount for a Hydro One R1 TOU customer (750 kWh per month) and a Hydro One General Service Energy Billed TOU customer (2,000 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at August 1, 2023.

² The impact on RTSR is assumed to be the net impact on average transmission rates, as per Table 2.

PART B: SETTLEMENT BY ISSUE

The sections below summarize the key components of the comprehensive settlement reached by the Parties, including details on how each of the issues in the Approved Issues List has been addressed either through the Application or through the modifications to UCT 2's proposals that have been agreed to in this Settlement Proposal.

1. Issue 1: General

- *Has UCT 2 responded appropriately to all relevant OEB directions from previous proceedings?*
- *Are all elements of the proposed revenue requirement and their associated total bill impacts reasonable?*
- *Is the proposed effective date of January 1, 2024 and proposed timing for inclusion in the UTR appropriate?*

(a) Complete Settlement

The Parties agree that UCT 2 has responded appropriately to all relevant OEB directions from previous proceedings and that all elements of the proposed revenue requirement and their associated total bill impacts as modified in this Settlement Proposal are reasonable.

The Parties further agree that UCT 2's revised proposed effective date of January 1, 2024, is appropriate.

(b) Approval

Parties in Support: AMPCO, CCC, CCMBC, CME, SEC, VECC
 Parties Opposed: None
 Parties Taking No Position: None

(c) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	<p><i>Prior OEB Directions:</i> Exhibit A-1</p> <p><i>Elements of Revenue Requirement and Bill Impacts:</i> Exhibit A-1, Exhibit A-2, Exhibit C-1, Exhibit D-1.</p> <p><i>Effective / Implementation Date:</i> Exhibit A-1, Exhibit C-1, Exhibit D-1, Exhibit F-1.</p>
Interrogatories	<p>OEB Staff - 1, 2, 4 to 7, 15, 16, 48, 50, 51</p> <p>CCMBC - 2</p> <p>SEC - 3</p> <p>VECC -1, 2</p>
Other	-

2. Issue 2: Revenue Requirement

- *Is UCT 2’s proposed 2024 revenue requirement appropriate?*
- *Are the calculations and amounts used to calculate income taxes and depreciation expense included in UCT 2’s proposed 2024 revenue requirement appropriate?*

(a) Complete Settlement

For the purpose of settlement, the Parties have agreed on a reduction of \$30,000,000 of incremental capital expenditures in the COVID-19 Account (per Part A, Section 2 above). The resulting balance of Account 1509 for rate base additions related to COVID-19 will be \$81,701,798. Refer to Section 2 on Page 6 for an explanation of the rationale for the reduction.

The Parties also agreed to certain fine-tuning adjustments (per Part A, Section 3 above).

The Parties agree that the amounts proposed by UCT 2 for rate base, as modified through this Settlement Proposal, are appropriate.

Pursuant to this Proposal, UCT 2 proposes to recover:

- a) Rate base additions based on the (i) COVID-19 Account balance of \$81,701,798, and (ii) CCVA balance of \$48,687,137 (**Attachment 5**, Schedules 1 and 4);
- b) Adjustments to the Partnership's 2024 Base Revenue Requirement¹ of \$6,048,321 to reflect recovery of the annual revenue requirement associated with rate base additions approved as part of the disposition of COVID-19 Account (See **Attachment 8**, Schedule 1);
- c) Adjustments to the Partnership's 2024 Base Revenue Requirement¹ of \$3,602,421 to reflect recovery of the annual revenue requirement associated with rate base additions approved as part of the disposition of the CCVA (See **Attachment 8** Schedule 3);
- d) Adjustments to the Partnership's 2024 Base Revenue Requirement¹ to reflect the annual actual debt cost of \$9,842,696 (See **Attachment 3**);
- e) Disposition of to the Debt Rate Variance Account ("DRVA") balance of \$6,657,108. This amount reflects the difference between the deemed debt cost amounts recovered in the UCT 2's 2023 Base Revenue Requirement and the actual debt costs incurred for the period May 1, 2023 to December 31, 2023 (See **Attachment 3**);
- f) Disposition of the COVID-19 Account balance as of December 31, 2023 of \$9,361,462 (See **Attachment 6**, Schedule 1, page 1);
- g) Disposition of the CCVA balance as of December 31, 2023 of \$5,804,046 (See **Attachment 6**, Schedule 4, page 1);
- h) Disposition of a credit (i.e., refund) balance of \$104,916 in respect of the ratepayers portion of the 2022 ESM, grossed-up for income tax and including interest to December 31, 2023 (See **Attachment 7**); and
- i) Creation of a new Debt Rate Variance Account ("DRVA 2") to track differences between the Partnership's current actual cost of debt and the revised cost of debt that may arise due to new issuances required to finance the incremental rate base additions approved for recovery in this Application (See **Attachment 9**)

The Parties agree that the DRVA, COVID-19 Account, CCVA and ESM balance dispositions will take place over a one- year period, effective January 1, 2024. The approved balances will be prorated over the remaining months of 2024 following the Board's approval.

The Parties accept UCT 2's proposed depreciation expense and income tax expense as shown in **Attachments 1, 6 and 7**.

(b) Approval

Parties in Support: AMPCO, CCC, CCMBC, CME, SEC, VECC

¹ The Base Revenue Requirement is then adjusted in each year of the of the Custom IR term.

Parties Opposed: None

Parties Taking No Position: None

(c) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit B-1; Exhibit C-1; Exhibit C-2; Exhibit D-1; Exhibit E-1; Exhibit E-2; Exhibit E-3; Exhibit F-1.
Interrogatories	OEB Staff - 3, 4, 8 to 14, 17 to 19, 23, 29, 43, 46, 50, 52, 53 AMPCO - 3, 7 CCMBC - 2, 3, 4, 11, 16 SEC - 1, 5, 8 VECC - 1
Other	-

3. Issue 3: Rate Base & Cost of Capital

- *Are the proposed rate base addition amounts appropriate?*
- *Is the proposed cost of capital, including the current long-term debt and short-term debt, appropriate?*

(a) Complete Settlement

The Parties agree that the amounts proposed by UCT 2 for rate base, as adjusted in this Settlement Proposal, are appropriate. In the Application, UCT requested approval of rate base additions of \$160,388,935 associated with capital expenditures recorded in the COVID-19 Account and CCVA. As per the Settlement Proposal terms described above, the agreed upon rate base additions associated with COVID-19 Account and CCVA is \$130,388,935 (**Attachment 5**, Schedules 1 and 4, Table Ex.C.6 (updated) and Table Ex. D.12 (updated)).

The Parties also agree that UCT 2's proposed cost of capital is appropriate. For greater certainty, the OEB Cost of Capital Parameters for Long Term Debt (2.85%) and Short-Term Debt (1.75%) is used from the March 31, 2022, in-service to the date of issuing actual debt on May 1, 2023. After May 1, 2023, the Long-Term Debt rate is based on the actual issuance debt rate (4.86%) and a current Short Term Debt rate of 6.15%. The impacts of these updates are calculated and presented in **Attachment 5, Attachment 6, and Attachment 8**.

(b) Approval

Parties in Support: AMPCO, CCC, CCMBC, CME, SEC, VECC
 Parties Opposed: None
 Parties Taking No Position: None

(c) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A-1; Exhibit C-1; Exhibit D-1.
Interrogatories	OEB Staff - 2, 4, 15, 49, 50 CCMBC - 6 VECC - 1
Other	-

4. Issue 4: Deferral & Variance Accounts

- *Are the proposed amounts for disposition of existing deferral and variance accounts appropriate?*
- *Are UCT 2's COVID-19 related costs and their proposed treatment appropriate?*
- *Are UCT 2's CCVA capital costs and their proposed treatment appropriate?*
- *Is the proposed new debt rate variance account appropriate?*

(a) Complete Settlement

The Parties agree that UCT 2's proposed amounts for the disposition of COVID-19 Account, CCVA and DRVA amounts, as agreed to or modified through this Settlement Proposal, are appropriate.

In the Application, UCT 2 proposed to include in the Partnership's 2024 revenue requirement, disposition of the COVID-19 Account balance at December 31, 2023, in the amount of \$13,647,260. As a result of this Settlement Proposal, primarily the \$30,000,000 reduction in COVID-19 capital costs, the COVID-19 Account balance for recovery in 2024 has been reduced to \$9,361,462 (See **Attachment 6**, Schedule 1, page 1).

The Application also proposed to include in its 2024 revenue requirement the disposition of the CCVA balance at December 31, 2023, in the amount of \$5,948,391. As a result of this Settlement Proposal, the CCVA balance for recovery in 2024 has been reduced to \$5,804,046 as described in the Fine-tuning Adjustments (See **Attachment 6**, Schedule 4, page. 1)

In the Application, UCT 2 further proposed to include in the Partnership’s 2024 Revenue Requirement, disposition of the DRVA balance of \$6,657,108. This amount was not adjusted and remains at \$6,657,108 (**Attachment 3**).

The Application also sought the creation of a new Debt Rate Variance Account (“**DRVA 2**”) to track differences between UCT 2’s current actual cost of debt and the revised cost of debt that may arise due to new issuances required to finance the incremental rate base additions approved for recovery in this Application. The Parties agree that UCT 2 will establish a new debt rate variance account, which will be symmetrical, and will be used to record the difference, if any, between annual forecast and actual debt rate expenses. Any difference in actual interest costs relative to the rates approved in the Application will be returned to/paid by ratepayers as determined in UCT 2’s next rebasing application (**Attachment 9**).

The Parties further agreed that interest on unpaid one-time COVID-19 Account and CCVA will be removed for the period of April to August 2022, and commence on September 1, 2022. This is further described in **Attachment 6**, Schedule 1, Table Ex. C5 (Updated for Adjustment #2) and **Attachment 6**, Schedule 4, Table Ex. D12, (Updated for Adjustment #2).

(b) Approval

Parties in Support: AMPCO, CCC, CCMBC, CME, SEC, VECC
 Parties Opposed: None
 Parties Taking No Position: None

(c) Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A-1; Exhibit B-1; Exhibit C-1; Exhibit D-1; Exhibit F-1.
Interrogatories	OEB Staff - 4, 8 to 15, 17 to 19, 23, 28, 29, 37, 38, 40, 43, 44, 45, 46, 49, 50, 52, 53 AMPCO - 3, 7 CCMBC – 2 to 4, 11, 16 SEC - 1, 8 VECC - 1
Other	-

ATTACHMENTS

- Attachment 1** **COVID Expenditures - \$30M Reduction**
- Attachment 2** **Fine-tuning Summary**
- Attachment 3** **2024 Revenue Requirement Update**
- Attachment 4** **Bill Impacts**
- Attachment 5** **Fine-tuning Adjustment #1 - COVID and CCVA One-time Costs Rate Base Calculation**
- Attachment 6** **Fine-tuning Adjustment #2 - No Interest on COVID and CCVA One-time Costs April-August 2022**
- Attachment 7** **Fine-tuning Adjustment #3 - ESM Gross-up for Income Tax**
- Attachment 8** **Fine-tuning Adjustment #4 - Adjust Rate Base in 2024 Revenue Requirement Calculation**
- Attachment 9** **Updated Draft Accounting Order for Debt Rate Variance Account 2 (DRVA 2)**

Attachment 1

COVID Expenditures - \$30M Reduction

A \$30MM reduction to COVID Capital results in a (\$3,665,275) reduction to the total COVID Claim in Table Ex.C.4 and a (\$2,232,313) reduction to the 2024 Ongoing Revenue Requirement in Table Ex.C.8 and Ex.C.12.

Table Ex.C.6 as Filed

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	111,701,798	(a)
Less: Annual Depreciation Expense	<u>(1,335,042)</u>	
Closing Balance: COVID Projects at March 31, 2023	<u>110,366,756</u>	(b)
Average Rate Base	111,034,277	[(a) + (b)]/2

Table Ex.C.6 updated for \$30M Disallowance

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	81,701,798	(a)
Less: Annual Depreciation Expense	<u>(976,487)</u>	
Closing Balance: COVID Projects at March 31, 2023	<u>80,725,312</u>	(b)
Average Rate Base	81,213,555	[(a) + (b)]/2

Table Ex.C.4 as Filed

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)	13,163,807	
Interest Accrued	<u>483,453</u>	
Total COVID Claim	<u>13,647,260</u>	(b)
(a) Apr. '22 to Dec. '23 (21 months)		
= 13 months x 580,896 =	7,551,647	
= 8 months x 701,520 =	<u>5,612,159</u>	
	13,163,807	

Table Ex.C.4 updated for \$30M Disallowance

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)	9,628,374	
Interest Accrued	<u>353,611</u>	
Total COVID Claim	<u>9,981,985</u>	(c)
(a) Apr. '22 to Dec. '23 (21 months)		
= 13 months x 424,883 =	5,523,485	
= 8 months x 513,111 =	<u>4,104,889</u>	
	9,628,374	

(c) - (b)
(3,665,275)

Table Ex.C.5 as Filed

Revenue Requirement Calculation			
	Apr 2022 - Apr 2023	May 2023 - Dec 2023	
Depreciation	1,335,042	1,335,042	
Cost of Capital	5,553,935	7,001,422	
Taxes	<u>81,775</u>	<u>81,775</u>	
Revenue Requirement	<u>6,970,751</u>	<u>8,418,239</u>	(a) (b)
Monthly Revenue Requirement	580,896	701,520	=(a)/12 =(b)/12

Table Ex.C.5 updated for \$30M Disallowance

Revenue Requirement Calculation			
	Apr 2022 - Apr 2023	May 2023 - Dec 2023	
Depreciation	976,487	976,487	
Cost of Capital	4,062,302	5,121,034	
Taxes	<u>59,812</u>	<u>59,812</u>	
Revenue Requirement	<u>5,098,601</u>	<u>6,157,334</u>	(a) (b)
Monthly Revenue Requirement	424,883	513,111	=(a)/12 =(b)/12

Table Ex.C.7 as Filed

Cost of Capital (Apr 2022 - Apr 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)=(a) * (b) Cost of Capital
Long-term Debt	56.00%	62,179,195	2.850%	1,772,107
Short-term Debt	4.00%	4,441,371	1.750%	77,724
Equity	40.00%	44,413,711	8.34%	3,704,103
Total	100.00%	111,034,277		5,553,935

Cost of Capital (May 2023 - Dec 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)=(a) * (b) Cost of Capital
Long-term Debt	56.00%	62,179,195	4.864%	3,024,396
Short-term Debt	4.00%	4,441,371	6.145%	272,922
Equity	40.00%	44,413,711	8.34%	3,704,103
Total	100.00%	111,034,277		7,001,422

Table Ex.C.9 as Filed

Annual Depreciation Expense					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annul Dep. Exp
1706	100	1.00%	Land Rights	4,983,215	49,832
1720	90	1.11%	Towers	83,460,940	927,344
1730	60	1.67%	Insulators	2,890,171	48,170
1730	60	1.67%	Arresters	2,050,512	34,175
1730	70	1.43%	Conductor	14,028,069	200,401
1730	50	2.00%	OPGW	2,423,825	48,476
1730	70	1.43%	OHGW	1,865,066	26,644
				111,701,798	1,335,042

Table Ex.C.11 as Filed

Net Book Value of COVID Capital Projects	
COVID Capital at April 1, 2022	111,701,798
Less : Acc. Dep'n. to December 31, 2023	(2,336,323)
Net Book Value at December 31, 2023	109,365,475

Table Ex.C.7 updated for \$30M Disallowance

Cost of Capital (Apr 2022 - Apr 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)=(a) * (b) Cost of Capital
Long-term Debt	56.00%	45,479,591	2.850%	1,296,168
Short-term Debt	4.00%	3,248,542	1.750%	56,849
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		4,062,302

Cost of Capital (May 2023 - Dec 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)=(a) * (b) Cost of Capital
Long-term Debt	56.00%	45,479,591	4.864%	2,212,127
Short-term Debt	4.00%	3,248,542	6.145%	199,623
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		5,121,034

Table Ex.C.9 updated for \$30M Disallowance

Annual Depreciation Expense					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annul Dep. Exp
1706	100	1.00%	Land Rights	3,644,862	36,449
1720	90	1.11%	Towers	61,045,650	678,285
1730	60	1.67%	Insulators	2,113,951	35,233
1730	60	1.67%	Arresters	1,499,802	24,997
1730	70	1.43%	Conductor	10,260,519	146,579
1730	50	2.00%	OPGW	1,772,853	35,457
1730	70	1.43%	OHGW	1,364,161	19,488
				81,701,798	976,487

Table Ex.C.11 updated for \$30M Disallowance

Net Book Value of COVID Capital Projects	
COVID Capital at April 1, 2022	81,701,798
Less : Acc. Dep'n. to December 31, 2023	(1,708,852)
Net Book Value at December 31, 2023	79,992,947

Table Ex.C.8 and Table Ex.C.12 as Filed

Ongoing Revenue Requirement Increment Due to COVID Effective January 1, 2024	
Depreciation	1,335,042
Cost of Capital	6,896,193
Taxes	80,546
Revenue Requirement	8,311,781 (c)

Table Ex.C.13 as Filed

Cost of Capital				
	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	61,244,666	4.864%	2,978,941
Short-term Debt	4.00%	4,374,619	6.145%	268,820
Equity	40.00%	43,746,190	8.340%	3,648,432
Total	100.00%	109,365,475		6,896,193

Table Ex.C.8 and Table Ex.C.12 updated for \$30M Disallowance

Ongoing Revenue Requirement Increment Due to COVID Effective January 1, 2024		
Depreciation	976,487	
Cost of Capital	5,044,067	
Taxes	58,914	(b) - (c)
Revenue Requirement	6,079,468 (b)	(2,232,313)

Table Ex.C.13 updated for \$30M Disallowance

Cost of Capital				
	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	44,796,050	4.864%	2,178,880
Short-term Debt	4.00%	3,199,718	6.145%	196,623
Equity	40.00%	31,997,179	8.340%	2,668,565
Total	100.00%	79,992,947		5,044,067

Supplemental Tables - COVID Interest Calculation

Interest Calculation for Table Ex.C.4 as Filed

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	580,896	701,520	701,520	701,520	701,520	701,520	701,520	701,520	701,520	
Cumulative Balance	0	0	0	580,896	1,161,792	1,742,688	2,323,584	2,904,480	3,485,376	4,066,272	4,647,168	5,228,064	5,808,960	6,389,856	6,970,751	7,551,647	8,253,167	8,954,687	9,656,207	10,357,727	11,059,247	11,760,767	12,462,287	13,163,807	13,163,807
Interest on Balance	0	0	0	-	494	988	3,195	4,260	5,325	11,240	13,114	14,987	20,607	22,897	25,187	28,929	31,339	34,251	37,162	40,073	42,985	45,896	48,807	51,718	483,453
																								13,647,260	

13,647,260 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	4.98%	0.415%

Interest Calculation for Table Ex.C.4 updated for \$30M Disallowance

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	513,111	513,111	513,111	513,111	513,111	513,111	513,111	513,111	
Cumulative Balance	0	0	0	424,883	849,767	1,274,650	1,699,534	2,124,417	2,549,301	2,974,184	3,399,068	3,823,951	4,248,834	4,673,718	5,098,601	5,523,485	6,036,596	6,549,707	7,062,818	7,575,929	8,089,040	8,602,152	9,115,263	9,628,374	9,628,374
Interest on Balance	0	0	0	-	361	722	2,337	3,116	3,895	8,221	9,592	10,962	15,073	16,747	18,422	21,159	22,922	25,052	27,181	29,311	31,440	33,570	35,699	37,828	353,611
																								9,981,985	

9,981,985 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	4.98%	0.415%

Supplemental Tables - COVID Income Tax Calculation

Calculation Detail for Table Ex.C.10 as Filed

Income Tax Calculation Supplemental Table			
	Apr 2022 - Apr 2023	May 2023 - Dec 2023	2024
Revenue Requirement	6,970,751	8,418,239	8,311,781
Less: OM&A	-	-	-
Less: Depreciation	(1,335,042)	(1,335,042)	(1,335,042)
Less: Long-term Debt	(1,772,107)	(3,024,396)	(2,978,941)
Less: Short-term Debt	(77,724)	(272,922)	(268,820)
Accounting Income	3,785,878	3,785,878	3,728,978
% Taxable	80.0%	80.0%	80.0%
Accounting Income	3,028,703	3,028,703	2,983,183
Ontario Corporate Minimum Tax Rate	2.7%	2.7%	2.7%
Net Income Taxes (OCMT)	81,775	81,775	80,546

Calculation Detail for Table Ex.C.10 updated for \$30M Disallowance

Income Tax Calculation Supplemental Table			
	Apr 2022 - Apr 2023	May 2023 - Dec 2023	2024
Revenue Requirement	5,098,601	6,157,334	6,079,468
Less: OM&A	-	-	-
Less: Depreciation	(976,487)	(976,487)	(976,487)
Less: Long-term Debt	(1,296,168)	(2,212,127)	(2,178,880)
Less: Short-term Debt	(56,849)	(199,623)	(196,623)
Accounting Income	2,769,097	2,769,097	2,727,478
% Taxable	80.0%	80.0%	80.0%
Accounting Income	2,215,277	2,215,277	2,181,983
Ontario Corporate Minimum Tax Rate	2.7%	2.7%	2.7%
Net Income Taxes (OCMT)	59,812	59,812	58,914

Attachment 2

Fine-tuning Summary

Settlement Proposal Fine Tuning Adjustments

During settlement discussions, the intervenors suggested four specific refinements to the calculations (the “**fine tuning adjustments**”). UCT 2 has agreed to implement these fine-tuning adjustments as follows:

(a) Adjustment #1 – COVID and CCVA Calculation Refinement

Based on discussions with intervenors, it was agreed that UCT2 would make three refinement adjustments to the COVID and CCVA revenue requirement calculation related to date range groupings, average rate base, and cost of debt rates.

(i) The COVID calculation refinement described below results in a **(\$28,197) reduction to the total COVID Claim in Table Ex.C.4, detailed in Attachment 5.**

Updated Date Ranges

- The date ranges for the groups in Tables Ex.C.5, Ex.C.6, and Ex.C.7 have been revised. The original range of "April 1, 2022 – April 30, 2023" has been changed to "April 1, 2022 – March 31, 2023." Additionally, the subsequent range of "May 1, 2023 – December 31, 2023" has been updated to "April 1, 2023 – December 31, 2023." See Attachment 5, Schedule 1.

Introduction of Average Rate Base

- A calculation for the average rate base has been introduced to Table Ex.C.6 for the period spanning from April 1, 2023, to December 31, 2023. This new calculation has been used in the second cost of capital analysis found in Table Ex.C.7, replacing the previous method that utilized the average rate base as of March 31, 2023. See Attachment 5, Schedule 1.

Cost of Debt Rate

- The debt cost rates in Table Ex.C.7 for the period from April 1, 2023, to December 31, 2023, have been updated to unified blended rates. The long-term debt rate is now set at 4.640%, and the short-term debt rate is set at 5.657%. These blended rates replace the previously used segmented rates, which were 2.850% long-term and 1.750% short-term for April 2023, followed by 4.864% long-term and 6.145% short-term from May 2023 to December 2023. See Attachment 5, Schedule 1.

(ii) The CCVA calculation refinement described below results in a **(\$16,803) reduction to the total CCVA Claim in Table Ex.D.10, detailed in Attachment 5, Schedule 2.**

Updated Date Ranges

- The date ranges for the groups in Tables Ex.D.11, Ex.D.12, and Ex.D.13 have been revised. The original range of "April 1, 2022 – April 30, 2023" has been changed to "April 1, 2022 – March 31, 2023." Additionally, the subsequent range of "May 1, 2023 – December 31, 2023" has been updated to "April 1, 2023 – December 31, 2023." See Attachment 5, Schedule 2.

Introduction of Average Rate Base

- A calculation for the average rate base has been introduced to Table Ex.D.12 for the period spanning from April 1, 2023, to December 31, 2023. This new calculation has been used in

the second cost of capital analysis found in Table Ex.D.13, replacing the previous method that utilized the average rate base as of March 31, 2023. See Attachment 5, Schedule 2.

Cost of Debt Rate

- The debt cost rates in Table Ex.D.13 for the period from April 1, 2023, to December 31, 2023, have been updated to unified blended rates. The long-term debt rate is now set at 4.640%, and the short-term debt rate is set at 5.657%. These blended rates replace the previously used segmented rates, which were 2.850% long-term and 1.750% short-term for April 2023, followed by 4.864% long-term and 6.145% short-term from May 2023 to December 2023. See Attachment 5, Schedule 2.

(b) Adjustment #2 – Cost of Debt Exclusion for September 2022 Valard Payments, detailed in Attachment 6

UCT 2 has updated its revenue requirement calculations to temporarily exclude the cost of debt related to CCVA and COVID payments made to the EPC contractor, Valard, in September 2022. The exclusion totals \$80,600,206¹ of COVID capital and \$17,355,222² of CCVA capital and was applied to the period April 1, 2022 – August 31, 2022.

The \$80.6M and \$17.4M amounts noted above are included in the return on equity and depreciation components of the relevant COVID and CCVA revenue requirement calculations.

Adjustment to the COVID Cost of Capital from April 2022 to August 2022 results in an incremental (\$592,236) reduction to the total COVID Claim in Table Ex.C.4, Attachment 6, Schedule 1.

Adjustment to the CCVA Cost of Capital from April 2022 to August 2022 results in an incremental (\$127,542) reduction to the total CCVA Claim in Table Ex.D.10, Attachment 6, Schedule 1.

(c) Adjustment #3 - Gross up the 2022 Earning Sharing Mechanism amount owed to rate payers for taxes, detailed in Attachment 7.

UCT 2 has updated the earning sharing mechanism calculation to gross up the profit share balance for 2.7% Ontario Corporate Minimum Tax. The adjustment results in a \$10,126 increase to the total profit share balance in Table Ex.B.1, Attachment 7, Schedule 1.

Based on the foregoing and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. To implement this Settlement Proposal in a manner that accommodates UCT 2's cost recovery framework, UCT 2 will work with OEB staff following approval of the Settlement Proposal and as part of the draft rate order process to modify the 2024 Uniform Transmission Rate Schedules as required.

(d) Adjustment #4 - Adjust Rate Base in 2024 Revenue Requirement Calculation

The 2024 revenue requirement for COVID and CCVA (Line 10, Table Ex.A.2) has been adjusted to reflect the application of the half-year rule in the calculation of 2024 rate base. The impact is a \$49,707 reduction in 2024 revenue requirement.

¹ Total COVID exclusion based on \$110,600,206 paid to Valard less \$30,000,000 amount disallowed in settlement.

² UCT 2 paid Valard \$29,618,219 in October 2021 and \$17,355,222 was paid in September 2022.

Attachment 3

2024 Revenue Requirement Update

Table Ex.A.2 (Settlement)
Calculation of 2024 Revenue Requirement

Component	Amount					
	Initial Filing	Settlement			Difference	
	(a)	(\$30M) Capex (b)	Fine-Tuning (c)	Adj. Filing (d) = (a) + (b) + (c)	\$ (e) = (d) - (a)	%
OEB-approved 2023 rates revenue requirement	54,003,549	-	-	54,003,549	-	0%
2024 Revenue Cap Index (2.0% -0.3% = 1.7%)	918,060	-	-	918,060	-	
2024 COVID-19 Annualized Capital Costs (Account 1509)	8,311,781	(2,232,313)	-	6,048,321	(2,263,460)	-27%
2024 Annualized Construction Cost Variance Account (CCVA Amounts)	3,622,832	-	(18,561)	3,604,271	(18,561)	-1%
2024 Debt Rate Adjustment	9,842,696	-	-	9,842,696	-	
2024 Base Revenue Requirement Before One-time DRVA, COVID & CCVA Disposition	76,698,918	(2,232,313)		74,416,898	(2,282,020)	-3%
2023 Debt Rate Variance Adjustment (DRVA)	6,657,108	-	-	6,657,108	-	0%
CCVA Account Balance at December 31, 2023	5,948,391	-	(144,345)	5,804,046	(144,345)	-2%
COVID Account Balance at December 31, 2023	13,647,260	(3,665,275)	(620,523)	9,361,462	(4,285,798)	-31%
2022 Earnings Sharing Balance at December 31, 2023	(375,041)	-	270,125	(104,916)	270,125	-72%
2024 Revenue Requirement with One-time Adjustments	102,576,635	(5,897,588)	(544,450)	96,134,597	(6,442,039)	-6%

(a) EB-2023-0298, Exhibit A, Tab 1 pg. 8

(b) \$30M capital expenditure reduction re. COVID productivity loss

(c) CCVA/COVID rate base re-calc, ESM calc adjustment, and No Cost of Debt on Valard expenses Apr-Aug '22.

Attachment 4

Bill Impacts

Calculation of Uniform Transmission Rates

This attachment provides 2024 Network UTR calculations based on the January 18, 2024 Uniform Transmission Rates Decision and Rate Order (EB-2023-0222) and UCT 2's 2024 revenue requirement, as detailed in Table 1.

January 18, 2024 UTR

**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.

Updated Annual UTR with UCT 2 Revenue Requirement

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	\$96,134,597	-	-	\$96,134,597
B2MLP	\$36,395,939	-	-	\$36,395,939
NRLP	\$8,565,165	-	-	\$8,565,165
All Transmitters	\$1,414,721,195	\$218,001,720	\$621,916,870	\$2,254,639,785

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)	5.95	0.95	3.21	
Hydro One Allocation Factor	0.85307	0.97325	0.97325	
HOSSM Allocation Factor	0.01813	0.02068	0.02068	
FNEI Allocation Factor	0.00337	0.00384	0.00384	
CNPI Allocation Factor	0.00196	0.00223	0.00223	
WPLP Allocation Factor	0.02374	0.00000	0.00000	
EWTLP Allocation Factor	0.06795	0.00000	0.00000	
B2MLP Allocation Factor	0.02573	0.00000	0.00000	
NRLP Allocation Factor	0.00605	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: EWTLP Revenue Requirement as per Table 1

Note 2: Updated and calculated data in shaded cells

2024 UTR with Annualized UCT 2 Revenue Requirement

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	\$137,347,585	-	-	\$137,347,585
B2MLP	\$36,395,939	-	-	\$36,395,939
NRLP	\$8,565,165	-	-	\$8,565,165
All Transmitters	\$1,455,934,183	\$218,001,720	\$621,916,870	\$2,295,852,773

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)	6.12	0.95	3.21	
Hydro One Allocation Factor	0.82893	0.97325	0.97325	
HOSSM Allocation Factor	0.01761	0.02068	0.02068	
FNEI Allocation Factor	0.00327	0.00384	0.00384	
CNPI Allocation Factor	0.00190	0.00223	0.00223	
WPLP Allocation Factor	0.02307	0.00000	0.00000	
EWTLP Allocation Factor	0.09434	0.00000	0.00000	
B2MLP Allocation Factor	0.02500	0.00000	0.00000	
NRLP Allocation Factor	0.00588	0.00000	0.00000	
Sum of Allocation Factors	1.00000	1.00000	1.00000	

* The sum of monthly charge determinants for the year.

Note 1: All Revenue Requirements and charge determinants are January 18, 2024 UTR values, except EWTLP values.

Note 2: The EWTLP Revenue Requirement is the January 18, 2024 UTR Revenue Requirement plus the incremental Revenue Requirement multiplied by 12/6 months. The incremental Revenue Requirement is the settlement Revenue Requirement from Table 1 less the EWTLP Revenue Requirement from the January 18, 2024 UTR (\$96,134,597 - \$54,921,609 = \$41,212,988).

Note 3: Updated and calculated data in shaded cells

January-June 2024 to July-December 2024 Bill Impacts

Bill impacts from the January to June 2024 period to the July to December 2024 period are provided in the tables below.

	Jan-Jun 2024	Jul-Dec 2024	2024 Total
January 18, 2024 UTR Revenue Requirement	\$27,460,805 ¹	\$27,460,805 ²	\$54,921,609
Incremental Revenue Requirement		\$41,212,988 ³	\$41,212,988
Toal Rates Revenue Requirement	\$27,460,805	\$68,673,792	\$96,134,597
% Change in Rates Revenue Requirement over prior period		150.1%	
% Impact of load forecast change		N/A	
Net Impact on Average Transmission Rates⁴		3.72%	
Transmission as a % of Tx-connected customer's Total Bill		11.5%	
Estimated Average Transmission Customer Bill impact		0.43%	
Transmission as a % of Dx-connected customer's Total Bill		10.3%	
Estimated Average Distribution Customer Bill impact		0.38%	

¹ Jan-Jun 2024 Rates Revenue Requirement is 6/12 of the Jan. 18 UTR EWTLRP Revenue Requirement.

² Jul-Dec 2024 Rates Revenue Requirement is 6/12 of the Jan. 18 UTR EWTLRP Revenue Requirement.

³ The Incremental Revenue Requirement is the settlement Revenue Requirement from Table 1 less EWTLRP Revenue Requirement from Jan. 18, 2024 UTR Revenue Requirement (\$96,134,597 - \$54,921,609 = \$41,212,988).

⁴ The calculation of net impact on transmission rates is 6/12 of the total Jan. 18 UTR Revenue Requirement plus the incremental EWTLRP Revenue Requirement divided by 6/12 of the total Jan. 18 UTR Revenue Requirement.

January 2024 to July 2024 Total Bill Impacts for Distribution-Connected Customers

	Typical Medium Density (HONI R1) Residential Customer Consuming 750 kWh per Month	Typical General Service Energy (HONI GSe) Customer Consuming 2,000 kWh per Month
Total 2024 Rates Revenue Requirement		
Total Bill as of January 1, 2024 ¹	\$139.82	\$430.64
RTSR included in 2024 Bill	\$16.54	\$36.61
Estimated July 1, 2024 Monthly RTSR ²	\$17.11	\$37.82
2024 Change in Monthly Bill	\$0.57	\$1.21
<i>2024 change as a % of total bill</i>	<i>0.41%</i>	<i>0.28%</i>

¹ Total bill amount for a Hydro One R1 TOU customer (750 kWh per month) and a Hydro One General Service Energy Billed TOU customer (2,000 kWh per month), as indicated in the OEB's online bill calculator (<https://www.oeb.ca/rates-and-your-bill/bill-calculator>), as at March 25, 2024.

² The impact on RTSR is assumed to be the net impact on average transmission rates. This is calculated as the updated Network UTR (\$6.12/MW) divided by the Network UTR as of January 18, 2024 (\$5.78/MW) applied to Network RTSRs, and no change to Line and Transformation Connection RTSRs.

Attachment 5

Fine-tuning Adjustment #1 - COVID and CCVA One-time Costs Rate Base Calculation

Adjustment to Average Rate Base and the Apr 2023 - Dec 2023 COVID Cost of Capital results in a (\$28,197) reduction to the total COVID Claim in Table Ex.C.4

Table Ex.C.6 updated for \$30M Disallowance

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	81,701,798	(a)
Less: Annual Depreciation Expense	<u>(976,487)</u>	
Closing Balance: COVID Projects at March 31, 2023	<u>80,725,312</u>	(b)
Average Rate Base	81,213,555	[(a) + (b)]/2

Table Ex.C.6 updated for Adjustment #1

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	81,701,798	(a)
Less: Annual Depreciation Expense	<u>(976,487)</u>	
Closing Balance: COVID Projects at March 31, 2023	<u>80,725,312</u>	(b)
Average Rate Base	81,213,555	[(a) + (b)]/2
Opening Balance: COVID Projects at April 1, 2023	80,725,312	
Less: Depreciation Expense (9 months)	<u>(732,365)</u>	
Closing Balance: COVID Projects at Dec 31, 2023	<u>79,992,947</u>	(c)
Average Rate Base	80,359,129	[(b) + (c)]/2

Table Ex.C.4 updated for \$30M Disallowance

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)	9,628,374	
Interest Accrued	353,611	
Total COVID Claim	9,981,985	(b)
(a) Apr. '22 to Dec. '23 (21 months)		
= 13 months x 424,883 =	5,523,485	
= 8 months x 513,111 =	<u>4,104,889</u>	
	9,628,374	

Table Ex.C.4 updated for Adjustment #1

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)	9,588,422	
Interest Accrued	365,365	(c) - (b)
Total COVID Claim	9,953,788	(28,197)
(a) Apr. '22 to Dec. '23 (21 months)		
= 12 months x 424,883 =	5,098,601	
= 9 months x 498,869 =	<u>4,489,821</u>	
	9,588,422	

Table Ex.C.5 updated for \$30M Disallowance

Revenue Requirement Calculation		
	Apr 2022 - Apr 2023	May 2023 - Dec 2023
Depreciation	976,487	976,487
Cost of Capital	4,062,302	5,121,034
Taxes	59,812	59,812
Revenue Requirement	5,098,601 (a)	6,157,334 (b)
Monthly Revenue Requirement	424,883 =(a)/12	513,111 =(b)/12

Table Ex.C.5 updated for Adjustment #1

Revenue Requirement Calculation		
	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)
Depreciation	976,487	976,487
Cost of Capital	4,062,302	4,950,758
Taxes	59,812	59,183
Revenue Requirement	5,098,601 (a)	5,986,428 (b)
Monthly Revenue Requirement	424,883 =(a)/12	498,869 =(b)/12

Table Ex.C.7 updated for \$30M Disallowance

Cost of Capital (Apr 2022 - Apr 2023)				
	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	45,479,591	2.850%	1,296,168
Short-term Debt	4.00%	3,248,542	1.750%	56,849
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		4,062,302

Table Ex.C.7 updated for Adjustment #1

Cost of Capital (Apr 2022 - Mar 2023)				
	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	45,479,591	2.850%	1,296,168
Short-term Debt	4.00%	3,248,542	1.750%	56,849
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		4,062,302

Cost of Capital (May 2023 - Dec 2023)

	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	45,479,591	4.864%	2,212,127
Short-term Debt	4.00%	3,248,542	6.145%	199,623
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		5,121,034

Cost of Capital (Apr 2023 - Dec 2023)

	(a)	(b)	(c)= (a) * (b)	
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	45,001,112	4.640% (1)	2,088,152
Short-term Debt	4.00%	3,214,365	5.657% (2)	181,826
Equity	40.00%	32,143,652	8.34%	2,680,781
Total	100.00%	80,359,129		4,950,758

(1) Blended Cost of Long Term Debt calculated as follows (2.850%*1/9)+(4.864%*8/9)
 (2) Blended Cost of Short Term Debt calculated as follows (1.750%*1/9)+(6.145%*8/9)

Supplemental Tables - COVID Interest Calculation

Interest Calculation for Table Ex.C.4 updated for \$30M Disallowance

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	513,111	513,111	513,111	513,111	513,111	513,111	513,111	513,111	9,628,374
Cumulative Balance	0	0	0	424,883	849,767	1,274,650	1,699,534	2,124,417	2,549,301	2,974,184	3,399,068	3,823,951	4,248,834	4,673,718	5,098,601	5,523,485	6,036,596	6,549,707	7,062,818	7,575,929	8,089,040	8,602,152	9,115,263	9,628,374	9,628,374
Interest on Balance	0	0	0	-	361	722	2,337	3,116	3,895	8,221	9,592	10,962	15,073	16,747	18,422	21,159	22,922	25,052	27,181	29,311	31,440	33,570	35,699	37,828	353,611
																								9,981,985	

9,981,985 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	4.98%	0.415%

Interest Calculation for Table Ex.C.4 updated for Adjustment #1

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	9,588,422
Cumulative Balance	0	0	0	424,883	849,767	1,274,650	1,699,534	2,124,417	2,549,301	2,974,184	3,399,068	3,823,951	4,248,834	4,673,718	5,098,601	5,597,470	6,096,339	6,595,208	7,094,077	7,592,946	8,091,815	8,590,684	9,089,553	9,588,422	9,588,422
Interest on Balance	0	0	0	-	361	722	2,337	3,116	3,895	8,221	9,592	10,962	15,073	16,747	18,422	21,159	23,230	25,300	27,370	29,440	31,511	33,581	35,651	37,721	365,365
																								9,953,788	

9,953,788 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Supplemental Tables - COVID Income Tax Calculation

Calculation Detail for Table Ex.C.10 updated for \$30M Disallowance

Income Tax Calculation Supplemental Table		
	Apr 2022 - Apr 2023	May 2023 - Dec 2023
Revenue Requirement	5,098,601	6,157,334
Less: OM&A	-	-
Less: Depreciation	(976,487)	(976,487)
Less: Long-term Debt	(1,296,168)	(2,212,127)
Less: Short-term Debt	(56,849)	(199,623)
Accounting Income	2,769,097	2,769,097
% Taxable	80.0%	80.0%
Accounting Income	2,215,277	2,215,277
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	59,812	59,812

Calculation Detail for Table Ex.C.10 updated for Adjustment #1

Income Tax Calculation Supplemental Table		
	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	5,098,601	5,986,428
Less: OM&A	-	-
Less: Depreciation	(976,487)	(976,487)
Less: Long-term Debt	(1,296,168)	(2,088,152)
Less: Short-term Debt	(56,849)	(181,826)
Accounting Income	2,769,097	2,739,964
% Taxable	80.0%	80.0%
Accounting Income	2,215,277	2,191,971
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	59,812	59,183

Adjustment to Average Rate Base and the Apr 2023 - Dec 2023 CCVA Cost of Capital results in a (\$16,803) reduction to the total CCVA Claim in Table Ex.D.10

Table Ex.D.12 as Filed

Rate Base			
Opening Balance: CCVA Projects at April 1, 2022	48,687,137	(a)	
Less: Annual Depreciation Expense	(581,901)		
Closing Balance: CCVA Projects at March 31, 2023	<u>48,105,236</u>	(b)	
Average Rate Base	48,396,186	[(a) + (b)]/2	

Table Ex.D.12 updated for Adjustment #1

Rate Base			
Opening Balance: CCVA Projects at Apr 1, 2022	48,687,137	(a)	
Less: Annual Depreciation Expense	(581,901)		
Closing Balance: CCVA Projects at March 31, 2023	<u>48,105,236</u>	(b)	
Average Rate Base	48,396,186	[(a) + (b)]/2	
Opening Balance: CCVA Projects at April 1, 2023	48,105,236		
Less: Depreciation Expense (9 months)	(436,426)	(c)	
Closing Balance: CCVA Projects at Dec 31, 2023	<u>47,668,810</u>		
Average Rate Base	47,887,023	[(b) + (c)]/2	

Table Ex.D.10 as Filed

CCVA Account Balance at December 31, 2023			
Principal Balance (a)		5,737,670	
Interest Accrued		210,721	
Total CCVA Claim		5,948,391	(b)
(a) Apr. '22 to Dec. '23 (21 months)			
= 13 months x 253,193 =		3,291,515	
= 8 months x 305,769 =		2,446,155	
		<u>5,737,670</u>	

Table Ex.D.10 updated for Adjustment #1

CCVA Account Balance at December 31, 2023			
Principal Balance (a)		5,713,862	
Interest Accrued		217,726	
Total CCVA Claim		5,931,588	(c) (16,803)
(a) Apr. '22 to Dec. '23 (21 months)			
= 12 months x 253,193 =		3,038,321	
= 9 months x 297,282 =		2,675,541	
		<u>5,713,862</u>	

Table Ex.D.11 as Filed

Revenue Requirement Calculation				
	May 2022 - Apr 2023		May 2023 - Dec 2023	
Depreciation	581,901		581,901	
Cost of Capital	2,420,777		3,051,689	
Taxes	35,643		35,643	
Revenue Requirement	3,038,321	(a)	3,669,233	(b)
Monthly Revenue Requirement	253,193	=(a)/12	305,769	=(b)/12

Table Ex.D.11 updated for Adjustment #1

Revenue Requirement Calculation				
	Apr 2022 - March 2023		Apr 2023 - Dec 2023 (Annualized)	
Depreciation	581,901		581,901	
Cost of Capital	2,420,777		2,950,219	
Taxes	35,643		35,268	
Revenue Requirement	3,038,321	(a)	3,567,388	(c)
Monthly Revenue Requirement	253,193	=(a)/12	297,282	=(c)/12

Table Ex.D.13 as Filed

Cost of Capital (May 2022 - Apr 2023)				
		(a)	(b)	(c)=(a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	27,101,864	2.850%	772,403
Short-term Debt	4.00%	1,935,847	1.750%	33,877
Equity	40.00%	19,358,474	8.34%	1,614,497
Total	100.00%	48,396,186		2,420,777

Table Ex.D.13 updated for Adjustment #1

Cost of Capital (Apr 2022 - Mar 2023)				
		(a)	(b)	(c)=(a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	27,101,864	2.850%	772,403
Short-term Debt	4.00%	1,935,847	1.750%	33,877
Equity	40.00%	19,358,474	8.34%	1,614,497
Total	100.00%	48,396,186		2,420,777

Cost of Capital (May 2023 - Dec 2023)				
		(a)	(b)	(c)=(a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	27,101,864	4.864%	1,318,235
Short-term Debt	4.00%	1,935,847	6.145%	118,958
Equity	40.00%	19,358,474	8.34%	1,614,497
Total	100.00%	48,396,186		3,051,689

Cost of Capital (Apr 2023 - Dec 2023)				
		(a)	(b)	(c)=(a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	26,816,733	4.640% (1)	1,244,356
Short-term Debt	4.00%	1,915,481	5.657% (2)	108,352
Equity	40.00%	19,154,809	8.34%	1,597,511
Total	100.00%	47,887,023		2,950,219

(1) Blended Cost of Long Term Debt calculated as follows (2.850%*1/9)+(4.864%*8/9)
(2) Blended Cost of Short Term Debt calculated as follows (1.750%*1/9)+(6.145%*8/9)

Supplemental Tables - CCVA Interest Calculation

Interest Calculation for Table Ex.D.10 as Filed

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly CCVA Claim	0	0	0	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	305,769	305,769	305,769	305,769	305,769	305,769	305,769	305,769	
Cumulative Balance	0	0	0	253,193	506,387	759,580	1,012,774	1,265,967	1,519,161	1,772,354	2,025,547	2,278,741	2,531,934	2,785,128	3,038,321	3,291,515	3,597,284	3,903,053	4,208,823	4,514,592	4,820,362	5,126,131	5,431,901	5,737,670	
Interest on Balance	0	0	0	-	215	430	1,393	1,857	2,321	4,899	5,716	6,532	8,982	9,980	10,978	12,609	13,660	14,929	16,198	17,467	18,736	20,005	21,273	22,542	
																								5,948,391	

5,948,391 Total CCVA Claim at December 31, 2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	4.98%	0.415%

Interest Calculation for Table Ex.D.10 updated for Adjustment #1

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly CCVA Claim	0	0	0	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	
Cumulative Balance	0	0	0	253,193	506,387	759,580	1,012,774	1,265,967	1,519,161	1,772,354	2,025,547	2,278,741	2,531,934	2,785,128	3,038,321	3,335,603	3,632,886	3,930,168	4,227,451	4,524,733	4,822,015	5,119,298	5,416,580	5,713,862	
Interest on Balance	0	0	0	-	215	430	1,393	1,857	2,321	4,899	5,716	6,532	8,982	9,980	10,978	12,609	13,843	15,076	16,310	17,544	18,778	22,061	23,421	24,781	
																								5,931,588	

5,931,588 Total CCVA Claim at December 31, 2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Supplemental Tables - CCVA Income Tax Calculation

Calculation Detail for Table Ex.D.15 as Filed

Income Tax Calculation Supplemental Table		
	May 2022 - Apr 2023	May 2023 - Dec 2023
Revenue Requirement	3,038,321	3,669,233
Less: OM&A	-	-
Less: Depreciation	(581,901)	(581,901)
Less: Long-term Debt	(772,403)	(1,318,235)
Less: Short-term Debt	(33,877)	(118,958)
Accounting Income	1,650,140	1,650,140
% Taxable	80.0%	80.0%
Accounting Income	1,320,112	1,320,112
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	35,643	35,643

Calculation Detail for Table Ex.D.15 updated for Adjustment #1

Income Tax Calculation Supplemental Table		
	Apr 2022 - Mar 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	3,038,321	3,567,388
Less: OM&A	-	-
Less: Depreciation	(581,901)	(581,901)
Less: Long-term Debt	(772,403)	(1,244,356)
Less: Short-term Debt	(33,877)	(108,352)
Accounting Income	1,650,140	1,632,779
% Taxable	80.0%	80.0%
Accounting Income	1,320,112	1,306,223
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	35,643	35,268

Attachment 6

Fine-tuning Adjustment #2 - No Interest on COVID and CCVA One-time Cost April-
August 2022

Adjustment to the COVID Cost of Capital from Apr 2022-Aug 2022 results in an incremental (\$592,236) reduction to the total COVID Claim in Table Ex.C.4

Table Ex.C.6 updated for Adjustment #1

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	81,701,798	(a)
Less: Annual Depreciation Expense	(976,487)	
Closing Balance: COVID Projects at March 31, 2023	<u>80,725,312</u>	(b)
Average Rate Base	81,213,555	[(a) + (b)]/2
Opening Balance: COVID Projects at April 1, 2023	80,725,312	
Less: Depreciation Expense (9 months)	(732,365)	
Closing Balance: COVID Projects at Dec 31, 2023	<u>79,992,947</u>	(c)
Average Rate Base	80,359,129	[(b) + (c)]/2

Table Ex.C.4 updated for Adjustment #1

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)		9,588,422
Interest Accrued		365,365
Total COVID Claim		9,953,788 (b)
(a) Apr. '22 to Dec. '23 (21 months)		
= 12 months x	424,883 =	5,098,601
= 9 months x	498,869 =	4,489,821
		<u>9,588,422</u>

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Table Ex.C.5 updated for Adjustment #1

Revenue Requirement Calculation			
	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)	
Depreciation	976,487	976,487	
Cost of Capital	4,062,302	4,950,758	
Taxes	59,812	59,183	
Revenue Requirement	5,098,601 (a)	5,986,428 (b)	
Monthly Revenue Requirement	424,883 =(a)/12	498,869 =(b)/12	

Table Ex.C.6 updated for Adjustment #2

Rate Base		
Opening Balance: COVID Projects at April 1, 2022	81,701,798 (a)	Excluding \$80.6M Valard
Less: Annual Depreciation Expense	(976,487)	1,101,592 (d)
Closing Balance: COVID Projects at March 31, 2023	<u>80,725,312 (b)</u>	<u>1,088,426 (e)</u>
Average Rate Base	81,213,555 [(a) + (b)]/2	1,095,009 [(d) + (e)]/2
Opening Balance: COVID Projects at April 1, 2023	80,725,312	
Less: Depreciation Expense (9 months)	(732,365)	
Closing Balance: COVID Projects at Dec 31, 2023	<u>79,992,947 (c)</u>	
Average Rate Base	80,359,129 [(b) + (c)]/2	

(d) Excludes \$80,600,206 (\$110,600,206 less \$30,000,000 disallowed) of capital related to COVID costs paid to Valard in Sept 2022

Table Ex.C.4 updated for Adjustment #2

COVID Account 1509 Balance at December 31, 2023		
Principal Balance (a)		9,032,266
Interest Accrued		329,196
Total COVID Claim		9,361,462 (c)
(a) Apr. '22 to Dec. '23 (21 months)		
= Apr 2022 - Aug 2022 (5 months) x	313,652 =	1,568,261
= Sep 2022 - Mar 2023 (7 months) x	424,883 =	2,974,184
= Apr 2023 - Dec 2023 (9 months) x	498,869 =	4,489,821
		<u>9,032,266</u>
		(c) - (b)
		(592,326)

Table Ex.C.5 updated for Adjustment #2

Revenue Requirement Calculation			
	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)	
	Excluding \$80.6M Valard (a)		
	Apr 2022 - March 2023		
Depreciation	976,487	976,487	
Cost of Capital	2,727,527	4,062,302	4,950,758
Taxes	59,812	59,183	
Revenue Requirement	3,763,826 (b)	5,098,601 (c)	5,986,428 (d)
Monthly Revenue Requirement	313,652 =(b)/12	424,883 =(c)/12	498,869 =(d)/12

(a) Per settlement of EB-2023-0298 Apr 2022 to Aug 2022 revenue requirement to exclude cost of debt on \$80,600,206 capital related to COVID costs paid to Valard in September 2022.

Table Ex.C.7 updated for Adjustment #1

Cost of Capital (Apr 2022 - Mar 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)= (a) * (b) Cost of Capital
Long-term Debt	56.00%	45,479,591	2.850%	1,296,168
Short-term Debt	4.00%	3,248,542	1.750%	56,849
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		4,062,302

Cost of Capital (Apr 2023 - Dec 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)= (a) * (b) Cost of Capital
Long-term Debt	56.00%	45,001,112	4.640% (1)	2,088,152
Short-term Debt	4.00%	3,214,365	5.657% (2)	181,826
Equity	40.00%	32,143,652	8.34%	2,680,781
Total	100.00%	80,359,129		4,950,758

(1) Blended Cost of Long Term Debt calculated as follows $(2.850\% \cdot 1/9) + (4.864\% \cdot 8/9)$
 (2) Blended Cost of Short Term Debt calculated as follows $(1.750\% \cdot 1/9) + (6.145\% \cdot 8/9)$

Table Ex.C.7 updated for Adjustment #2

Cost of Capital (Apr 2022 - Mar 2023) Adjusted for \$80.6M Valard Cost of Debt				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)= (a) * (b) Cost of Capital
Long-term Debt	56.00%	613,205	2.850%	17,476
Short-term Debt	4.00%	43,800	1.750%	767
Total Debt Excluding Valard		1,095,009 (d)		18,243
Equity	40.00%	32,485,422	8.34%	2,709,284
Total Equity Including Valard		81,213,555		2,709,284
Total Adjusted Cost of Capital				2,727,527

(d) Per settlement of EB-2023-0298 Apr 2022 to Aug 2022 revenue requirement to exclude cost of debt on \$80,600,206 capital related to COVID costs paid to Valard in September 2022.

Cost of Capital (Apr 2022 - Mar 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)= (a) * (b) Cost of Capital
Long-term Debt	56.00%	45,479,591	2.850%	1,296,168
Short-term Debt	4.00%	3,248,542	1.750%	56,849
Equity	40.00%	32,485,422	8.34%	2,709,284
Total	100.00%	81,213,555		4,062,302

Cost of Capital (Apr 2023 - Dec 2023)				
Capital Structure	Cap. Str.	(a) Rate Base	(b) Cost Rate	(c)= (a) * (b) Cost of Capital
Long-term Debt	56.00%	45,001,112	4.640% (1)	2,088,152
Short-term Debt	4.00%	3,214,365	5.657% (2)	181,826
Equity	40.00%	32,143,652	8.34%	2,680,781
Total	100.00%	80,359,129		4,950,758

(1) Blended Cost of Long Term Debt calculated as follows $(2.850\% \cdot 1/9) + (4.864\% \cdot 8/9)$
 (2) Blended Cost of Short Term Debt calculated as follows $(1.750\% \cdot 1/9) + (6.145\% \cdot 8/9)$

Calculation Detail for Table Ex.C.10 updated for Adjustment #1

Plant Account	Annual Depreciation Expense				
	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annual Dep. Exp
1706	100	1.00%	Land Rights	3,644,862	36,449
1720	90	1.11%	Towers	61,045,650	678,285
1730	60	1.67%	Insulators	2,113,951	35,233
1730	60	1.67%	Arresters	1,499,802	24,997
1730	70	1.43%	Conductor	10,260,519	146,579
1730	50	2.00%	OPGW	1,772,853	35,457
1730	70	1.43%	OHGW	1,364,161	19,488
				81,701,798	976,487

Calculation Detail for Table Ex.C.10 updated for Adjustment #2

Plant Account	Annual Depreciation Expense				
	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annual Dep. Exp
1706	100	1.00%	Land Rights	3,644,862	36,449
1720	90	1.11%	Towers	61,045,650	678,285
1730	60	1.67%	Insulators	2,113,951	35,233
1730	60	1.67%	Arresters	1,499,802	24,997
1730	70	1.43%	Conductor	10,260,519	146,579
1730	50	2.00%	OPGW	1,772,853	35,457
1730	70	1.43%	OHGW	1,364,161	19,488
				81,701,798	976,487

Annual Depreciation Expense - Excluding \$80.6M Valard (a)					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annual Dep. Exp
1706	100	1.00%	Land Rights	49,144	491
1720	90	1.11%	Towers	823,084	9,145
1730	60	1.67%	Insulators	28,503	475
1730	60	1.67%	Arresters	20,222	337
1730	70	1.43%	Conductor	138,343	1,976
1730	50	2.00%	OPGW	23,904	478
1730	70	1.43%	OHGW	18,393	263
				1,101,592	13,166

(a) Excludes \$80,600,206 of capital related to COVID costs paid to Valard in Sept 2022

Supplemental Tables - COVID Interest Calculation

Interest Calculation for Table Ex.C.4 updated for Adjustment #1

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	424,883	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	9,588,422
Cumulative Balance	0	0	0	424,883	849,767	1,274,650	1,699,534	2,124,417	2,549,301	2,974,184	3,399,068	3,823,951	4,248,834	4,673,718	5,098,601	5,597,470	6,096,339	6,595,208	7,094,077	7,592,946	8,091,815	8,590,684	9,089,553	9,588,422	9,588,422
Interest on Balance	0	0	0	-	361	722	2,337	3,116	3,895	8,221	9,592	10,962	15,073	16,747	18,422	21,159	23,230	25,300	27,370	29,440	31,511	37,020	39,302	41,585	365,365

9,953,788 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Interest Calculation for Table Ex.C.4 updated for Adjustment #2

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly COVID Claim	0	0	0	313,652	313,652	313,652	313,652	313,652	424,883	424,883	424,883	424,883	424,883	424,883	424,883	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	498,869	9,032,266
Cumulative Balance	0	0	0	313,652	627,304	940,957	1,254,609	1,568,261	1,993,144	2,418,028	2,842,911	3,267,795	3,692,678	4,117,562	4,542,445	5,041,314	5,540,183	6,039,052	6,537,921	7,036,790	7,535,659	8,034,528	8,533,397	9,032,266	9,032,266
Interest on Balance	0	0	0	-	267	533	1,725	2,300	2,875	6,428	7,798	9,168	12,881	14,555	16,230	18,851	20,921	22,992	25,062	27,132	29,203	34,476	36,758	39,040	329,196

9,361,462 Total COVID Claim at December 31,2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Supplemental Tables - COVID Income Tax Calculation

Calculation Detail for Table Ex.C.10 updated for Adjustment #1

Income Tax Calculation Supplemental Table		
	Apr 2022 - Mar 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	5,098,601	5,986,428
Less: OM&A	-	-
Less: Depreciation	(976,487)	(976,487)
Less: Long-term Debt	(1,296,168)	(2,088,152)
Less: Short-term Debt	(56,849)	(181,826)
Accounting Income	2,769,097	2,739,964
% Taxable	80.0%	80.0%
Accounting Income	2,215,277	2,191,971
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	59,812	59,183

Calculation Detail for Table Ex.C.10 updated for Adjustment #2

Income Tax Calculation Supplemental Table			
	Excluding \$80.6M Valard Apr 2022 - Mar 2023	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	3,763,826	5,098,601	5,986,428
Less: OM&A	-	-	-
Less: Depreciation	(976,487)	(976,487)	(976,487)
Less: Long-term Debt	(17,476)	(1,296,168)	(2,088,152)
Less: Short-term Debt	(767)	(56,849)	(181,826)
Accounting Income	2,769,097	2,769,097	2,739,964
% Taxable	80.0%	80.0%	80.0%
Accounting Income	2,215,277	2,215,277	2,191,971
Ontario Corporate Minimum Tax Rate	2.7%	2.7%	2.7%
Net Income Taxes (OCMT)	59,812	59,812	59,183

Adjustment to the CCVA Cost of Capital from Apr 2022-Aug 2022 results in an incremental (\$127,542) reduction to the total CCVA Claim in Table Ex.D.10

Table Ex.D.12 updated for Adjustment #1

Rate Base		
Opening Balance: CCVA Projects at April 1, 2022	48,687,137	(a)
Less: Annual Depreciation Expense	<u>(581,901)</u>	
Closing Balance: CCVA Projects at March 31, 2023	48,105,236	(b)
Average Rate Base	48,396,186	[(a) + (b)]/2
Opening Balance: CCVA Projects at April 1, 2023	48,105,236	
Less: Depreciation Expense (9 months)	<u>(436,426)</u>	
Closing Balance: CCVA Projects at December 31, 2023	47,668,810	(c)
Average Rate Base	47,887,023	[(b) + (c)]/2

Table Ex.D.12 updated for Adjustment #2

Rate Base		
Opening Balance: CCVA Projects at April 1, 2022	48,687,137 (a)	Excluding \$17.4M Valard
Less: Annual Depreciation Expense	<u>(581,901)</u>	31,331,915 (d)
Closing Balance: CCVA Projects at March 31, 2023	48,105,236 (b)	(374,474)
		30,957,441 (e)
Average Rate Base	48,396,186 [(a) + (b)]/2	31,144,678 [(d) + (e)]/2
Opening Balance: CCVA Projects at April 1, 2023	48,105,236	
Less: Depreciation Expense (9 months)	<u>(436,426)</u>	
Closing Balance: CCVA Projects at Dec 31, 2023	47,668,810 (c)	
Average Rate Base	47,887,023 [(b) + (c)]/2	

(d) excludes \$17,355,222 of CCVA capital related to CCVA expenses paid to Valard in September 2022

Table Ex.D.10 updated for Adjustment #1

CCVA Account Balance at December 31, 2023		
Principal Balance (a)	5,713,862	
Interest Accrued	<u>217,726</u>	
Total CCVA Claim	5,931,588	(b)
(a) Apr. '22 to Dec. '23 (21 months)		
= 12 months x 253,193 =	3,038,321	
= 9 months x 297,282 =	<u>2,675,541</u>	
	5,713,862	

Table Ex.D.10 updated for Adjustment #2

CCVA Account Balance at December 31, 2023		
Principal Balance (a)	5,594,108	
Interest Accrued	<u>209,938</u>	(c) - (b)
Total CCVA Claim	5,804,046	(c) (127,542)
(a) Apr. '22 to Dec. '23 (21 months)		
= Apr 2022 - Aug 2022 (5 months) x 229,243 =	1,146,213	
= Sep 2022 - Mar 2023 (7 months) x 253,193 =	<u>1,772,354</u>	
= Apr 2023 - Dec 2023 (9 months) x 297,282 =	2,675,541	
	5,594,108	

Table Ex.D.11 updated for Adjustment #1

Revenue Requirement Calculation			
	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)	
Depreciation	581,901	581,901	
Cost of Capital	2,420,777	2,950,219	
Taxes	<u>35,643</u>	<u>35,268</u>	
Revenue Requirement	3,038,321 (a)	3,567,388 (b)	
Monthly Revenue Requirement	253,193 =(a)/12	297,282 =(b)/12	

Table Ex.D.11 updated for Adjustment #2

Revenue Requirement Calculation			
	Apr 2022 - March 2023	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)
	Excluding \$17.4M Valard (a)		
	Apr 2022 - March 2023		
Depreciation	581,901	581,901	581,901
Cost of Capital	2,133,367	2,420,777	2,950,219
Taxes	<u>35,643</u>	<u>35,643</u>	<u>35,268</u>
Revenue Requirement	2,750,911 (b)	3,038,321 (c)	3,567,388 (d)
Monthly Revenue Requirement	229,243 =(b)/12	253,193 =(c)/12	297,282 =(d)/12

(a) Per settlement of EB-2023-0298 Apr 2022 to Aug 2022 revenue requirement to exclude cost of debt on capital related to \$17,355,222 of CCVA expense paid to Valard in September 2022.

Table Ex.D.13 updated for Adjustment #1

Cost of Capital (Apr 2022 - Mar 2023)				
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	27,101,864	2.850%	772,403
Short-term Debt	4.00%	1,935,847	1.750%	33,877
Equity	40.00%	19,358,474	8.34%	1,614,497
Total	100.00%	48,396,186		2,420,777

Cost of Capital (Apr 2023 - Dec 2023)				
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	26,816,733	4.640% (1)	1,244,356
Short-term Debt	4.00%	1,915,481	5.657% (2)	108,352
Equity	40.00%	19,154,809	8.34%	1,597,511
Total	100.00%	47,887,023		2,950,219

(1) Blended Cost of Long Term Debt calculated as follows $(2.850\% \times 1/9) + (4.864\% \times 8/9)$
(2) Blended Cost of Short Term Debt calculated as follows $(1.750\% \times 1/9) + (6.145\% \times 8/9)$

Table Ex.D.14 updated for Adjustment #1

Annual Depreciation Expense					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annul Dep. Exp
1706	100	1.00%	Land Rights	2,172,019	21,720
1720	90	1.11%	Towers	36,377,876	404,199
1730	60	1.67%	Insulators	1,259,730	20,996
1730	60	1.67%	Arresters	893,751	14,896
1730	70	1.43%	Conductor	6,114,374	87,348
1730	50	2.00%	OPGW	1,056,466	21,129
1730	70	1.43%	OHGW	812,921	11,613
				48,687,137	581,901

Table Ex.D.13 updated for Adjustment #2

Cost of Capital (Apr 2022 - Mar 2023) Excluding \$17.4M Valard				
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	17,441,019	2.850%	497,069
Short-term Debt	4.00%	1,245,787	1.750%	21,801
Total Debt Excluding Valard		31,144,678 (d)		518,870
Equity	40.00%	19,358,474	8.34%	1,614,497
Total Equity Including Valard		48,396,186		1,614,497
Total Cost of Capital				2,133,367

(d) Per settlement of EB-2023-0298 Apr 2022 to Aug 2022 revenue requirement to exclude cost of debt on capital related to \$17,355,222 of CCVA expense paid to Valard in September 2022.

Cost of Capital (Apr 2022 - Mar 2023)				
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	27,101,864	2.850%	772,403
Short-term Debt	4.00%	1,935,847	1.750%	33,877
Equity	40.00%	19,358,474	8.34%	1,614,497
Total	100.00%	48,396,186		2,420,777

Cost of Capital (Apr 2023 - Dec 2023)				
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	26,816,733	4.640% (1)	1,244,356
Short-term Debt	4.00%	1,915,481	5.657% (2)	108,352
Equity	40.00%	19,154,809	8.34%	1,597,511
Total	100.00%	47,887,023		2,950,219

(1) Blended Cost of Long Term Debt calculated as follows $(2.850\% \times 1/9) + (4.864\% \times 8/9)$
(2) Blended Cost of Short Term Debt calculated as follows $(1.750\% \times 1/9) + (6.145\% \times 8/9)$

Table Ex.D.14 updated for Adjustment #2

Annual Depreciation Expense					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annul Dep. Exp
1706	100	1.00%	Land Rights	2,172,019	21,720
1720	90	1.11%	Towers	36,377,876	404,199
1730	60	1.67%	Insulators	1,259,730	20,996
1730	60	1.67%	Arresters	893,751	14,896
1730	70	1.43%	Conductor	6,114,374	87,348
1730	50	2.00%	OPGW	1,056,466	21,129
1730	70	1.43%	OHGW	812,921	11,613
				48,687,137	581,901

Annual Depreciation Expense - Excluding \$17.4M Valard (a)					
Plant Account	Serv. Life	Dep'n. Rate	Asset	Asset Value	Annul Dep. Exp
1706	100	1.00%	Land Rights	1,397,772	13,978
1720	90	1.11%	Towers	23,410,465	260,116
1730	60	1.67%	Insulators	810,682	13,511
1730	60	1.67%	Arresters	575,161	9,586
1730	70	1.43%	Conductor	3,934,818	56,212
1730	50	2.00%	OPGW	679,873	13,597
1730	70	1.43%	OHGW	523,144	7,473
				31,331,915	374,474

(a) Excludes \$17,355,222 of CCVA capital related to CCVA expenses paid to Valard in September 2022

Supplemental Tables - CCVA Interest Calculation

Interest Calculation for Table Ex.D.10 updated for Adjustment #1

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly CCVA Claim	0	0	0	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	253,193	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	
Cumulative Balance	0	0	0	253,193	506,387	759,580	1,012,774	1,265,967	1,519,161	1,772,354	2,025,547	2,278,741	2,531,934	2,785,128	3,038,321	3,335,603	3,632,886	3,930,168	4,227,451	4,524,733	4,822,015	5,119,298	5,416,580	5,713,862	
Interest on Balance		0	0	-	215	430	1,393	1,857	2,321	4,899	5,716	6,532	8,982	9,980	10,978	12,609	13,843	15,076	16,310	17,544	18,778	22,061	23,421	24,781	
																								5,931,588	

5,931,588 Total CCVA Claim at December 31, 2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Interest Calculation for Table Ex.D.10 updated for Adjustment #2

	2022												2023												Total
	Jan	Feb	Mar	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Monthly CCVA Claim	0	0	0	229,243	229,243	229,243	229,243	229,243	253,193	253,193	253,193	253,193	253,193	253,193	253,193	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	297,282	
Cumulative Balance	0	0	0	229,243	458,485	687,728	916,970	1,146,213	1,399,406	1,652,600	1,905,793	2,158,987	2,412,180	2,665,373	2,918,567	3,215,849	3,513,132	3,810,414	4,107,696	4,404,979	4,702,261	4,999,543	5,296,826	5,594,108	
Interest on Balance	0	0	0	-	195	390	1,261	1,681	2,101	4,513	5,330	6,146	8,510	9,508	10,506	12,112	13,346	14,579	15,813	17,047	18,281	21,513	22,873	24,233	
																								5,804,046	

5,804,046 Total CCVA Claim at December 31, 2023

OEB Prescribed Interest Rates		
	%	% per month
Q2 '22	1.02%	0.085%
Q3 '22	2.20%	0.183%
Q4 '22	3.87%	0.323%
Q1 '23	4.73%	0.394%
Q2 '23	4.98%	0.415%
Q3 '23	4.98%	0.415%
Q4 '23	5.49%	0.458%

Supplemental Tables - CCVA Income Tax Calculation

Calculation Detail for Table Ex.D.15 updated for Adjustment #1

Income Tax Calculation Supplemental Table		
	Apr 2022 - Mar 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	3,038,321	3,567,388
Less: OM&A	-	-
Less: Depreciation	(581,901)	(581,901)
Less: Long-term Debt	(772,403)	(1,244,356)
Less: Short-term Debt	(33,877)	(108,352)
Accounting Income	1,650,140	1,632,779
% Taxable	80.0%	80.0%
Accounting Income	1,320,112	1,306,223
Ontario Corporate Minimum Tax Rate	2.7%	2.7%
Net Income Taxes (OCMT)	35,643	35,268

Calculation Detail for Table Ex.D.15 updated for Adjustment #2

Income Tax Calculation Supplemental Table			
	Excluding \$80.6M Valard Apr 2022 - Mar 2023	Apr 2022 - March 2023	Apr 2023 - Dec 2023 (Annualized)
Revenue Requirement	2,750,911	3,038,321	3,567,388
Less: OM&A	-	-	-
Less: Depreciation	(581,901)	(581,901)	(581,901)
Less: Long-term Debt	(497,069)	(772,403)	(1,244,356)
Less: Short-term Debt	(21,801)	(33,877)	(108,352)
Accounting Income	1,650,140	1,650,140	1,632,779
% Taxable	80.0%	80.0%	80.0%
Accounting Income	1,320,112	1,320,112	1,306,223
Ontario Corporate Minimum Tax Rate	2.7%	2.7%	2.7%
Net Income Taxes (OCMT)	35,643	35,643	35,268

Attachment 7

Fine-tuning Adjustment #3 - ESM Gross-up for Income Tax

Adjustment to gross up ESM profit share for taxes and revenue correction results in a (\$270,125) reduction to the total profit share balance in Table Ex.B.1

Table Ex.B.1 Updated for \$30M Disallowance
East-West Tie, Limited Partnership
Return on Equity Calculation
For the Fiscal Year ended 2022

Line No.		Regulatory	Rate Case Test Year
1	Operating Revenue	\$ 42,185,638	\$ 39,825,626
2	Operation Expenses	10,236,813	10,923,019
3	Net Operating Income	31,948,826	28,902,607
4			
5	Gross Plant	774,581,689	
6	Accum. Depreciation	(6,882,751)	
7	Utility Plant, net	767,698,938	
8	Average Rate Base	771,140,314	770,428,024
9	Equity Funded Rate Base	\$ 308,456,125	\$ 308,171,210
10			
11	Debt Return	9,626,498	9,626,498
12	Equity Return	22,322,327	19,276,109
13			
14	Return on Equity (a)	7.24%	6.25%
15	Annualized Return on Equity	9.65%	8.34%
16			
17	Total over earnings before profit share	3,028,397	
18	Profit over 100bps	714,976	
19	Profit share: 50% over 100bps	357,488	
20	Interest	17,553	
21	Total profit share balance	375,041 (b)	
22			
23	Return on Equity after profit share	7.12%	
24	Annualized Return on Equity after profit share	9.49%	

Notes:
 (a) The rate of return on equity reflects 9 months of operations as the Project commenced service on March 31, 2022. Annualized levels are shown on line 15

Interest Calculation	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
OEB Interest Rate per annum	3.870%	4.730%	4.730%	4.730%	4.980%	4.980%	4.980%	4.980%	4.980%	4.980%	5.490%	5.490%	5.490%
OEB Interest Rate per month	0.323%	0.394%	0.394%	0.394%	0.415%	0.415%	0.415%	0.415%	0.415%	0.415%	0.458%	0.458%	0.458%
Gross ESM Month-End Balance	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488	\$357,488
ESM Interest Balance (Based on Previous Month-End Balance)		\$1,153	\$1,409	\$1,409	\$1,409	\$1,484	\$1,484	\$1,484	\$1,484	\$1,484	\$1,484	\$1,636	\$1,636
ESM Interest Balance (Cumulative)		\$1,153	\$2,562	\$3,971	\$5,380	\$6,864	\$8,347	\$9,831	\$11,314	\$12,798	\$14,282	\$15,917	\$17,553

Table Ex.B.1 Settlement
East-West Tie, Limited Partnership
Return on Equity Calculation
For the Fiscal Year ended 2022

Line No.		Regulatory	Rate Case Test Year
1	Operating Revenue	\$ 41,919,810 (c)	\$ 39,825,626
2	Operation Expenses	10,491,207 (d)	10,923,019
3	Net Operating Income	31,428,603	28,902,607
4			
5	Gross Plant	774,581,689	
6	Accum. Depreciation	(6,882,751)	
7	Utility Plant, net	767,698,938	
8	Average Rate Base	771,140,314	770,428,024
9	Equity Funded Rate Base	\$ 308,456,125	\$ 308,171,210
10			
11	Debt Return	9,626,498	9,626,498
12	Equity Return	21,802,105	19,276,109
13			
14	Return on Equity (a)	7.07%	6.25%
15	Annualized Return on Equity	9.42%	8.34%
16			
17	Total over earnings before profit share	2,508,174	
18	Profit over 100bps	194,753	
19	Profit share: 50% over 100bps	97,377	
20	Gross up for taxes (2.7% OCMT)	2,629	
21	Gross profit share	100,006	
22	Interest	4,910	(f) = (e) - (b)
23	Total profit share balance	104,916 (e)	(270,125)
24			
25	Return on Equity after profit share	7.03%	
26	Annualized Return on Equity after profit share	9.38%	

Notes:
 (a) The rate of return on equity reflects 9 months of operations as the Project commenced service on March 31, 2022. Annualized levels are shown on line 15.
 (c) Operating Revenue is \$265,828 lower than initial filing due to removal of HST (\$5,449,575), partially offset by December 2022 revenue of \$5,183,747 that was not accrued.
 (d) Operation Expenses are \$254,394 higher than the amount included in UCT 2's initial application and evidence. This revision relates to additional income tax expense on the debt return adjustment and was incorrectly excluded from the tax calculation. For further background on the debt return adjustment, please refer to Staff IR 7 (Exhibit I-01-07 Attachment 1) footnote (iv).

Interest Calculation	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
OEB Interest Rate per annum	3.870%	4.730%	4.730%	4.730%	4.980%	4.980%	4.980%	4.980%	4.980%	4.980%	5.490%	5.490%	5.490%
OEB Interest Rate per month	0.323%	0.394%	0.394%	0.394%	0.415%	0.415%	0.415%	0.415%	0.415%	0.415%	0.458%	0.458%	0.458%
Gross ESM Month-End Balance	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006	\$100,006
ESM Interest Balance (Based on Previous Month-End Balance)		\$323	\$394	\$394	\$394	\$415	\$415	\$415	\$415	\$415	\$415	\$458	\$458
ESM Interest Balance (Cumulative)		\$323	\$717	\$1,111	\$1,505	\$1,920	\$2,335	\$2,750	\$3,165	\$3,580	\$3,995	\$4,453	\$4,910

**UCT 2 Response to Settlement Proposal Question
 ESM Income Tax Calculation
 10-Apr-24**

UCT 2 made a revision to the income taxes included in the company's 2022 ESM calculation. The initial calculation of income tax expense did not include the \$9.6MM for the debt return portion of revenue (shown below in column iv, Parts C & D). Inclusion of this revenue, along with the revision for HST and December revenue, results in an increase to income tax expense calculated and increases the total Operating Expenses as presented within the ROE calculation. A comparison of the prior and revised income tax calculation is presented in Part B below.

Part A: Changes from Nov 2023 to Settlement Adjusted 2022 ESM

	Nov. 2023 Update	Settlement Adjusted	Change	Reason		
				Remove HST	Dec. Revenue	Net Change
Operating Revenue	42,186	41,920	(266)	(5,450)	5,184	(266)
Less: Operation Expense	10,237	10,491	254	Revision to Income Tax calculation (See below)		
Net Income	31,949	31,429	(520)			

Part B: Income Tax Calculation

	Nov. 2023 Update	Settlement Adjusted	Change
GAAP Net Op. Income	20,558	20,558	-
Add/(less)			
CCVA Def. Revenue	488	488	-
CCVA Depreciation Exp	(439)	(439)	-
Interest on Def. Balance	(72)	(72)	-
Debt Return/DRVA	-	9,626	9,626
Load Based Revenue	2,360	2,094	(266)
Taxable Income	22,895	32,256	9,360
Tax Rate	2.70%	2.70%	
Inc. Tax Exp	618	872	254

Part C: Staff IR 7, Attachment 1

**East-West Tie, Limited Partnership
 Return on Equity Calculation
 Reconciliation of US GAAP Financial Statements to Regulatory ROE
 For the Fiscal Year ended 2022
 Amounts in CAD (000's)**

Line No.	US GAAP (a)	Adjustments						Regulatory
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
1	\$ 30,688	\$ (488)			\$ 9,626	\$ 2,360	\$ 42,186	
2	10,130	(439)			(72)	554	10,237	
3	20,558					64	31,949	
4								
5	\$ 934,973		(48,688)	(111,703)			774,582	
6	(7,322) (b)		439				(6,883)	
7	927,651						767,699	
8	931,312						771,140	
9	\$ 372,525						\$ 308,456	
10								
11							9,626	
12							22,322	
13								
14							7.24%	
15							9.65%	
16								
17							3,028	
18							715	
19							367	
20							7.12%	
21							9.49%	

- (v) reversal of interest associated with DRVA liability to arrive at the regulatory ROE calculation.
- (v) Under US GAAP EWT does not recognize income tax expense on the partnership's financial statements as no tax expense is incurred at the partnership level. However, since the company is collecting income tax expense as part of the revenue requirement in contemplation of the upstream taxing of the partners, imputed income tax expense is included in the regulatory ROE calculation, using a methodology consistent with that used to establish the base revenue requirement.
- (vi) East-West Tie, LP received \$2,360 of additional revenue from IESO in 2022 which was not recognized as revenue under US GAAP.

Part D: Updated per Settlement Proposal

**East-West Tie, Limited Partnership
 Return on Equity Calculation
 Reconciliation of US GAAP Financial Statements to Regulatory ROE
 For the Fiscal Year ended 2022
 Amounts in CAD (000's)**

Line No.	US GAAP (a)	Adjustments						Regulatory
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	
1	\$ 30,688	\$ (488)			\$ 9,626	\$ 2,094	\$ 41,920	
2	10,130	(439)			(72)	872	10,491	
3	20,558						31,429	
4								
5	\$ 934,973		(48,688)	(111,703)			\$ 774,582	
6	(7,322) (b)		439				(6,883)	
7	927,651						\$ 767,699	
8	931,312						\$ 771,140	
9	\$ 372,525						\$ 308,456	
10								
11							\$ 9,626	
12							\$ 21,802	
13								
14							7.07%	
15							9.42%	
16								
17							2,508	
18							195	
19							97	
20							3	
21							5	
22							105	
23								
24							7.03%	
25							9.38%	

- (iv) Under US GAAP EWT did not recognize the debt return as the company did not have an incurred cost. The \$9,626 adjustment appropriately reflects the debt return and (\$72) reflects reversal of interest associated with DRVA liability to arrive at the regulatory ROE calculation.
- (v) Under US GAAP EWT does not recognize income tax expense on the partnership's financial statements as no tax expense is incurred at the partnership level. However, since the company is collecting income tax expense as part of the revenue requirement in contemplation of the upstream taxing of the partners, imputed income tax expense is included in the regulatory ROE calculation, using a methodology consistent with that used to establish the base revenue requirement.
- (vi) East-West Tie, LP received \$2,094 of revenue above the company's base revenue requirement, which was not recognized as revenue in the 2022 US GAAP Financial Statements.

Attachment 8

Fine-tuning Adjustment #4 - COVID and CCVA 2024 Rate Base Calculation

Adjustment to the rate base used in the 2024 revenue requirement calculation results in an incremental (\$31,146) reduction to the total COVID Claim in Table Ex.C.8 and Table Ex.C.12

Table Ex.C.11 updated for \$30M Disallowance

Net Book Value of COVID Capital Projects	
COVID Capital at April 1, 2022	81,701,798
Less : Acc. Dep'n. to December 31, 2023	(1,708,852)
Net Book Value at December 31, 2023	79,992,947

Table Ex.C.11 updated for Adjustment #4

Net Book Value of COVID Capital Projects	
Opening Balance at December 31, 2023	79,992,947 (a)
Less : Annual Depreciation	(976,487)
Closing Balance at December 31, 2024	<u>79,016,460 (b)</u>
Average Rate Base	79,504,703 [(a) + (b)]/2

Table Ex.C.8 and Table Ex.C.12 updated for \$30M Disallowance

Ongoing Revenue Requirement Increment Due to COVID Effective January 1, 2024	
Depreciation	976,487
Cost of Capital	5,044,067
Taxes	58,914
Revenue Requirement	6,079,468 (b)

Table Ex.C.8 and Table Ex.C.12 updated for Adjustment #4

Ongoing Revenue Requirement Increment Due to COVID Effective January 1, 2024		
Depreciation	976,487	
Cost of Capital	5,013,280	
Taxes	58,554	(c) - (b)
Revenue Requirement	6,048,321 (c)	(31,146)

Table Ex.C.13 updated for \$30M Disallowance

Cost of Capital				
		(a)	(b)	(c)= (a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	44,796,050	4.864%	2,178,880
Short-term Debt	4.00%	3,199,718	6.145%	196,623
Equity	40.00%	31,997,179	8.340%	2,668,565
Total	100.00%	79,992,947		5,044,067

Table Ex.C.13 updated for Adjustment #4

Cost of Capital				
		(a)	(b)	(c)= (a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	44,522,634	4.864%	2,165,581
Short-term Debt	4.00%	3,180,188	6.145%	195,423
Equity	40.00%	31,801,881	8.340%	2,652,277
Total	100.00%	79,504,703		5,013,280

Calculation Detail for Table Ex.C.10 updated for \$30M Disallowance

Income Tax Calculation Supplemental Table	
Apr 2022 - Apr 2023	
Revenue Requirement	6,079,468
Less: OM&A	-
Less: Depreciation	(976,487)
Less: Long-term Debt	(2,178,880)
Less: Short-term Debt	(196,623)
Accounting Income	2,727,478
% Taxable	80.0%
Accounting Income	2,181,983
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	58,914

Calculation Detail for Table Ex.C.10 updated for Adjustment #4

Income Tax Calculation Supplemental Table	
Apr 2022 - Apr 2023	
Revenue Requirement	6,048,321
Less: OM&A	-
Less: Depreciation	(976,487)
Less: Long-term Debt	(2,165,581)
Less: Short-term Debt	(195,423)
Accounting Income	2,710,831
% Taxable	80.0%
Accounting Income	2,168,665
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	58,554

Supplemental Tables - COVID Income Tax Calculation

Calculation Detail for Table Ex.C.10 updated for \$30M Disallowance

Income Tax Calculation Supplemental Table	
	Apr 2022 - Apr 2023
Revenue Requirement	6,079,468
Less: OM&A	-
Less: Depreciation	(976,487)
Less: Long-term Debt	(2,178,880)
Less: Short-term Debt	(196,623)
Accounting Income	2,727,478
% Taxable	80.0%
Accounting Income	2,181,983
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	58,914

Calculation Detail for Table Ex.C.10 updated for Adjustment #4

Income Tax Calculation Supplemental Table	
	Apr 2022 - Apr 2023
Revenue Requirement	6,048,321
Less: OM&A	-
Less: Depreciation	(976,487)
Less: Long-term Debt	(2,165,581)
Less: Short-term Debt	(195,423)
Accounting Income	2,710,831
% Taxable	80.0%
Accounting Income	2,168,665
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	58,554

Adjustment to the rate base used in the 2024 revenue requirement calculation results in an incremental (\$18,561) reduction to the total CCVA Claim in Table Ex.D.17

Table Ex.D.16 updated for as filed

Net Book Value of CCVA Capital Projects	
CCVA Capital at April 1, 2022	48,687,137
Less : Acc. Dep'n. to December 31, 2023	(1,018,326)
Net Book Value at December 31, 2023	47,668,810

Table Ex.D.16 updated for Adjustment #4

Net Book Value of CCVA Capital Projects	
Opening Balance at December 31, 2023	47,668,810 (a)
Less : Annual Depreciation	(581,901)
Closing Balance at December 31, 2024	<u>47,086,909 (b)</u>
Average Rate Base	47,377,860 [(a) + (b)]/2

Table Ex.D.17 updated for as filed

Ongoing Revenue Requirement Increment Due to CCVA Effective January 1, 2024	
Depreciation	581,901
Cost of Capital	3,005,824
Taxes	35,107
Revenue Requirement	3,622,832 (b)

Table Ex.D.17 updated for Adjustment #4

Ongoing Revenue Requirement Increment Due to CCVA Effective January 1, 2024		
Depreciation	581,901	
Cost of Capital	2,987,477	
Taxes	34,893	
Revenue Requirement	3,604,271 (c)	(c) - (b) (18,561)

Table Ex.D.18 updated for as filed

Cost of Capital				
		(a)	(b)	(c)= (a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	26,694,534	4.864%	1,298,422
Short-term Debt	4.00%	1,906,752	6.145%	117,170
Equity	40.00%	19,067,524	8.340%	1,590,232
Total	100.00%	47,668,810		3,005,824

Table Ex.D.18 updated for Adjustment #4

Cost of Capital				
		(a)	(b)	(c)= (a) * (b)
Capital Structure	Cap. Str.	Rate Base	Cost Rate	Cost of Capital
Long-term Debt	56.00%	26,531,601	4.864%	1,290,497
Short-term Debt	4.00%	1,895,114	6.145%	116,455
Equity	40.00%	18,951,144	8.340%	1,580,525
Total	100.00%	47,377,860		2,987,477

Calculation Detail for Table Ex.D.15 as filed

Income Tax Calculation Supplemental Table	
	2024
Revenue Requirement	3,622,832
Less: OM&A	-
Less: Depreciation	(581,901)
Less: Long-term Debt	(1,298,422)
Less: Short-term Debt	(117,170)
Accounting Income	1,625,339
% Taxable	80.0%
Accounting Income	1,300,271
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	35,107

Calculation Detail for Table Ex.D.15 updated for Adjustment #4

Income Tax Calculation Supplemental Table	
	2024
Revenue Requirement	3,604,271
Less: OM&A	-
Less: Depreciation	(581,901)
Less: Long-term Debt	(1,290,497)
Less: Short-term Debt	(116,455)
Accounting Income	1,615,418
% Taxable	80.0%
Accounting Income	1,292,335
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	34,893

Supplemental Tables - CCVA Income Tax Calculation

Calculation Detail for Table Ex.D.15 as filed

Income Tax Calculation Supplemental Table	
	2024
Revenue Requirement	3,622,832
Less: OM&A	-
Less: Depreciation	(581,901)
Less: Long-term Debt	(1,298,422)
Less: Short-term Debt	(117,170)
Accounting Income	1,625,339
% Taxable	80.0%
Accounting Income	1,300,271
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	35,107

Calculation Detail for Table Ex.D.15 updated for Adjustment #4

Income Tax Calculation Supplemental Table	
	2024
Revenue Requirement	3,604,271
Less: OM&A	-
Less: Depreciation	(581,901)
Less: Long-term Debt	(1,290,497)
Less: Short-term Debt	(116,455)
Accounting Income	1,615,418
% Taxable	80.0%
Accounting Income	1,292,335
Ontario Corporate Minimum Tax Rate	2.7%
Net Income Taxes (OCMT)	34,893

Attachment 9

Updated Draft Accounting Order for Debt Rate Variance Account 2 (DRVA 2)

**DRAFT ACCOUNTING ORDER –
Debt Rate Variance Account 2 (“DRVA 2”)**

This account will track the difference in the long-term and short-term debt rates used in the calculation of UCT 2’s revenue requirement for incremental capital in this Application (“current debt issuance rate”) and the actual long-term and short-term debt rates to be secured by UCT 2 to finance this incremental capital. UCT 2’s actual cost of debt is not known and will not be known until the additional financing is secured. Once the actual debt rate is known, this account will record the revenue requirement differential from the date the new financing is issued up to the date where the actual cost of debt is reflected in UCT 2’s revenue requirement included in the UTR.

Specifically, amounts to be included in the DRVA 2 account will be based on incremental capital balances implicit in the COVID-19 and CCVA deferral accounts as approved in this Application.

The effective date of this account is the date the new financing is issued and the end date for adjustments to the principal balance will be no later than the effective date of its next rebasing application.

This account will accrue interest based on OEB-prescribed interest rates. Simple interest will be calculated based on the opening monthly balance of the account.

To ensure all accounting is finalized and an audit has taken place, UCT 2 proposes a disposition date no later than the effective date of its next rebasing application.

The following are the proposed accounting entries for this variance account:

If actual debt rate is greater than the current debt issuance rate:

USofA # *Account Description*

Dr.: 1508 Other Regulatory Assets – Sub-account: Debt Rate Variance

Cr.: 4110 Transmission Service Revenue

- to record the revenue requirement impact on the debt rate variance

If actual debt rate is lower than the current debt issuance rate:

USofA # *Account Description*

Dr.: 4110 Transmission Service Revenue

Cr.: 1508 Other Regulatory Assets – Sub-account: Debt Rate Variance

- to record the revenue requirement impact on the debt rate variance

USofA # Account Description

Dr./Cr.: 6035 Other Interest Expense

Dr./Cr.: 1508 Other Regulatory Assets – Sub-account: Debt Rate Variance,

-to record interest on the principal balance of the variance account