



Ontario  
Energy  
Board | Commission  
de l'énergie  
de l'Ontario

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# **DECISION AND ORDER**

**EB-2023-0291**

## **HYDRO ONE NETWORKS INC.**

**Application for Renewable Generation Connection Rate Protection  
Compensation Amount**

**BEFORE: Lynne Anderson**  
Chief Commissioner

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**May 7, 2024**



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### SCHEDULE A

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## 1 OVERVIEW

This Decision and Order addresses the application filed by Hydro One Networks Inc. (Hydro One) seeking approval for funding for renewable generation connection rate protection (RGCRP) compensation amounts effective January 1, 2024.

Hydro One filed a settlement proposal, dated April 17, 2024, that reflected a comprehensive settlement between Hydro One and OEB staff on all issues raised during interrogatories, pre-settlement clarification questions, and settlement conference.

For the reasons described in this Decision and Order, the OEB approves the settlement proposal as filed.

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## 2 CONTEXT AND PROCESS

On October 3, 2023, Hydro One filed an application with the OEB under section 78 and 79.1 of the *Ontario Energy Board Act, 1998*. The application requested OEB approval of RGCRP compensation amounts to be effective January 1, 2024.

The application was accepted by the OEB as complete on October 17, 2023. The OEB issued a Notice of Hearing on October 27, 2023, inviting parties to apply for intervenor status. The Power Workers' Union (PWU) applied for intervenor status and did not apply for cost eligibility. Given the issues of concern stated by the PWU and the scope of the proceeding, the OEB denied PWU's intervention request.

The OEB did not receive any letters of comment about this proceeding.

The OEB issued Procedural Order No. 1 on November 17, 2023. This order established, among other things, the timetable for a written interrogatory discovery process.

On January 12, 2024, Hydro One filed a letter to the OEB requesting an extension to file the interrogatory responses from January 18, 2024, to February 8, 2024 to rectify issues with the RGCRP model assumptions and the associated historical account entries and to ensure that the information was accurate prior to submitting its responses.<sup>1</sup>

The OEB granted Hydro One's extension request in its letter issued on January 17, 2024 and stated that the application would be paused as of January 18, 2024, and the OEB would resume processing the application once the responses to interrogatories are received.<sup>2</sup>

On February 6, 2024, Hydro One filed a letter to the OEB requesting a second extension to file the interrogatory responses from February 8, 2024, to February 22, 2024 in order to continue to work through the aforementioned issues prior to submitting its interrogatory responses. In addition, Hydro One offered to schedule a session with OEB staff to discuss changes to the RGCRP model assumptions following its interrogatory response submission.<sup>3</sup>

The OEB granted Hydro One's second extension request in its letter issued on February 7, 2024 and stated that the application would remain paused, and the OEB would resume processing the application once the responses to interrogatories were received.

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<sup>1</sup> <https://www.rds.oeb.ca/CMWebDrawer/Record/829866/File/document>

<sup>2</sup> [OEB letter](#), January 17, 2024

<sup>3</sup> <https://www.rds.oeb.ca/CMWebDrawer/Record/836561/File/document>

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In addition, the letter stated that Hydro One should work with OEB staff to schedule the session to discuss changes to the RGCRP model assumptions and any outstanding issues prior to the interrogatory response submission.<sup>4</sup>

On February 20, 2024, Hydro One met with OEB staff to present an overview of the changes, corrections, and rationale resulting from the interrogatory process for the RGCRP models for Hydro One Distribution, the Haldimand rate zone, and the Peterborough rate zone.

Hydro One filed its responses to interrogatories on February 22, 2024. In its cover letter, Hydro One requested that this matter proceed by way of settlement conference with OEB staff, in an effort to streamline the process and facilitate constructive discussion regarding the changes made to the application through the interrogatory process.

On March 5, 2024, the OEB issued Procedural Order No. 2 which established, among other things, the timetable for a settlement conference.

On March 26, 2024, OEB staff provided eight pre-settlement clarification questions for Hydro One, which were amended to nine questions on April 4, 2024.

The settlement conference was held on April 2 and 3, 2024. Hydro One and OEB staff participated in the settlement conference.

On April 22, 2024, Hydro One filed a settlement proposal which was presented jointly to the OEB by Hydro One and OEB staff. OEB staff is a party to the settlement. The settlement proposal is attached as Schedule A to this Decision and Order. In addition, Hydro One filed its responses to the pre-settlement clarification questions concurrent with the filing of the settlement proposal.

On April 24, 2024, Hydro One filed revised responses to the pre-settlement clarification questions which included attachments that were inadvertently omitted from the previous filing.

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<sup>4</sup> [OEB letter](#), February 7, 2024

### 3 DECISION ON THE SETTLEMENT PROPOSAL

The settlement proposal represents a full settlement between Hydro One and OEB staff (collectively, the Parties). The settlement proposal addresses all issues raised through interrogatories, pre-settlement clarification questions, and during the settlement conference, resulting in corrections and updates made to the RGCRP models and balances in Account 1533 Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances for Hydro One Distribution, the Haldimand rate zone, and the Peterborough rate zone. The OEB has issued numerous documents that comprise its guidance on the approach to RGCRP.<sup>5</sup>

Below, this Decision and Order sets out some of the key aspects of the settlement proposal for Hydro One Distribution, the Peterborough rate zone, and the Haldimand rate zone, including how the settlement proposal differs from the original application.

#### Hydro One Distribution

In the original application, Hydro One had requested \$41.2M<sup>6</sup> of RGCRP funding for 2024 to 2027.<sup>7</sup> The settlement proposal provides for:

- Resumption of RGCRP funding for 2025 to 2027. The total RGCRP compensation amount proposed for this period is \$17.0M (Table 1).

**Table 1 RGCRP Funding from the Settlement for 2025-2027<sup>8</sup>**

Years	2025	2026	2027	Total
Annual Amount - Settlement	\$3,068,005 <sup>9</sup>	\$6,986,604	\$6,942,106	\$16,996,715

<sup>5</sup> Appendix A, [Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2](#), December 15, 2022  
[OEB Accounting Procedures Handbook Guidance](#), March 2015  
[Report of the Board – Framework for Determining the Direct Benefits Accruing to Customers a Distributor Under Ontario Regulation 330/09](#), EB-2009-0349, June 10, 2010

<sup>6</sup> One-time payment of \$8.7M related to renewable generation connection investments made prior to January 1, 2024 is included as part of the 2024 RGCRP compensation amount.

<sup>7</sup> Settlement Proposal, Table 1, p. 9

<sup>8</sup> Ibid

<sup>9</sup> A credit balance of \$4.0M in Account 1533 as at December 31, 2024 is included as part of the 2025 RGCRP compensation amount.

- Withdrawal of Hydro One’s original proposal to credit \$2.5M to its distribution customers in a subsequent rate-setting proceeding due to corrections and updates to the RGCRP models.<sup>10</sup>

### Peterborough Rate Zone

In the original application, Hydro One had requested \$200k<sup>11</sup> in RGCRP funding for 2024 to 2027.<sup>12</sup> The settlement proposal provides for:

- Resumption of RGCRP funding for 2024 to 2027. The total RGCRP compensation amount proposed for this period is \$58k (Table 2).

**Table 2 RGCRP Funding from the Settlement for 2024-2027<sup>13</sup>**

<b>Years</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total</b>
Annual Amount - Settlement	\$15,104 <sup>14</sup>	\$13,799	\$14,370	\$14,926	\$58,199

### Haldimand Rate Zone

- Disposition of the balance in Account 1533 and discontinuation of the account as part of Hydro One’s next Custom Incentive Rate-setting (Custom IR) rebasing application.<sup>15</sup>
- The total forecast revenue requirement for provincial recovery from 2024 to 2027 is \$67k, which differs from the \$199k forecast in the original application.<sup>16</sup>
- A credit balance of \$1.0M in Account 1533 as of December 31, 2023 which differs from the \$1.2M in the original application.<sup>17</sup>
- No new RGCRP funding required prior to disposal of the balance in Account 1533. Hydro One will continue to record costs for the provincial portion of the eligible investments in the account until its next Custom IR rebasing application.<sup>18</sup>

<sup>10</sup> Settlement Proposal, p. 8

<sup>11</sup> One-time payment of \$130,800 related to renewable generation connection investments made prior to January 1, 2024 is included as part of the 2024 RGCRP compensation amount.

<sup>12</sup> Settlement Proposal, Table 2, p. 10

<sup>13</sup> Ibid

<sup>14</sup> One-time payment of \$1,892 related to renewable generation connection investments made prior to January 1, 2024 is included as part of the 2024 RGCRP compensation amount.

<sup>15</sup> Settlement Proposal, p. 14

<sup>16</sup> Ibid, Table 3, p. 11

<sup>17</sup> Ibid

<sup>18</sup> Ibid, p. 14

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## Findings

The Settlement Proposal is approved. The OEB concludes that the proposed RGCRP funding is compliant with [O. Reg. 330/09: Cost Recovery Re Section 79.1 of the OEB Act](#) and consistent with the Report of the Board Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09 (Framework for Direct Benefits) and Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2, Appendix A (Filing Requirements).

Through the discovery and settlement process, Hydro One made significant corrections to the proposed revenue requirement from eligible activities and wrote-off interest from 2015 onwards that was not consistent with the [OEB Accounting Procedures Handbook Guidance](#) (APH Guidance). Prior to any future filings related to the RGCRP, Hydro One is urged to review the Framework for Direct Benefits, the most updated APH Guidance and any associated filing requirements. If there is any uncertainty, Hydro One can contact OEB staff for clarification at [OEB Industry Relations Inquiry](#).

The OEB does not normally approve funding for new renewable generation connections outside of a rebasing application. For Hydro One Distribution, the cost of new projects was considered in Hydro One's recent 2023-2027 Transmission and Distribution Joint Rate Application, and for the Haldimand rate zone Hydro One has not included forecast costs for any new projects. However, for the Peterborough rate zone, Hydro One has forecast increases to net fixed assets of \$10,000 per year. This amount is not material, therefore the OEB agrees it is reasonable to include this in the RGCRP funding calculation. In the future, the OEB may not approve RGCRP funding for new projects outside of a rebasing application without strong rationale. Any application is expected to include details of the future projects (capital costs and incremental start-up OM&A) for which RGCRP funding is sought and not rely on staff asking for this information through interrogatories.

At the time of rebasing for the Haldimand rate zone, per the settlement proposal, the balance in Account 1533 will be disposed and the account closed. For the Peterborough rate zone and Hydro One Distribution, the funding is based on forecast costs. Therefore, as part of the next rebasing application Hydro One is expected to file evidence to support the OEB's review for prudence of the actual incurred cost of the in-service assets.



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## 4 IMPLEMENTATION

The approved RGCRP compensation amounts for the Peterborough rate zone and Hydro One Distribution are effective January 1, 2024 and January 1, 2025 respectively.

As part of the settlement proposal, Hydro One provided updated requested RGCRP compensation amounts for the Peterborough rate zone and Hydro One Distribution. The final approved RGCRP compensation amounts for the Peterborough rate zone and Hydro One Distribution are summarized in Table 2 and Table 1 respectively of this Decision and Order.

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## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The OEB approves the Settlement Proposal in Schedule A.
2. The OEB approves the annual RGCRP compensation amounts for Hydro One Distribution as set out in Table 1 on page 4 of this Decision and Order, effective January 1, 2025.
3. The OEB approves the annual RGCRP compensation amounts for the Peterborough rate zone as set out in Table 2 on page 5 of this Decision and Order, effective January 1, 2024.
4. In its next rebasing application, Hydro One Networks Inc. shall seek approval to dispose of the balance in Account 1533 and to close the account for the Haldimand rate zone.

**DATED** at Toronto May 7, 2024

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**DECISION AND ORDER**  
**SETTLEMENT PROPOSAL**  
**HYDRO ONE NETWORKS INC.**

**EB-2023-0291**

**MAY 7, 2024**

**ONTARIO ENERGY BOARD**

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

**AND IN THE MATTER OF** an Application by Hydro One  
Networks Inc., for an Order or Orders made pursuant to  
sections 78 and 79.1 of the *Ontario Energy Board Act, 1998*  
to establish Renewable Generation Connection Rate  
Protection (RGCRP) compensation amounts.

**SETTLEMENT PROPOSAL**

**HYDRO ONE NETWORKS INC.**

**HYDRO ONE DISTRIBUTION  
&  
HALDIMAND AND PETERBOROUGH RATE ZONES**

**Filed: April 22, 2024**

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1 **A. OVERVIEW**

2 **1.0 INTRODUCTION**

3 This Settlement Proposal is filed with the Ontario Energy Board (**OEB**) in connection with  
4 Hydro One Networks Inc.'s (**Hydro One**) application for the recovery of renewable  
5 generation connection rate protection (**RGCRP**) funding for Hydro One Distribution, and  
6 the Haldimand and Peterborough rate zones (**RZs**).<sup>1</sup> The OEB assigned proceeding  
7 number EB-2023-0291 for this Application.

8  
9 As set forth herein, the Settlement Proposal contains a comprehensive settlement of all  
10 outstanding issues in the Application.

11  
12 **2.0 BACKGROUND**

13 Hydro One filed an application for RGCRP compensation amounts with the OEB on  
14 October 3, 2023, under sections 78 and 79.1 of the Ontario Energy Board Act, 1998,  
15 seeking approval for collection of renewable generation connection investments and rate  
16 protection amounts, amendment of compensation amounts, and corrections to cost  
17 allocations.

18  
19 Procedural Order No. 1 issued, on November 17, 2023, denied The Power Workers'  
20 Union's request for intervenor status and made provision for the certain matters related to  
21 the proceeding, including the dates related to interrogatories.

22  
23 On January 12, 2024, Hydro One requested an extension of the date to file interrogatory  
24 responses from January 18, 2024, to February 8, 2024. Hydro One stated that it identified  
25 issues with the RGCRP model assumptions and the associated account entries, and that  
26 Hydro One Networks Inc. is reviewing the details to rectify the issues and ensure that all  
27 amounts are accurate prior to submitting its interrogatory responses.

28  
29 On January 17, 2024, the OEB approved this request. The application was paused until  
30 responses to interrogatories were received.

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<sup>1</sup> Haldimand RZ and Peterborough RZ refer to the Hydro One service areas formerly served by Haldimand County Hydro and Peterborough Distribution Inc., respectively.

1 In its letter dated February 6, 2024, Hydro One requested a second extension of the date  
2 to file the interrogatory responses from February 8, 2024, to February 22, 2024. In that  
3 letter, Hydro One stated that it continues to work through issues with the RGCRP model  
4 assumptions and the associated historical account entries to ensure that all amounts are  
5 accurate prior to submitting its interrogatory responses.

6  
7 On February 7, 2024, the OEB granted Hydro One's request for the second extension.  
8 The application remained paused until Hydro One's responses to interrogatories were  
9 received.

10  
11 Hydro One filed responses to interrogatories on February 22, 2024. In its response to OEB  
12 Staff Interrogatory 1, Hydro One provided a spreadsheet of all changes made to the  
13 application during the interrogatory process. Hydro One requested that this matter  
14 proceed by way of settlement conference with OEB staff, in an effort to streamline the  
15 process and facilitate constructive discussion regarding the changes made to the  
16 application through the interrogatory process.

17  
18 Procedural Order No. 2, issued on March 5, 2024, ordered a settlement conference among  
19 Hydro One and OEB staff commencing April 2, 2024.

20  
21 **3.0 PRELIMINARY MEETINGS WITH OEB STAFF PRIOR TO SETTLEMENT**  
22 **CONFERENCE**

23 On February 20, 2024, Hydro One met with OEB staff to present an overview of the  
24 changes to the Hydro One Distribution, Haldimand, and Peterborough rate zone RGCRP  
25 models per direction in the OEB's Extension Request Acknowledgment Letter.<sup>2</sup> This  
26 presentation was intended to provide an overview of the model corrections, changes, and  
27 rationale resulting from the interrogatory process.

28  
29 On March 26, 2024, OEB staff provided eight pre-settlement clarification questions for  
30 Hydro One. On April 4, 2024, OEB staff amended the total to nine pre-settlement  
31 clarification questions.

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<sup>2</sup> EB-2023-0291, Extension Request Acknowledgment Letter, February 7, 2024

1 **4.0 SETTLEMENT PROCESS**

2 Pursuant to the OEB's Procedural Order No. 2, OEB staff and Hydro One convened in a  
3 virtual Settlement Conference on April 2, 2024 and April 3, 2024.<sup>3</sup> The Settlement  
4 Conference was conducted in accordance with the OEB's *Rules of Practice and*  
5 *Procedure* (the **Rules**) and the *Practice Direction on Settlement Conferences* (the  
6 **Practice Direction**). The settlement conference was held without a facilitator.

7  
8 During the Settlement Conference, Hydro One provided verbal responses to the pre-  
9 settlement clarification questions, draft written responses, and further clarification on  
10 certain aspects of account particulars to assist in resolving OEB staff's concerns. The  
11 responses to those clarification questions will be filed separately, but concurrent with, the  
12 filing of this settlement proposal. As part of the answers to the clarification questions,  
13 Hydro One will include the associated updated Excel spreadsheets as attachments to  
14 illustrate the impact of further changes and corrections to balances in the RGCRP  
15 accounts.

16  
17 **5.0 SETTLEMENT PROPOSAL PREAMBLE**

18 This document comprises the Settlement Proposal and is presented jointly to the OEB by  
19 Hydro One and OEB staff (herein collectively referred to as the "Parties" in this settlement  
20 proposal). This document is called a "Settlement Proposal" because it is a proposal by the  
21 Parties to the OEB to settle the issues in this proceeding identified as settled in this  
22 Settlement Proposal. However, as between the Parties, and subject only to the OEB's  
23 approval of this Settlement Proposal, this document is intended to be a legal agreement,  
24 creating mutual obligations, and binding and enforceable in accordance with its terms. As  
25 set forth later in this Preamble, this Settlement Proposal is subject to a condition  
26 subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by  
27 the Parties, it is null and void and of no further effect. In entering into this Settlement  
28 Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has  
29 exclusive jurisdiction with respect to the interpretation and enforcement of the terms  
30 hereof.

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<sup>3</sup> EB-2023-0291, Procedural Order No. 2, March 5, 2024



1 The Parties acknowledge that the Settlement Conference, including any settlement  
2 information relating thereto, is privileged and confidential in accordance with the Practice  
3 Direction. The Parties understand that confidentiality in that context does not have the  
4 same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings*  
5 and that the rules of the latter document do not apply. Instead, in this Settlement  
6 Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to  
7 mean that the documents and other information provided during the course of the  
8 Settlement Conference, the discussion of each issue, the offers and counter-offers, and  
9 the negotiations leading to the settlement of each issue during the Settlement Conference  
10 and during the preparation of this Settlement Proposal are strictly privileged and without  
11 prejudice. None of the foregoing is admissible as evidence in this proceeding, or  
12 otherwise, with one exception: the need to resolve a subsequent dispute over the  
13 interpretation of any provision of this Settlement Proposal. Further, the Parties shall not  
14 disclose those documents or other settlement information to persons who were not  
15 attendees at the Settlement Conference. However, the Parties agree that "attendees" is  
16 deemed to include, in this context, persons who were not in attendance via video  
17 conference at the Settlement Conference but were (a) any persons or entities that the  
18 Parties engaged to assist them with the Settlement Conference; and (b) any persons or  
19 entities from whom they have sought instructions with respect to the negotiations, in each  
20 case provided that any such persons or entities have agreed to be bound by the same  
21 confidentiality provisions as the Parties.

22  
23 As determined by the OEB in Procedural Order No. 2, OEB staff is a party to the  
24 Settlement Conference and to this Settlement Proposal. Accordingly, there is no need for  
25 OEB staff to make a submission, as contemplated in the Practice Direction, with respect  
26 to whether the Settlement Proposal represents an acceptable outcome from a public  
27 interest perspective, or whether the accompanying explanation and rationale is adequate  
28 to support the Settlement Proposal. This Settlement Proposal is organized in accordance  
29 with the resolutions agreed upon in the settlement conference. This Settlement Proposal  
30 provides a brief description of each of the settled issues, together with references to the  
31 evidence submitted for the record in the EB-2023-0291 proceeding. The Parties agree  
32 that references to the "evidence" in this Settlement Proposal shall, unless the context

1 otherwise requires, include, in addition to the Application, the written responses to  
2 interrogatories and other components of the record up to and including the date hereof.

3  
4 The Parties agree that the evidence in this proceeding provides an appropriate evidentiary  
5 record to support acceptance by the OEB of this Settlement Proposal.

6  
7 The final agreements of the Parties following the Settlement Conference are set out below.  
8 The Parties explicitly request that the OEB consider and accept this Settlement Proposal  
9 as a package. None of the matters in respect of which a settlement has been reached is  
10 severable. If the OEB does not accept the Settlement Proposal in its entirety, then there  
11 is no agreement, unless the Parties agree, in writing, that the balance of this Settlement  
12 Proposal may continue as valid settlement subject to any revisions that may be agreed  
13 upon by the Parties.

14  
15 It is further acknowledged and agreed that neither of the Parties will withdraw from this  
16 agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

17  
18 In the event that the OEB directs the Parties to make reasonable efforts to revise the  
19 Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential  
20 revisions, but no Party will be obligated to accept any proposed revision. The Parties agree  
21 that both Parties must agree with any revised Settlement Proposal as it relates to that  
22 issue, or decide to take no position on the issue, prior to its resubmission to the OEB for  
23 its review and consideration as a basis for making a decision.

24  
25 Unless otherwise expressly stated in this Settlement Proposal, the settlement of any  
26 particular issue in this proceeding and the positions of the Parties in this Settlement  
27 Proposal are without prejudice to the rights of the Parties to raise the same issue and/or  
28 to take any position thereon in any other proceeding.

29  
30 In this Settlement Proposal, where any of the Parties “accept” the evidence of Hydro One,  
31 or “agree” to a revised term or condition, including a revised budget or forecast, then,

1 unless expressly stated to the contrary, the words “for the purpose of settlement of the  
2 issues herein” shall be deemed to qualify that acceptance or agreement.

3  
4 **6.0 SETTLEMENT PROPOSAL OVERVIEW**

5 The Parties are pleased to advise that they have reached a complete settlement on all  
6 aspects of the Application, as summarized in the following table and as described in  
7 greater detail below:

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

8  
9 The following summarizes, at a high level, the most significant elements of the Settlement  
10 Proposal:

- 11
- 12 A. Resumption of RGCRP funding for 2025-2027 for the Hydro One Distribution RZ per  
13 the “Updated Requested RGCRP Compensation Amounts” provided in Table 1 below.
    - 14 a) Withdrawal of Hydro One’s proposal to credit Hydro One Distribution customers  
15 \$2.5M in a subsequent rate-setting proceeding.
  - 16
  - 17 B. Resumption of RGCRP funding for 2024-2027 for the Peterborough RZ per the  
18 “Updated Requested RGCRP Compensation Amounts” provided in Table 2 below.
  - 19
  - 20 C. Agreement to request disposition of the balance in Account 1533 for Haldimand RZ  
21 and discontinue the account as part of Hydro One’s next Custom Incentive Rate-

1 setting (**Custom IR**) rebasing application. Haldimand RZ RGCRP account balance  
 2 and forecast yearly revenue requirements for 2023-2027 are provided in Table 3  
 3 below.

4  
 5 **Table 1 - Summary of Requested RGCRP Compensation Amounts**  
 6 **for Hydro One Distribution**

Period	As-Filed Requested RGCRP Compensation Amounts <sup>[1]</sup>	RGCRP Compensation Amounts as per I-01-01	Updated Requested RGCRP Compensation Amounts
One-Time Payment Related to Renewable Generation Connection Investments Made Prior to January 1, 2024	\$8,697,477	- [2]	- [2]
2024	\$8,035,443	- [2]	- [2]
2025	\$8,160,624	\$3,864,755 <sup>[3]</sup>	\$3,068,005 <sup>[5]</sup>
2026	\$8,157,823	\$6,986,604 <sup>[4]</sup>	\$6,986,604 <sup>[4]</sup>
2027	\$8,148,189	\$6,942,106 <sup>[4]</sup>	\$6,942,106 <sup>[4]</sup>

[1] As described in Exhibit A-02-01, p.1, In 21 to p.2, In 4.

[2] As the projected balance for Account 1533 – Distribution Generation – Provincial as of Dec 31, 2024, is in a credit position, no compensation amounts are being requested for Renewable Generation Connection investments made prior to January 1, 2025.

[3] I-01-01 Attachment 2, Tab 4, Cell AH28 - 2025 Revenue Requirement \$7.0M net of credit balance of \$3.2M from I-01-01, Attachment 1, Cell EW10.

[4] Compensation amounts for 2026 to 2027 are the respective 2026 to 2027 revenue requirement forecasts provided in I-01-01, Attachment 2, Tab 4, Cells: AJ28:AL28.

[5] I-01-01 Attachment 2, Tab 4, Cell AH28 - 2025 Revenue Requirement \$7.0M net of credit balance of \$4.0M from Pre-Settlement Conference OEB Staff Clarification Question 6, Attachment 1, Cell EW10.

1            **Table 2 - Summary of Requested Provincial RGCRP Compensation Amounts**  
2    **for Peterborough RZ**

<b>Period</b>	<b>As-Filed Requested RGCRP Compensation Amounts <sup>[1]</sup></b>	<b>RGCRP Compensation Amounts as per I-01-01 <sup>[2]</sup></b>	<b>Updated Requested RGCRP Compensation Amounts</b>
One-time Payment Related to Renewable Generation Connection Investments Made Prior to January 1, 2024	\$130,800	\$103,145 <sup>[3]</sup>	\$1,892 <sup>[4]</sup>
2024	\$18,018	\$13,212	\$13,212
2025	\$17,473	\$13,799	\$13,799
2026	\$16,918	\$14,370	\$14,370
2027	\$16,354	\$14,926	\$14,926

[1] As described in Exhibit A-02-01, p.2, ln 6-15.

[2] Compensation amounts for 2024 to 2027 are the respective 2024 to 2027 revenue requirement forecasts provided in I-01-01, Attachment 8, Tab Revenue Requirement 17%, Cells: AM40:AV40.

[3] Reflects the adjusted balance for Account 1533 – Distribution Generation – Provincial as of Dec 31, 2023 as reflected in interrogatory response I-01-01, Attachment 7, Cell CF8.

[4] Reflects the adjusted balance as calculated in Table 1 of Pre-Settlement Conference OEB Staff Clarification Question 8. This balance was calculated and applied after January 1, 2024.

1 **Table 3 - Summary of Account 1533 Balance and Forecast Revenue Requirements**  
2 **for Haldimand RZ**

Year	As-Filed Revenue Requirement <sup>[1]</sup>	As-Filed Account 1533 Balance (Cr) <sup>[2]</sup>	Updated Revenue Requirement <sup>[3]</sup>	Updated Account 1533 Balance (Cr) <sup>[4]</sup>
2023	\$50,249	(\$1,160,422)	\$16,987	(\$1,048,408)
2024	\$50,092		\$16,955	
2025	\$49,867		\$16,899	
2026	\$49,579		\$16,820	
2027	\$49,234		\$16,720	

3 *[1] As shown in A-04-01-06 Row 28.*

4 *[2] As shown in A-04-01-05 Cell CF8 ending Dec. 31, 2023.*

5 *[3] As shown in I-01-01-06, tab Revenue Requirement – Haldimand, Row 28.*

6 *[4] As shown in I-01-01-05, Cell CE9.*

7  
8 Based on the foregoing and the evidence and rationale provided below, the Parties agree  
9 that this Settlement Proposal is appropriate and recommend its acceptance by the OEB.

10  
11 **B. RESOLUTION OF OUTSTANDING ISSUES IN EB-2023-0291 PROCEEDING**

12 The section below summarizes the key components of the comprehensive settlement  
13 reached by the Parties, including details on how each of the issues in the pre-settlement  
14 clarification questions have been addressed either during the Settlement Conference or  
15 through the modifications to Hydro One's proposals which have been agreed upon in this  
16 Settlement Proposal.

1 **1. RESUMPTION OF RGCRP FUNDING FOR 2025-2027 FOR THE HYDRO ONE**  
2 **DISTRIBUTION RATE ZONE**

3  
4 **(a) Complete Settlement**

5 The Parties agree that the amounts reflect the correct application of the RGCRP  
6 guidelines<sup>4</sup> and the correct application of the models. Corrections applied consist of  
7 removal of ineligible OM&A costs from the account, and the write-off of interest from  
8 2015 onwards in accordance with the OEB Accounting Procedures Handbook  
9 Guidance - March 2015.

10  
11 The Parties agree to the resumption of RGCRP funding per the “Updated Requested  
12 RGCRP Compensation Amounts” provided in Table 1 above for the Hydro One  
13 Distribution RZ.

14  
15 In addition, based on the corrections and updates made to the Hydro One Distribution  
16 RGCRP revenue requirement model during interrogatories and the conclusions  
17 reached in the settlement conference, the Parties agree that the credit of \$2.5M to  
18 Hydro One Distribution customers<sup>5,6</sup> as originally contemplated in the initial as-filed  
19 evidence is not required.<sup>7</sup>

20  
21 **(b) Evidence**

22 The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A, Tab 2, Schedule 1 and Exhibit A, Tab 4, Schedule 1 Excel Attachments: Exhibit A, Tab 4, Schedule 1, Attachments 1-4
Interrogatories	Exhibit I, Tab 1, Schedules 1 through 12 Excel Attachments: Exhibit I, Tab 1, Schedule 1, Attachments 1-4

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<sup>4</sup> Appendix A, [Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2](#), December 15, 2022  
[OEB Accounting Procedures Handbook Guidance](#), March 2015  
[Report of the Board – Framework for Determining the Direct Benefits Accruing to Customers a Distributor Under Ontario Regulation 330/09](#), EB-2009-0349, June 10, 2010

<sup>5</sup> EB-2023-0291, I-01-01 Attachment 3 and 4,

<sup>6</sup> EB-2023-0291, Pre-settlement Clarification Question 04

<sup>7</sup> EB-2023-0291, Original Application A-04-01 Attachment 03 and 04

Pre-Settlement Clarification Questions	OEB Staff Clarification Questions 1, 3 – 6 Excel Attachment: OEB Staff Clarification Question 6, Attachment 1
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**2. RESUMPTION OF RGCRP FUNDING FOR 2024-2027 FOR THE PETERBOROUGH RATE ZONE**

**(a) Complete Settlement**

The Parties agree that the amounts reflect the correct application of the RGCRP guidelines<sup>8</sup> and the correct application of the models. Corrections applied include removal of the capital addition amount of \$507k for 2021 which could not be confirmed as an eligible investment in this account, and a credit adjustment of \$101k to the principal balance for Account 1533 to reconcile the variance between historical revenue requirement amounts and actual IESO payments from 2013 to 2023.

The Parties agree to the resumption of RGCRP funding per the “Updated Requested RGCRP Compensation Amounts” provided in Table 2 above for the Peterborough RZ, based on corrections and updates to the Peterborough rate zone RGCRP models obtained through the interrogatories and pre-settlement clarification questions.

**(b) Evidence**

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A, Tab 2, Schedule 1 and Exhibit A, Tab 4, Schedule 1 Excel Attachments: Exhibit A, Tab 4, Schedule 1, Attachments 7, 8
Interrogatories	Exhibit I, Tab 1, Schedules 1, 3, 16-21 Excel Attachments: Exhibit I, Tab 1, Schedule 1, Attachments 7, 8
Pre-Settlement Clarification Questions	OEB Staff Clarification Questions 7-9 Excel Attachment: OEB Staff Clarification Question 8, Attachment 1

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<sup>8</sup> Appendix A, [Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2](#), December 15, 2022  
[OEB Accounting Procedures Handbook Guidance](#), March 2015  
[Report of the Board – Framework for Determining the Direct Benefits Accruing to Customers a Distributor Under Ontario Regulation 330/09](#), EB-2009-0349, June 10, 2010



1 **3. AGREEMENT TO REQUEST DISPOSITION OF THE BALANCE IN ACCOUNT**  
2 **1533 FOR HALDIMAND RATE ZONE AND DISCONTINUE THE ACCOUNT AS**  
3 **PART OF HYDRO ONE'S NEXT CUSTOM IR REBASING APPLICATION**

4  
5 **(a) Complete Settlement**

6 The Parties agree that the amounts reflect the correct application of the RGCRP  
7 guidelines<sup>9</sup> and the correct application of the models. Corrections applied include  
8 removal of the capital addition amount of \$538k for 2015 which could not be confirmed  
9 as an eligible investment in this account, and the write-off of interest from 2015  
10 onwards in accordance with the OEB Accounting Procedures Handbook Guidance -  
11 March 2015.

12  
13 Based on corrections and updates to the Haldimand rate zone RGCRP models  
14 obtained through the interrogatories and pre-settlement clarification questions, the  
15 Parties agree that Hydro One shall request the disposition of the balance in Account  
16 1533 for Haldimand RZ and request to discontinue the account as part of Hydro One's  
17 next Custom Incentive Rate-setting (Custom IR) rebasing application.

18  
19 Based on the credit balance in Account 1533 as shown in Table 3 above, the Parties  
20 agree that no new RGCRP funding is required prior to disposal of this balance. Hydro  
21 One will continue to record costs for the provincial portion of the eligible investments  
22 in the account until its next Custom IR rebasing application.

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<sup>9</sup> Appendix A, [Filing Requirements for Electricity Distribution Rate Applications – 2023 Edition for 2024 Rate Applications, Chapter 2](#), December 15, 2022  
[OEB Accounting Procedures Handbook Guidance](#), March 2015  
[Report of the Board – Framework for Determining the Direct Benefits Accruing to Customers a Distributor Under Ontario Regulation 330/09](#), EB-2009-0349, June 10, 2010

1 **(b) Evidence**

2 The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit A, Tab 4, Schedule 1 Excel Attachment: Exhibit A, Tab 4, Schedule 1, Attachments 5, 6
Interrogatories	Exhibit I, Tab 1, Schedules 1, 3, 13-15 Excel Attachment: Exhibit I, Tab 1, Schedule 1, Attachments 5, 6
Pre-Settlement Clarification Questions	OEB Staff Clarification Question 2

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