



By RESS

August 15, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
PO Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON, M4P 1E4

Dear Ms. Marconi:

**Subject: Electricity Distribution Licence No. ED-2002-0556
2025 Electricity Distribution Rate Application (EB-2024-0035)**

Hydro Ottawa Limited (“Hydro Ottawa”) hereby submits an application (“Application”) seeking the Ontario Energy Board’s (“OEB”) approval for proposed electricity distribution rates and other charges, effective January 1, 2025.

This Application represents Hydro Ottawa’s year five rate update under its five-year Custom Incentive Rate-setting (“Custom IR”) plan. Hydro Ottawa’s Custom IR plan was approved in November 2020, pursuant to an Approved Settlement Agreement reached with intervenor parties, a written hearing on one outstanding item not settled in the Approved Settlement Agreement, and the OEB’s Decision and Rate Order in EB-2019-0261. The adjustments to Hydro Ottawa’s rates and other charges set forth in this Application are wholly consistent with the Approved Settlement Agreement and the OEB’s Decisions.

Hydro Ottawa has filed the Application and supporting materials via the OEB’s Regulatory Electronic Submission System (“RESS”).

Please do not hesitate to contact me if you require anything further.

Sincerely,

Signed by:

1E403775748B4CB...
April Barrie
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Directeur, Affaires réglementaires
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GLOSSARY

- 1
- 2
- 3 **“APH”** - Accounting Procedures Handbook
- 4 **“Application”** - Hydro Ottawa Limited’s 2025 Distribution Rate Application
- 5 **“2010 Directive”** - Ministry of Energy and Infrastructure directive to the OEB to take steps in
6 order to establish Conservation and Demand Management targets to be met by licensed
7 electricity distributors over a four-year period beginning January 1, 2011
- 8 **“2012 CDM Guidelines”** - OEB Guidelines for Electricity Distributor Conservation and Demand
9 Management (April 2012)
- 10 **“2016-2020 Approved Settlement Agreement”** - Hydro Ottawa Limited 2016-2020 Custom
11 Incentive Rate-Setting Approved Settlement Proposal, EB-2015-0004 (December 7,
12 2015)
- 13 **“2021-2025 Approved Settlement Agreement”** - Hydro Ottawa Limited 2021-2025 Custom
14 Incentive Rate-Setting Approved Settlement Proposal, EB-2019-0261 (November 19,
15 2020)
- 16 **“BOMA”** - Building Owners and Managers Association
- 17 **“CA Study”** - Cost Allocation Study
- 18 **“CAPEX”** - Capital Expenditures
- 19 **“CBR”** - Capacity Based Recovery
- 20 **“CCA”** - Capital Cost Allowance
- 21 **“CCC”** - Consumers Council of Canada
- 22 **“CCRA”** - Connection and Cost Recovery Agreement
- 23 **“CDM”** - Conservation and Demand Management
- 24 **“CDM Code”** - Conservation and Demand Management Code for Electricity Distributors
- 25 **“CFF”** - Conservation First Framework
- 26 **“CIR”** - Custom Incentive Rate-Setting
- 27 **“Common ST Lines”** - Common Sub-transmission Lines
- 28 **“COS”** - Conditions of Service
- 29 **“COS”** - Cost of Service

- 30 “**CPEF**” - Custom Price Escalation Factor
- 31 “**CSA**” - Canadian Standards Association
- 32 “**CVA**” - Capital Variance Accounts
- 33 “**Custom IR**” - Custom Incentive Rate-Setting
- 34 “**CWIP**” - Construction Work in Progress
- 35 “**DER**” - Distributed Energy Resource
- 36 “**DRC**” - Distributed Resource Coalition
- 37 “**DS**” - Distribution Station
- 38 “**DSC**” - Distribution System Code
- 39 “**DSP**” - Distribution System Plan
- 40 “**DVA**” - Deferral and Variance Account
- 41 “**EAM**” - Efficiency Adjustment Mechanism
- 42 “**ED**” - Environmental Defence
- 43 “**EDR**” - Electricity Distribution Rate
- 44 “**EDDVAR**” - Electricity Distributors’ Deferral and Variance Account Review
- 45 “**Energy Probe**” - Energy Probe Research Foundation
- 46 “**ESM**” - Earnings Sharing Mechanism
- 47 “**ERF**” - Energy Resource Facility
- 48 “**Filing Requirements**” - OEB’s Chapters 2 and 3 Filing Requirements for Electricity
49 Distribution Rate Applications, as updated on December 15, 2022, June 15, 2023, and
50 April 11, 2024
- 51 “**FIT**” - Feed in Tariff
- 52 “**Fund**” - The Ontario Municipal Employees Retirement System (“OMERS”) Fund
- 53 “**G**” - Growth factor
- 54 “**GA**” - Global Adjustment
- 55 “**GAAP**” - Generally Accepted Accounting Principles
- 56 “**GOCA**” - Getting Ontario Connected Act
- 57 “**Handbook**” - Handbook for Utility Rate Applications
- 58 “**HCI**” - Hydroelectric Contract Initiative
- 59 “**HESOP**” - Hydroelectric Standard Offer Program

- 60 **“Holding Company”** - Hydro Ottawa Holding Inc.
- 61 **“Hydro One”** - Hydro One Networks, Inc.
- 62 **“Hydro Ottawa”** - Hydro Ottawa Limited
- 63 **“I”** - Inflation factor
- 64 **“ICI”** - Industrial Conservation Initiative
- 65 **“IESO”** - Independent Electricity System Operator
- 66 **“IF Retrofit”** - Interim Framework Retrofit Project
- 67 **“IFRS”** - International Financial Reporting Standards
- 68 **“IRM”** - Incentive Regulation Mechanism
- 69 **“IT”** - Information Technology
- 70 **“kW”** - Kilowatt
- 71 **“kWh”** - Kilowatt-hours
- 72 **“LDC”** - Local Distribution Company
- 73 **“LRAM”** - Lost Revenue Adjustment Mechanism
- 74 **“LEAP”** - Low-income Energy Assistance Program
- 75 **“LEAP EFA”** - Low-Income Energy Assistance Program Emergency Financial Assistance
- 76 **“LRAMVA”** - Lost Revenue Adjustment Mechanism Variance Account
- 77 **“LTEP”** - Long-Term Energy Plan
- 78 **“LV”** - Low Voltage
- 79 **“MicroFIT”** - Micro Feed in Tariff
- 80 **“MIFRS”** - Modified International Financial Reporting Standards
- 81 **“MS”** - Municipal Station
- 82 **“MTS”** - Municipal Transformer Station
- 83 **“MWh”** - Megawatt-hour
- 84 **“NCP”** - Non-coincident Peak
- 85 **“NSF”** - Non-sufficient Funds
- 86 **“NWS Guidelines”** - Non-Wires Solutions Guidelines for Electricity Distributors
- 87 **“OEB”** - Ontario Energy Board
- 88 **“OM&A”** - Operations, Maintenance and Administration
- 89 **“OMERS”** - Ontario Municipal Employees Retirement System

- 90 “**OPA**” - Ontario Power Authority
- 91 “**OPEB**” - Other Post-Employment Benefits
- 92 “**Parties**” - Hydro Ottawa, OEB staff and the eight intervenors of record: BOMA, CCC, DRC,
- 93 ED,
- 94 Energy Probe, PP, SEC, VECC
- 95 “**PCI**” - Price Cap Index
- 96 “**PILS**” - Payments in Lieu of Taxes
- 97 “**POAM**” - Performance Outcomes Accountability Mechanism
- 98 “**PP**” - Pollution Probe
- 99 “**RCVAs**” - Retail Cost and Variance Accounts
- 100 “**RESOP**” - Renewable Energy Standard Offer Program
- 101 “**ROE**” - Return on Equity
- 102 “**RPP**” - Regulated Price Plan
- 103 “**RRF**” - Renewed Regulatory Framework
- 104 “**RRFE Report**” - Ontario Energy Board, *Renewed Regulatory Framework for Electricity: A*
- 105 *Performance-Based Approach*, (October 18, 2012).
- 106 “**RRR**” - Reporting and Record Keeping Requirements
- 107 “**RRRP**” - Rural or Remote Electricity Rate Protection
- 108 “**RRWF**” - Revenue Requirement Work Form
- 109 “**RSCs**” - Retail Service Charges
- 110 “**RSVA**” - Retail Settlement Variance Account
- 111 “**RTSR**” - Retail Transmission Service Rate
- 112 “**SAIDI**” - System Average Interruption Duration Index
- 113 “**SAIFI**” - System Average Interruption Frequency Index
- 114 “**SEC**” - School Energy Coalition
- 115 “**Scorecard**” - Electricity Distributor Scorecard
- 116 “**SIA**” - System Impact Assessment
- 117 “**SLA**” - Service Level Agreement
- 118 “**SMC**” - Smart Metering Charge
- 119 “**SME**” - Smart Metering Entity

- 120 “**SMECVA**” - Smart Metering Entity Charge Variance Account
- 121 “**SSC**” - Specific Service Charge
- 122 “**SSS Charge**” - Standard Supply Service Administrative Charge
- 123 “**The utility**” - Hydro Ottawa Limited
- 124 “**Tiered**” - Tiered prices
- 125 “**TOC**” - Transformer Ownership Credit
- 126 “**TOU**” - Time of Use
- 127 “**TS**” - Transmission Station
- 128 “**TS-I&R**” - Temporary Service - Install and Remove
- 129 “**ULO**” - Ultra-Low Overnight
- 130 “**USL**” - Unmetered Scattered Load
- 131 “**USofA**” - Uniform System of Accounts
- 132 “**UTRs**” - Uniform Transmission Rates
- 133 “**VECC**” - Vulnerable Energy Consumers Coalition
- 134 “**VVC**” - Volt/VAr Control
- 135 “**WCA**” - Working Capital Allowance
- 136 “**WAHSP**” - Weighted Average Hourly Spot Price
- 137 “**WMS**” - Wholesale Market Service
- 138 “**X**” - Productivity factor

ADMINISTRATION

1. INTRODUCTION

In accordance with the Ontario Energy Board's ("OEB") *Chapters 2 and 3 Filing Requirements for Electricity Distribution Rate Applications*, as updated on December 15, 2022 and June 18, 2024 respectively ("Filing Requirements"), this Schedule provides information relating to the administration of this Application.

2. PRIMARY CONTACT INFORMATION

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Ottawa, Ontario K1G 5Z9
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3. INTERNET ADDRESS & MEDIA ACCOUNTS

Hydro Ottawa Limited's ("Hydro Ottawa" or "the utility") main webpage is the following:
www.hydroottawa.com.

Regulatory documents are available in the Regulatory Affairs section of the website:
<https://hydroottawa.com/about-us/regulatory-affairs>.

The social media accounts maintained by Hydro Ottawa are as follows:

- Twitter/X – twitter.com/hydroottawa;
- Facebook – facebook.com/hydroottawa;
- Instagram – instagram.com/hydroottawa;
- YouTube – youtube.com/hydroottawa; and

- 1 • LinkedIn – [linkedin.com/company/hydro-ottawa](https://www.linkedin.com/company/hydro-ottawa).

2

3 **4. MATERIAL IMPACTS ON CUSTOMERS**

4 The proposals set forth in this Application will change the rates for all customer classes, of
5 which there are no proposed changes that will result in bill impacts which exceed the 10% bill
6 impact threshold. For more information, please refer to Exhibit 8-12-1: Bill Impact Information.

7

8 **5. MATERIALITY THRESHOLD**

9 As per the Filing Requirements, default materiality threshold is defined as \$1M for distributors
10 with a revenue requirement greater than \$200.0M. As Hydro Ottawa is not proposing changes
11 to its rate base, capital expenditures, and OM&A outside of the 2021-2025 Approved Settlement
12 Agreement,¹ no variance analysis has been completed per these materiality requirements.

13

14 Hydro Ottawa notes that the \$1M materiality threshold will apply to the utility for any future Z
15 factor application.

16

17 **6. PUBLICATION AND NOTICE**

18 Hydro Ottawa recommends that any Notice of Hearing for this Application be published in the
19 *Ottawa Citizen* and *Le Droit* newspapers, both of which are paid daily publications which also
20 provide free online content. The *Ottawa Citizen* is the English language newspaper serving
21 Ottawa and the surrounding region, including the Village of Casselman. *Le Droit* is the French
22 language newspaper serving Ottawa and the surrounding region, including the Village of
23 Casselman.

24

25 **7. BILL IMPACTS**

26 Tables 1 and 2 below provide a summary of distribution bill impacts and total bill percentage
27 impacts for a typical residential customer using 750 kWh per month and for a General Service <
28 50 kW customer using 2,000 kWh per month.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

Table 1 – Residential Bill Impact

Residential (750 kWh)	2025
Change in Distribution Charge (\$)	\$0.32
Change in Distribution Charge (%)	0.94%
Total Bill % change	(0.32)%

Table 2 – General Service < 50 kW Bill Impact

General Service < 50 kW (2000 kWh)	2025
Change in Distribution Charge (\$)	\$1.38
Change in Distribution Charge (%)	1.63%
Total Bill % change	(0.24)%

8. FORM OF HEARING REQUESTED

Hydro Ottawa requests that this Application be disposed of by way of a written hearing.

9. REQUESTED EFFECTIVE DATE

Hydro Ottawa is requesting approval of the proposed distribution rates and other charges set forth in this Application effective January 1, 2025. Where the case might be that the OEB’s Decision and Order approving these rates and other charges is released after this proposed effective date, Hydro Ottawa is requesting that the 2024 distribution rates and charges remain effective on an interim basis as of January 1, 2025 until the actual rates that are effective January 1, 2025 can be billed. In addition, Hydro Ottawa is requesting an account to recover the difference between the interim rates and the actual rates effective January 1, 2025.

10. OEB DIRECTIONS FROM PREVIOUS DECISIONS AND/OR ORDERS

Below is a summary of previous OEB directives and a description of how such directives are addressed by Hydro Ottawa in this Application.

10.1. DIRECTIVE #1

In EB-2012-0383, the OEB indicated that unmetered load (kW) and consumption (kWh) data should ultimately be used to update load profile data for the purpose of the distributor’s next cost allocation filing with the OEB, which occurs during the distributor’s next cost of service

1 application to the OEB. Subsequently, in a letter dated June 12, 2015, the OEB stated that
2 “[t]here may be merit in updating load profiles to be more reflective of an individual distributor’s
3 circumstances. The OEB expects individual distributors to be mindful of material changes to
4 load profiles and to propose updates in their respective cost of service or Custom Incentive
5 Rate-setting applications when warranted.”²
6

7 As an outcome of Hydro Ottawa’s 2021-2025 Approved Settlement Agreement,³ the utility has
8 agreed to develop in-house demand profiles by customer class as input to the next rebasing
9 application. Hydro Ottawa confirms that it has a plan in place to develop updated hourly load
10 profiles based on in-house demand profiles in the detail required to comply with the current
11 Filing Requirements.
12

13 **10.2. DIRECTIVE #2**

14 On August 21, 2014, amendments to the *Distribution System Code* (“DSC”) came into force
15 which require a distributor to install a MIST meter on any installation that is forecast by the
16 distributor to have a monthly average peak demand during a calendar year of over 50 kW.⁴ The
17 deadline for distributors to comply with this DSC provision was August 21, 2020. Hydro Ottawa
18 has confirmed this deadline was achieved.
19

20 **10.3. DIRECTIVE #3**

21 In the Decision rendered in EB-2018-0044, the OEB instructed Hydro Ottawa to provide an
22 update on the resolution to an Industrial Conservation Initiative (“ICI”) enrollment matter and
23 report on any necessary adjustments.⁵ Hydro Ottawa has engaged the OEB on this matter and,
24 at this time, is not requesting any adjustments. As part of its Decision and Order on Hydro
25 Ottawa’s 2020 rate adjustment application, the OEB stated, in reference to this Directive, that
26 “the OEB will proceed to finalize the balances for 2017 and 2018, and in light of the OEB’s

² Ontario Energy Board, Letter re: *Issuance of New Cost Allocation Policy for Street Lighting Rate Class* (June 12, 2015), page 4.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

⁴ Ontario Energy Board, *Notice of Amendment to a Code: Amendments to the Distribution System Code*, EB-2013-0311 (May 21, 2014).

⁵ Ontario Energy Board, *Decision and Rate Order*, EB-2018-0044 (December 13, 2018), page 15.

1 October 31, 2019 letter regarding Adjustments to Correct for Errors in Electricity Distributor
2 'Pass-Through' Variance Accounts After Disposition, the OEB expects that any revisions to
3 previous balances relating to this matter will be accommodated through the disposition of future
4 variance account balances."⁶ There is no update to this matter.

6 **10.4. DIRECTIVE #4**

7 On February 14, 2019, the OEB issued a Decision and Order directing electricity distributors –
8 including distributors with utility-specific charges – to implement new Retail Service Charges.
9 Hydro Ottawa implemented the new charges as directed and has used the updated rates as a
10 placeholder as part of this Application. For additional details, please see Exhibit 8-4-1: Retail
11 Service Charges.

12
13 In addition, any electricity distributor which had discontinued the use of Account 1518 and
14 Account 1548 was to establish a new 1508 Sub-Account to record the difference in the
15 incremental revenue as a result of the Decision and Order.⁷ As Hydro Ottawa had discontinued
16 the use of Account 1518 and Account 1548, a new Sub-Account to 1508 has been established.
17 In accordance with OEB direction, Hydro Ottawa started tracking the incremental revenue in this
18 new Sub-Account effective May 1, 2019. For additional details, please see Exhibit 9-1-3: Group
19 2 Accounts.

21 **10.5. DIRECTIVE #5**

22 In its Decision rendered in EB-2019-0077 on October 17, 2019, the OEB approved an
23 application submitted by Hydro One Networks Inc. ("Hydro One") and Hydro Ottawa, pursuant to
24 section 92 of the *Ontario Energy Board Act, 1998*, seeking leave to construct the Power South
25 Nepean Project.⁸ The project consists of two key components: (1) a new municipal transformer
26 station to be constructed by Hydro Ottawa; and (2) upgrades to existing transmission facilities,
27 as well as construction of a segment of new transmission line by Hydro One. The leave granted
28 was subject to the OEB's standard conditions of approval, one of which was that "[t]he

⁶ Ontario Energy Board, *Decision and Rate Order*, EB-2019-0046 (December 17, 2019), page 13.

⁷ *Ibid.*, Schedule B, page 1.

⁸ Ontario Energy Board, *Decision and Order*, EB-2019-0077 (October 17, 2019).

1 applicants shall advise the OEB of any proposed material change in the project, including but
2 not limited to changes in: the proposed route, construction schedule, the necessary
3 environmental assessment approvals, and all other approvals, permits, licenses, certificates and
4 rights required to construct the proposed facilities.”⁹

5
6 By way of the 2021-2025 Custom IR Application, Hydro Ottawa informed the OEB of minor
7 modifications to the project’s construction schedule. Whereas the original schedule had
8 contemplated an in-service date of November 2021, this date was subsequently revised to Q2
9 2022. In addition, the name of the station has been changed from South Nepean Municipal
10 Transformer Station (“MTS”) to Cambrian MTS. In Q2, 2022, the Cambrian substation was
11 energized and loaded in advance of the peak loading season for the neighbouring stations in
12 the south Nepean area.

13
14 **10.6. DIRECTIVE #6**

15 As an outcome of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa has agreed to
16 complete an analysis of its distribution assets to produce an updated split of certain asset
17 classes to primary and secondary components. The asset classes to be investigated are Poles,
18 Towers and Fixtures (Uniform System of Accounts (“USofA”) 1830), Overhead Conductors and
19 Devices (USofA 1835), Underground Conduits (USofA 1840) and Underground Conductors and
20 Devices (USofA 1845). The results of this cost study, combined with a reassessment of
21 customer class composition (primary, secondary, transformer owned) will serve as input to the
22 demand profile study, described above as Directive #1, and mandated for Hydro Ottawa’s next
23 rebasing application. Hydro Ottawa confirms that this study is underway and will be completed
24 as required for the next rebasing rate application.

25
26 **10.7. DIRECTIVE #7**

27 As part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa agreed to
28 meaningfully consider the goals of the city of Ottawa’s Energy Evolution plan with a view to
29 pursuing cost efficiencies, reduced emissions, and enhanced energy outcomes for consumers in

⁹ Ibid., Schedule B.

1 the City of Ottawa. The utility will consider these elements in its next Distribution System Plan
2 and Business Plan. Hydro Ottawa will report on realized areas of cost-efficiency and
3 coordination related to Energy Evolution in its next rebasing application.

4
5 **10.8. DIRECTIVE #8**

6 As outlined in the 2021-2025 Approved Settlement Agreement, between 2021 and 2025 Hydro
7 Ottawa shall endeavour to maintain its five-year average total system losses¹⁰ below the target
8 of 3.02% set out by the OEB in EB-2005-0381 through cost-effective measures.

9
10 In addition, Hydro Ottawa has prepared a plan to reduce distribution losses as much as possible
11 through cost-effective measures and has filed the plan with the OEB. In 2022-2025, Hydro
12 Ottawa shall implement as many of the cost-effective measures as set out in its plan as possible
13 (e.g. any changes to planning and procurement processes to better mitigate losses, investments
14 that can be made within current budgets, operational measures, etc.). All other cost-effective
15 measures will be incorporated into the utility's next rebasing application and Distribution System
16 Plan.

17
18 Finally, as described in Hydro Ottawa's response to undertaking JT 3.10 in EB-2019-0261, a
19 pilot of Grid Edge Volt/VAr Control ("VVC") solution was completed in 2020. A full analysis of the
20 pilot has been completed, including an economic use case. The System Loss Plan will inform
21 decisions on future deployment of the VVC devices. If further study identifies potential suitable
22 locations for cost-effective and impactful deployment of these units Hydro Ottawa will consider
23 proceeding in a subset of locations with an estimated investment of up to \$1M over the five-year
24 test period. The cost of these investments will be accommodated within the overall approved
25 capital budget.

¹⁰ "Total System Losses" refers to the losses as a percentage of purchases, as shown in Table 1 of UPDATED Exhibit 8-9-1: Loss Adjustment Factors of EB-2019-0261. To provide additional clarity, the "Electricity Purchases" shown in Table 1 refer to the "Wholesale" kWh delivered to the distributor (higher value) as shown in UPDATED Attachment 8-9-1(A): OEB Appendix 2-R - Loss Factors of EB-2019-0261, and therefore include supply losses. For further clarity, this includes losses in the distributor's system and transmission losses upstream of the distributor.

1 **10.9. DIRECTIVE #9**

2 In its Decision rendered in EB-2019-0261 on January 7, 2021, the OEB stated that any Hydro
3 Ottawa future Custom IR application needs to be justified. In addition, the OEB needs to be
4 satisfied that other rate-setting options have been considered. Hydro Ottawa will address this
5 directive in its next rebasing application.

6
7 **10.10. DIRECTIVE #10**

8 In its Decision rendered in EB-2019-0261 on January 7, 2021, the OEB stated that “Hydro
9 Ottawa’s efforts and achievements with respect to productivity improvements in its capital
10 programs and projects, undertaken during the 2021-2025 term, should be reported as part of
11 Hydro Ottawa’s next rebasing Application.”¹¹ Hydro Ottawa will address this Directive in its next
12 rebasing application.

13
14 **11. CONDITIONS OF SERVICE**

15 The current version of Hydro Ottawa’s Conditions of Service is available for viewing on the
16 following page of the utility’s website:

17 <https://hydroottawa.com/en/about-us/policies/conditions-service>

18
19 **12. ACCOUNTING GUIDANCE FOR ACCOUNTS 1588 & 1589**

20 In 2019, the OEB issued updated accounting guidance with respect to Account 1588 RSVA –
21 Power and Account 1589 RSVA – Global Adjustment.¹² Hydro Ottawa confirms that its journal
22 entries are recorded, as per the instructions set forth in this guidance. For additional details,
23 please see Exhibit 9-1-2: Group 1 Accounts.

24
25 **13. SPECIFIC RELIEF REQUESTED**

26 This Application is submitted pursuant to section 78 of the *Ontario Energy Board Act, 1998*.
27 Herein, Hydro Ottawa is seeking the following approvals, which are also separately identified in
28 Appendix 2-A and clearly documented throughout applicable sections of this Application:

¹¹ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (January 7, 2021).

¹² Ontario Energy Board, *Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (Re-Issued May 23, 2023), pages 11-30.

- 1 1. Approval of 2025 revenue requirement, as updated for annual adjustments, as proposed in
2 Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency;
- 3 2. Approval of 2025 distribution rates and other charges, effective January 1, 2025, as
4 proposed in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges;
- 5 3. Approvals related to deferral and variance accounts, as proposed throughout various
6 Schedules in Exhibit 9, namely:
 - 7 a. Approval of the use of 1595 sub accounts 2025, as proposed in Exhibit 9-2-1: New
8 Deferral and Variance Accounts;
 - 9 b. Disposition of balances in Group 1 deferral and variance accounts, as set out in Exhibit
10 9-3-1: Disposition of Deferral and Variance Accounts; and
- 11 4. Approval of other items or amounts that may be requested by Hydro Ottawa in the course
12 of the proceeding, and such other relief or entitlements that the OEB may grant.

ATTACHMENT 1-1-3(A)

OEB Appendix 2-A - List of Requested Approvals

(Refer to the attachment in Excel format)



CERTIFICATION OF EVIDENCE

I, Geoff Simpson, Chief Financial Officer of Hydro Ottawa Limited (“Hydro Ottawa”), hereby certify that, to the best of my knowledge, the evidence filed in support of Hydro Ottawa’s year three rate update application (“Application”) under its five-year Custom Incentive Rate-setting (“Custom IR”) plan is accurate, consistent, and complete. Any evidence filed in support of this Application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB’s Rules and the Practice Direction, as applicable.

I further hereby certify that the utility maintains robust processes and internal controls for the preparation, review, verification and oversight of account balances being proposed for disposition in this Application.

This certification is provided pursuant to the Ontario Energy Board’s *Chapter 1 and Chapter 2 Filing Requirements*, as issued on April 11, 2024, and *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications*, as issued on June 18, 2024.

DATED this **14th** day of **August, 2024**.

Signed by:

43DC885CF33E43F...

Geoff Simpson
Chief Financial Officer
Hydro Ottawa Limited

DISTRIBUTION SYSTEM OVERVIEW

1. OVERVIEW

Hydro Ottawa operates as an electricity distributor in the City of Ottawa and the Village of Casselman. Hydro Ottawa is a corporation incorporated pursuant to the *Business Corporations Act* RSO 1990 c. B.16 in Ontario and is licensed under OEB Electricity Distributor License No. ED-2002-0556. With approximately 364,400 customers within its service territory as of the end of 2023, the utility is one of the largest Local Distribution Companies (“LDCs”) in the province in terms of customer count.

Hydro Ottawa was created in November 2000, following the amalgamation of several municipalities in the region and the formation of the City of Ottawa. Hydro Ottawa acquired the assets of Casselman Hydro Inc. in April 2002. The Ottawa and Casselman segments of the service territory are non-contiguous and separated by the territory of Hydro One Networks Inc. (“Hydro One”). Please refer to Attachment 1-1-4(A): Distribution System Map for a map of Hydro Ottawa’s service territory.

Like other LDCs in Ontario, Hydro Ottawa carries out its business activities under the same direction and oversight from the OEB, but operates within its own unique environment. Hydro Ottawa’s foremost distinctiveness is the profile and physical size of its service territory. With a service area comprised of 662 km² of rural area and 454 km² of urban area, its total footprint of 1,116 km² makes it the fifth physically largest in the province.

The breakdown of Hydro Ottawa’s 2023 customer base is as follows: 335,548 residential; 25,700 small commercial; 3,076 commercial; and 10 Large Users. Hydro Ottawa is one of the largest LDCs in the province in terms of customer count, ranking behind only Hydro One, Alectra Utilities Corporation, and Toronto Hydro Electric-System Limited in this category. As an LDC serving the National Capital Region, Hydro Ottawa has a customer demographic with a number of institutional customers, including many Federal Government facilities and campuses, four hospitals, and three post-secondary educational institutions.

1 Hydro Ottawa's service territory is a geographically diverse area, with significant population
2 dispersion. The utility's service territory sits at the convergence of three major rivers: the Ottawa
3 River, the Gatineau River, and the Rideau River. The Ottawa River functions as the northern
4 border of the service territory, with the province of Québec located beyond it. Hydro Ottawa's
5 service area includes the majority of the City of Ottawa and is otherwise completely surrounded
6 by the service territory of Hydro One. The Rideau Canal, which bypasses unnavigable sections
7 of the Rideau River, winds itself through the service area. Constructed barriers such as
8 Highways (417, 416, and 174) and rail lines further subdivide the territory.

9
10 Around the main urban area of the City of Ottawa is an extensive greenbelt comprised mostly of
11 forest, farmland, and marshland. Outside of the greenbelt, there are a number of rapidly
12 expanding suburban communities. These distinct geographical features present Hydro Ottawa
13 with unique circumstances in terms of response time and, ultimately operating costs.

14
15 **2. HOST VS. EMBEDDED DISTRIBUTOR**

16 As noted above, Hydro Ottawa's service area is surrounded by the service territory of Hydro
17 One. There are no licensed distributors embedded within Hydro Ottawa's service area. Hydro
18 Ottawa's load is primarily delivered through transmission connection points; however, there are
19 a number of delivery points embedded in the Hydro One distribution system.

20
21 **3. HIGH VOLTAGE DISTRIBUTION ASSETS**

22 The following list of substations includes all of Hydro Ottawa's assets that operate at or above
23 50kV and form part of the distribution system:¹

- 24
25 ● Bridlewood MS (8 kV)
26 ● Bridlewood MS (27.6 kV)
27 ● Cambrian MTS
28 ● Centrepointe DS

¹ "DS" means "distribution station," "MS" means "municipal station," and "MTS" means "municipal transformer station." This terminology is historical, often based on past ownership arrangements.

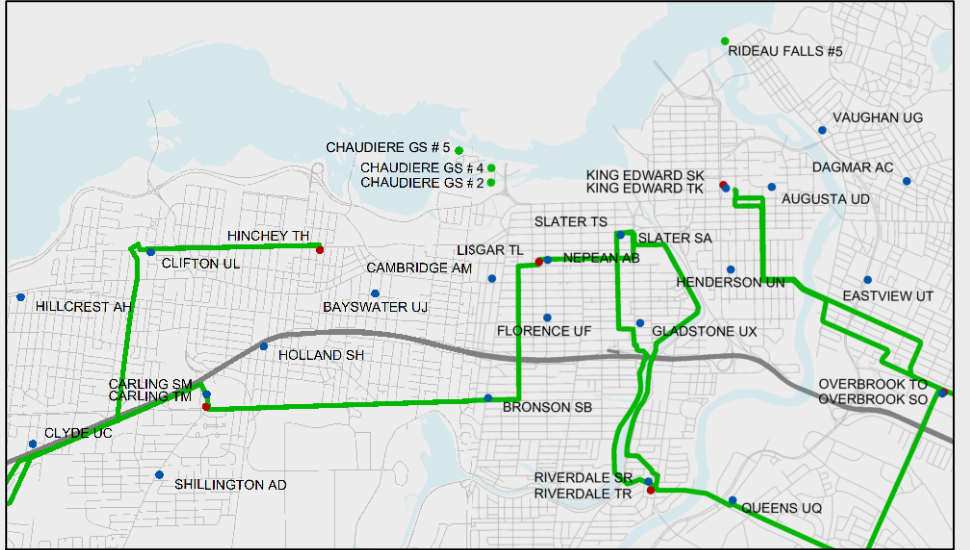
- 1 ● Cyrville MS
- 2 ● Ellwood MS
- 3 ● Epworth DS
- 4 ● Fallowfield MTS
- 5 ● Kanata MTS
- 6 ● Limebank MS
- 7 ● Manordale DS
- 8 ● Marchwood MS
- 9 ● Merivale MTS
- 10 ● Moulton MS
- 11 ● Richmond South MTS
- 12 ● Terry Fox MTS
- 13 ● Uplands MTS



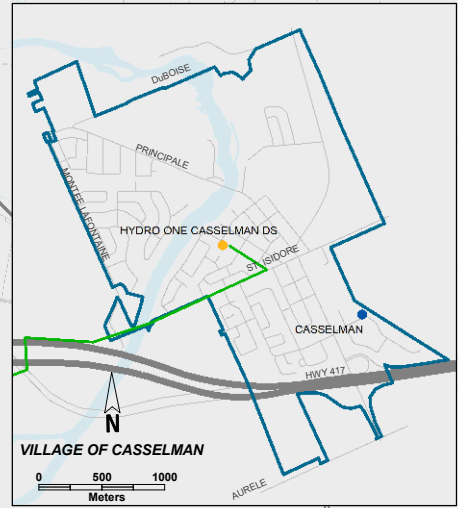
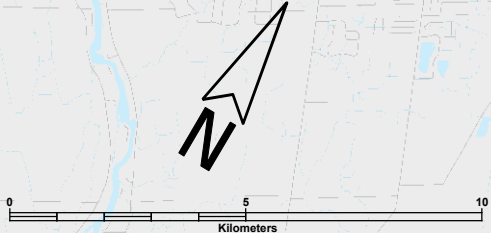
SUBSTATIONS & TRANSMISSION NETWORK

Legend

Substation Ownership	HONI Transmission
● HYDRO ONE NETWORKS ELECTRICAL	— 115kV
● HYDRO OTTAWA	— 230kV
● HYDRO OTTAWA - HYDRO ONE	— 500kV
▭ Hydro Ottawa Service Territory	



SEE INSET



CUSTOMER SUMMARY - UNDERSTANDING HYDRO OTTAWA'S 2025 RATE APPLICATION

1. ABOUT HYDRO OTTAWA

Hydro Ottawa is the third largest municipally-owned electricity distributor in Ontario. As of the end of 2023, we distribute electricity to approximately 364,400 customers, serving a population of more than one million people in the City of Ottawa and the Village of Casselman. We are a private corporation that is 100% owned by our shareholder, the City of Ottawa.

It is Hydro Ottawa's responsibility to transport power from the provincial transmission grid and deliver it safely and reliably to homes and businesses across our service territory. We own and operate a large, complex distribution network consisting of approximately 50,000 poles, 2,800 km of overhead lines, 3,500 km of underground cables, and 39,000 transformers that covers an area of 1,116 km².

2. HOW DOES HYDRO OTTAWA PLAN?

Hydro Ottawa proposed a plan that is responsive to:

- **Legal and regulatory requirements** by continuing to meet our obligations.
- **Internal business planning** based on expert analysis and professional judgment to develop construction and operations programs that address safety, business, technical, and operational needs.
- **Customer feedback** collected throughout our consultation on its 2021-2025 application and ongoing customer engagements.

3. HYDRO OTTAWA'S FIVE-YEAR BUSINESS PLAN

The electricity industry in Ontario is regulated by the OEB. One of the OEB's roles is to review the business and distribution plans of all electricity distributors and approve the rates that they charge customers.

1 Hydro Ottawa received approval from the Ontario Energy Board (“OEB”) in November 2020 for
2 the method of calculating distribution rates that will be charged to customers for the 2021-2025
3 period, including certain annual adjustments (e.g. inflation). In this Application, Hydro Ottawa is
4 seeking approval from the OEB for distribution rates that will be charged to customers in 2025
5 based on the approved methodology and annual adjustments.

6
7 Between 2016 and 2020, Hydro Ottawa invested in distribution system capacity as well as the
8 replacement of aging infrastructure to maintain operational effectiveness and efficiency.
9 Upgrades to our fibre optic network and Customer Care and Billing System were also a focus, in
10 addition to consolidating employees in two new buildings from end-of-life facilities.

11
12 Over the course of 2021 to 2025, Hydro Ottawa will continue to invest in our infrastructure,
13 equipment, and workforce.

14
15 These needs are being driven by a diverse set of factors, such as aging infrastructure,
16 sustained population and economic growth in the Ottawa area, an increasing number of severe
17 weather events, technological evolution, cyber security threats, and workforce retirements. The
18 2021-2025 plan includes major asset replacement and upgrades, vehicle replacements,
19 systems and software for resource planning programs, data analytics, and productivity
20 improvements.

21
22 As a result, key initiatives that we have planned include:

- 23
- 24 ● Building new distribution stations in growing areas of the city;
 - 25 ● Connecting thousands of new customers every year;
 - 26 ● Supporting local infrastructure projects like Light Rail Transit;
 - 27 ● Upgrading and modifying infrastructure to enhance reliability and capacity on the grid;
 - 28 ● Replacing equipment that has reached end-of-life;
 - 29 ● Strengthening the grid’s ability to withstand the effects of severe weather;
 - 30 ● Investing in digital solutions to enhance customer service;

- 1 ● Renewing our vehicle fleet; and
- 2 ● Recruiting and retaining a new generation of highly-skilled employees.

4. HOW CUSTOMERS HELPED INFORM THE PLAN

3
4
5 *Our goal is to put the customer at the centre of everything we do.* Hydro Ottawa is committed to
6 engaging with our customers, understanding their needs and preferences, and operating in an
7 efficient and cost effective manner. In preparing our business plan, we reached out directly to
8 customers to better understand their priorities and expectations for the electricity services they
9 receive. Price, reliability, and investing in new technology ranked as the top three priorities.

10
11 Together with the customer feedback that we receive on an ongoing basis, we took this input
12 and developed a plan emphasizing four principles:

- 13
- 14 1. Minimize rate increases;
- 15 2. Maintain reliability and service quality;
- 16 3. Address key pressures to the distribution system; and
- 17 4. Make prudent investments in emerging technologies to enhance service offerings and/or
18 reduce operating costs.

19
20 Nearly 21,000 customers shared their thoughts on our preliminary plan through the completion
21 of an online survey. The majority of residential customers (83%), small business customers
22 (76%), and mid-market and key account customers (69%) shared that they supported Hydro
23 Ottawa's planned increase or even spending slightly more to improve service based on the
24 priorities above.

25
26 Electricity distributors like Hydro Ottawa are funded through the distribution rates paid by
27 customers. We do not receive taxpayer money to fund our operations or investments in the
28 distribution system. While Hydro Ottawa is responsible for collecting payment for the entire
29 electricity bill, we retain only a portion of the delivery charge, representing under 24% of the
30 average residential bill.

5. DOLLARS AND CENTS - EXPECTED COSTS OF THE PLAN

Like most businesses, Hydro Ottawa manages both a capital and an operating budget. Capital expenditures are assets that have lasting benefits over many years (e.g. poles and wires), while operating expenditures are recurring expenses in day-to-day management of the company (e.g. billing and tree trimming).

In order to maintain system reliability and safety, and invest in infrastructure and equipment, the approved level of capital for the 2021-2025 period is \$497.6 million. For operating costs, the OEB approved a budget of \$90.6 million for 2021, with annual inflationary increases for each year over the 2022-2025 period.

The actual and expected impacts on the distribution portion of customer bills over the five-year rate period are shown in Table 1 below.

Table 1- Impacts on Customers' Distribution Rates

	Change in Distribution Charge	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed	Average
Residential	\$/month	\$0.42	\$1.46	\$1.87	\$1.80	\$0.32	\$1.17
	%	1.47%	5.02%	6.13%	5.56%	0.94%	3.82%
General Service <50 kW	\$/month	\$(0.56)	\$3.87	\$5.21	\$4.71	\$1.38	\$2.92
	%	(0.79)%	5.47%	6.98%	5.90%	1.63%	3.84%

6. DELIVERING VALUE FOR MONEY - EXPECTED BENEFITS FOR CUSTOMERS

Moving forward with our five-year plan enables us to maintain a high level of reliability for customers, while ensuring that we keep costs relatively low and continuously improve the way we do business.

Some of the ways in which customers and communities are expected to benefit from the proposals in our plan include the following:

- 1 ● Improved system reliability (fewer and shorter outages, quicker restoration times, enhanced
- 2 resilience to severe weather);
- 3 ● Greater electricity supply capacity for growing areas of the city;
- 4 ● Greater personalization, choice, convenience, and self-serve capability in the services
- 5 provided to customers;
- 6 ● More options and solutions to help customers manage and monitor energy use with ongoing
- 7 development of the Hydro Ottawa app and online MyAccount portal;
- 8 ● Stronger protections for grid assets and customer data against cyber threats;
- 9 ● Increased ability to connect more renewable energy resources to the grid; and
- 10 ● Lower costs, relative to alternative investment scenarios.

EXECUTIVE SUMMARY

1. INTRODUCTION

The Applicant, Hydro Ottawa Limited (“Hydro Ottawa” or “the utility”), is a corporation incorporated pursuant to the *Business Corporation Act*, R.S.O. 1990, c. B. 16, and is licensed under Ontario Energy Board (“OEB”) Electricity Distributor License No. ED-2002-0556. As of the end of 2023, Hydro Ottawa distributed electricity to approximately 364,400 customers within the City of Ottawa and the Village of Casselman.

By way of this Rate Application (“Application”), Hydro Ottawa is seeking OEB approval of its proposed distribution rates and other charges, effective January 1, 2025. This Application represents Hydro Ottawa’s year five rate update under its five-year Custom Incentive Rate-setting (“Custom IR”) plan. The adjustments to Hydro Ottawa’s rates and other charges set forth herein are consistent with Hydro Ottawa’s 2021-2025 Approved Settlement Agreement¹ and the OEB’s Decision and Rate Order in EB-2019-0046 issued on January 7, 2021.²

The OEB articulated its policies and practices regarding the Custom IR rate-setting method in its 2012 report entitled *Renewed Regulatory Framework for Electricity: A Performance-Based Approach* (“RRFE Report”). The RRFE Report states that, under a Custom IR approach, “rates are set based on a five year forecast of a distributor’s revenue requirement and sales volumes.”³ In addition, the RRFE Report stipulates that “the specifics of how the costs approved by the Board will be recovered through rates over the term will be determined in individual rate applications...” and that “[t]his rate-setting method is intended to be customized to fit the specific applicant’s circumstances.”⁴

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Ontario Energy Board, *Decision and Order*, EB-2019-0261 (January 7, 2021).

³ Ontario Energy Board, *Renewed Regulatory Framework for Electricity: A Performance-Based Approach*, (October 18, 2012), page 18.

⁴ *Ibid.*, pages 18-19.

1 Under Hydro Ottawa’s approved Custom IR plan for the 2021-2025 period, its capital spending
2 and operating expenses have been set for a five-year period, pursuant to specific requirements
3 and formulas set forth in the 2021-2025 Approved Settlement Agreement. Consistent with the
4 2021-2025 Approved Settlement Agreement, this Application seeks approval of targeted
5 adjustments to rates and other charges, effective January 1, 2025.

6
7 Both the OEB’s Custom IR method and the 2021-2025 Approved Settlement Agreement require
8 Hydro Ottawa to submit annual updates on the progress of capital spending in key categories.⁵
9 This reporting requirement is a separate obligation to this Application that requires, among other
10 things, the disclosure of spending results from a full year of the Custom IR period. Hydro Ottawa
11 submitted its first custom incentive rate progress report at the end of 2022, its second annual
12 report by the end of 2023, and will submit its third annual report by the end of 2024.

13
14 **2. BACKGROUND - HYDRO OTTAWA’S 2021-2025 CUSTOM IR APPLICATION & OEB**
15 **DECISION**

16 Hydro Ottawa filed a Custom IR Application (EB-2019-0261) with the OEB on February 10,
17 2020, where the utility sought approval for changes to the rates that it charges for electricity
18 distribution to be effective January 1, 2021 through December 31, 2025. Hydro Ottawa
19 submitted an update to the Application that included 2019 year-end Actuals on May 5, 2020.

20
21 The following eight parties participated as intervenors in that proceeding:⁶

- 22 ● Building Owners and Managers Association (“BOMA”)
- 23 ● Consumers Council of Canada (“CCC”)
- 24 ● Distributed Resource Coalition (“DRC”)
- 25 ● Environmental Defence (“ED”)
- 26 ● Energy Probe Research Foundation (“Energy Probe”)

⁵ Ontario Energy Board, *Renewed Regulatory Framework for Electricity: A Performance-Based Approach*, (October 18, 2012), p. 20; Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 17; Attachment 1.

⁶ As set out in EB-2019-0046 *Procedural Order No. 1*, issued March 31, 2020, there were originally 10 parties who requested and were granted intervenor status. However, two parties (Richard Parry and Nash Smith) ultimately did not participate in the proceeding.

- 1 • Pollution Probe (“PP”)
- 2 • School Energy Coalition (“SEC”)
- 3 • Vulnerable Energy Consumers Coalition (“VECC”)
- 4

5 Hydro Ottawa, OEB staff and the eight intervenors of record (the “Parties”) attended a
6 Settlement Conference on August 10-14 and 17, 2020. Mr. Chris Haussmann of Haussmann
7 Consulting Inc. acted as facilitator. Over the course of the Settlement Conference, the Parties
8 came to an agreement on all issues with the exception of one relating to cost allocation and rate
9 design (Issue 7.3).⁷ A Settlement Proposal was filed with the OEB on September 18, 2020. The
10 Parties proposed to proceed with a written hearing on the one outstanding issue. Pursuant to
11 Procedural Order No. 7, OEB staff filed a submission on the settlement proposal on September
12 29, 2020. OEB staff submitted that the settlement proposal reflected a reasonable evaluation of
13 Hydro Ottawa’s planned outcomes, including appropriate considerations of the relevant issues,
14 and allowed for appropriate resources for Hydro Ottawa to achieve its outcomes in its five-year
15 plan. OEB staff also noted that the outcomes arising from the OEB’s approval of the settlement
16 proposal would reflect the public interest and would result in just and reasonable rates for
17 customers.⁸

18
19 On October 2, 2020, the OEB issued Procedural Order No. 8, which accepted the settlement
20 proposal as filed, and made provision to address the unsettled issue by way of a written hearing
21 over the period of October 13 to November 3, 2020. On November 19, 2020, the OEB issued its
22 Decision and Order on the settlement proposal and the unsettled issue. On the unsettled issue,
23 the OEB found that for the GS > 50 to 1,499 kW, GS 1,500 to 4,999 kW, and Large Use classes,
24 the fixed charges should be set by comparing the fixed charge resulting from Hydro Ottawa’s
25 standard rate design approach with the previous year’s level for the five year rate term. In years
26 where maintaining the current fixed/variable revenue split results in a higher fixed charge than
27 the previous year, Hydro Ottawa shall maintain the fixed charge at the previous year’s level. In

⁷ As identified in EB-2019-0046, *Decision on Issues List and Procedural Order No. 3*, issued June 22, 2020.

⁸ Ontario Energy Board Staff, *OEB Staff Submission on Settlement Proposal*, (September 29, 2020), page 3.

1 years where maintaining the current fixed/variable revenue split results in a lower fixed charge
2 than the previous year, Hydro Ottawa shall maintain the fixed charge at the lower value.

3. CUSTOM IR APPLICATION UPDATE

4 Hydro Ottawa hereby submits this Application, year five update, to the OEB for approval of its
5 proposed distribution rates and other charges, effective January 1, 2025. This Application is
6 submitted pursuant to section 78 of the *Ontario Energy Board Act, 1998* (the “OEB Act”), the
7 OEB’s Decision issued November 19, 2020 regarding Hydro Ottawa’s 2021-2025 Custom IR
8 Application, and relevant OEB guidelines and requirements. In particular, the preparation of this
9 Application has been guided by the provisions set forth in the *Chapter 2* and *Chapter 3 Filing*
10 *Requirements for Electricity Rate Applications* issued by the OEB on December 15, 2022 and
11 June 15, 2023 respectively (“Filing Requirements”), as well as the *Handbook for Utility Rate*
12 *Applications* issued in 2016.

14
15 Consistent with the previous annual rate adjustment applications filed under Hydro Ottawa’s
16 previous Custom IR plan for the 2016-2020 period, Hydro Ottawa has opted to structure this
17 Application using a Cost of Service format. The intended objective of this approach is to
18 facilitate comparisons which Board members and staff, intervenors and consumers may wish to
19 make between this Application and Hydro Ottawa’s original 2021-2025 Custom IR Application.
20 The utility believes that this is in the interest of all parties to ensure such ease of reference for
21 the principal pieces of evidence on the record for this proceeding.

22
23 In addition, in the interest of supporting similar efficiencies, Hydro Ottawa has prepared three
24 tables below. Table 1 below summarizes relevant forward looking actions and commitments
25 which were agreed upon by the Parties and set out in the 2021-2025 Approved Settlement
26 Agreement. Table 2 provides a summary of the findings of the written hearing on the one
27 unsettled cost allocation item, and required action pursuant to the OEB’s final Decision on Hydro
28 Ottawa’s part. Table 3 provides an updated summary of Hydro Ottawa’s 2021-2025 revenue
29 requirement, as approved pursuant to the 2021-2025 Approved Settlement Agreement. Please

- 1 see Table 4 below for further details regarding expected updates and timing thereof for certain
- 2 annual and mid-term adjustment placeholders.

1 **Table 1 - Summary of Remaining Actions from 2021-2025 Approved Settlement**
 2 **Agreement**

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
1	Effective Date	Initial effective date of rates arising from the Approved Settlement Proposal to be January 1, 2021. Hydro Ottawa will file annual applications to implement the OEB's approval of the Custom IR framework for the years 2022-2025.	Page 14	Exhibit 1 - Administration
2	Custom Price Escalation Factor ("CPEF")	CPEF of "I minus X plus G" will apply to OM&A expenditures only, where: "I" is updated annually and corresponds to the OEB's annual inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans "X" is 0.45% - calculated as 0% Total Productivity Factor plus 0.45% Stretch Factor, and is fixed for the duration of the Custom IR term "G" is 0.34% - calculated using forward-looking customer growth rate based on Hydro Ottawa's 2021-2025 load forecast multiplied by a 0.35 scaling factor, and fixed for the duration of the Custom IR term.	Pages 14-15	Exhibit 4 - Operating Expenses
3	Capital Stretch Factor	For 2025, the value of the Capital Stretch Factor continues to be calculated by adding an additional stretch factor of 0.75% to the stretch factor determined for use in Hydro Ottawa's CPEF (0.45%) for a total value of 2.6%. The Capital Stretch Factor of 2.6% will be applied on the capital-related revenue requirement.	Pages 15-16	Exhibit 6 - Calculation of Revenue Deficiency or Surplus
4	Performance Monitoring and Reporting	Hydro Ottawa will report annually on two primary elements: <ul style="list-style-type: none"> • A Custom Performance Scorecard; and • Updates on the progress of capital spending in key categories, including additional information regarding the Performance Outcomes 	Pages 16-17	N/A

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
		Accountability Mechanism (“POAM”) Deferral Account. Reporting will occur after the full year has concluded.		
5	2016-2020 Capital Additions	\$472.2M of capital additions to the 2016 opening balance.		
6	Working Capital Allowance (“WCA”)	Hydro Ottawa will calculate the 2025 WCA by adjusting the 2024 amount by an inflationary increase. The OEB’s annual published inflation factor will be used. These inflationary increases will apply to all components of the Working Capital Base.	Pages 18-19	Exhibit 2 - Rate Base
7	Rate Base	Rate Base per year: <ul style="list-style-type: none"> • 2021: \$1.2M • 2022: \$1.3M • 2023: \$1.3M • 2024: \$1.4M • 2025: \$1.4M 	Page 20	Exhibit 2 - Rate Base
8	2021-2025 Capital Expenditures, net	Capital Expenditures per year: <ul style="list-style-type: none"> • 2021: \$120.2M • 2022: \$99.3M • 2023: \$88.0M • 2024: \$95.1M • 2025: \$95.0M 	Pages 20-21	Exhibit 2 - Rate Base
9	2021-2025 Capital Additions	Capital Additions per year: <ul style="list-style-type: none"> • 2021: \$152.8M • 2022: \$122.5M • 2023: \$77.8M • 2024: \$82.8M • 2025: \$119.2M With flexibility related to the \$10.0M reduction over the five-year term.	Pages 20-21	Exhibit 2 - Rate Base
10	Commitments	<ul style="list-style-type: none"> • City of Ottawa’s Energy Evolution • Capitalization of Cloud Computing Costs • Distribution Losses • MiGen Program 	Pages 22-23	Exhibit 2 - Rate Base

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
11	Load Forecast	<ul style="list-style-type: none"> Set for the five year Custom IR. Load Forecast will not include adjustments related to conservation and demand management (“CDM”) other than those related to the wind-down of the Conservation First Framework (“CFF”). The Parties acknowledge that Hydro Ottawa will include future CDM savings driven by the Independent Electricity System Operator (“IESO”) or other provincial or federal initiatives in the Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”). CDM adjustments related to the CFF wind-down will be incorporated in the Load Forecast using a half-year approach while the CDM thresholds will be set on an annualized basis for the (“LRAMVA”) for the 2021-2025 period. 	Pages 23-24; Attachment 10	Exhibit 3 - Other Revenue & Exhibit 4 - Operating Expenses
12	OM&A	Opening balance for 2021: \$90.6 Million. For the years starting 2022, OM&A will be escalated on an annual basis using the CPEF described in Item #2 above.	Page 25	Exhibit 4 - Operating Expenses
13	Cost of Capital	Short-Term and Long-term debt rates will remain fixed over the 2021-2025 period.	Pages 25-26	Exhibit 5 - Cost of Capital and Capital Structure
14	Return on Equity (“ROE”)	<p>For the 2021-2023 period, ROE would remain fixed based on the established OEB ROE for January 1, 2021 rates. The established OEB ROE for January 1, 2024 will be adopted for the 2024-2025 period.</p> <p>Parties agree that if the OEB revises its underlying methodology for calculating ROE in advance of Hydro Ottawa’s adjustment for 2024 and 2025, the updated ROE will be the lower of the</p>	Page 26	Exhibit 5 - Cost of Capital and Capital Structure

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
		following (i) the ROE rate established by the OEB for 2024 based on the revised methodology; or (ii) the ROE calculated for 2024 in September 2023 using the OEB's current formulaic methodology.		
15	Cost Allocation	<p>2021 Cost Allocation model as a basis for 2021-2025.</p> <p>Hydro Ottawa will complete and file with its next rebasing application a new cost allocation study on the following:</p> <ul style="list-style-type: none"> (i) the appropriate split between primary and secondary services of certain assets for cost allocation purposes; (ii) the appropriate customer count and non-coincident peak ("NCP") split between primary and secondary for the Residential and GS < 50 kW customer classes. 	Page 27	Exhibit 7-1-1 - Cost Allocation Study Requirements
16	Low Voltage ("LV") Rates	The Parties agreed to the rate design methodology and annually forecasted amounts to set LV rates.	Pages 27-28; Attachment 23	Exhibit 8 - Rate Design
17	Retail Transmission Service Rates ("RTSRs")	Hydro Ottawa will update its RTSRs to reflect the OEB's Decision and Order in EB-2020-0180 on 2020 Uniform Transmission Rates dated July 31, 2020. To be updated annually throughout the Custom IR rate term.	Pages 28; Attachment 22	Exhibit 8 - Rate Design
18	Specific Service Charges	<ul style="list-style-type: none"> • Agreed to Specific Service Charges will be escalated over the 2021-2025 period using the "I minus X" component of the CPEF (Item #2 above). The exception being the Access Power Poles - Wireline charge, which Hydro Ottawa will continue to use the OEB generic charge). • Adjust Hydro Ottawa's Other Revenue forecast to incorporate the revenue impact of the agreed upon 	Pages 28-30	Exhibit 3 - Other Revenue & Exhibit 8 - Rate Design

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
		<p>modifications.</p> <ul style="list-style-type: none"> • Removal of the Reconnect at Meter of New Account Holder charge • Hydro Ottawa will utilize the OEB's prescribed Standard Supply Service Administration Charge ("SSS Charge") of \$0.25 per customer per month. • Elimination of the Transformer Ownership Credit ("TOC"), effective November 1, 2025. 		
19	Disposition of Deferral and Variance Accounts ("DVAs") related to the 2016-2020 rate term	Continuation of certain rate riders through the end of 2022.	Pages 30-33	Exhibit 9 - Deferral and Variance Accounts
20	Four new or updated DVAs	<ul style="list-style-type: none"> • Cumulative ESM for the 2021-2025 rate term. • A POAM Deferral Account. • Modified Capital Variance Account. • Modified CCRA Regulatory Account. • OEB established COVID-19 pandemic deferral Account. 	Pages 34-41; Attachment 5	Exhibit 9 - Deferral and Variance Accounts
21	Disposition of DVAs for the 2021-2025 Custom IR term	DVAs will be cleared during the Custom IR term in accordance with OEB policies that are in effect during each year of the Custom IR term.	Page 41	Exhibit 9 - Deferral and Variance Accounts
22	Z-factor	Hydro Ottawa may apply for Z-factor relief in the event that the utility incurs costs arising from unforeseen events, decisions, or activities the results of which cannot reasonably be anticipated or qualified at this time and where the costs exceed the utility's \$1.0M materiality threshold.	Pages 41-42	Exhibit 4 - Operating Expenses & Exhibit 9 - Deferral and Variance Accounts
23	Going-in, Annual and Mid-term Adjustments	A limited number of annual and mid-term rate adjustments will be required over the course of Hydro Ottawa's 2021-2025 rate term.	Page 42; Attachment 4	

1 **Table 2 - Summary of Actions from Written Hearing on Cost Allocation and OEB Decision**

#	Item	Description of Action	OEB Decision and Order Page Number	2022 Rate Application Exhibit
1	Fixed charges for GS > 50-1,499 kW, 1,500-4,999 kW, and Large Use classes	<p>Fixed charges will be set by comparing the fixed charge resulting from Hydro Ottawa's standard rate design approach with the previous year's level for the five year rate term.</p> <p>In years where maintaining the current fixed/variable revenue split results in a higher fixed charge than the previous year, Hydro Ottawa shall maintain the fixed charge at the previous year's level. In years where maintaining the current fixed/variable revenue split results in a lower fixed charge than the previous year, Hydro Ottawa shall maintain the fixed charge at the lower value.</p>	Pages 2, 21-24	Exhibit 8 - Rate Design
2	Future Applications	<ul style="list-style-type: none"> Any future Custom IR application needs to be justified and the OEB needs to be satisfied that other rate-setting options have been considered; and Hydro Ottawa's efforts and achievements with respect to productivity improvements in its capital programs and projects, undertaken during the 2021-2025 term, should be reported as part of Hydro Ottawa's next rebasing application. 	Page 12	Exhibit 1 - Administration

2
 3 Table 3 below is intended to synthesize the approvals emerging from the 2021-2025 Approved
 4 Settlement Agreement and the OEB's Decision on Hydro Ottawa's Custom IR Application, and
 5 to offer a clear overview of the resultant updates to Hydro Ottawa's revenue requirement. With
 6 regards to revenue requirements for 2025, Hydro Ottawa is seeking approval for various annual
 7 updates as part of this Application which may be updated later in the proceeding. For further
 8 details, please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency.

1

Table 3 - Summary of Hydro Ottawa's 2021-2025 Revenue Requirement⁹

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Return on Rate Base	\$ 64,029	\$ 68,503	\$ 70,886	\$ 76,980	\$ 79,365
Distribution Expenses (not including amortization)	\$ 90,600	\$ 93,490	\$ 96,846	\$ 101,389	\$ 104,927
Depreciation, amortization	\$ 51,956	\$ 55,472	\$ 57,686	\$ 59,039	\$ 62,125
Payment in Lieu of Taxes	\$ 891	\$ 2,131	\$ 6,331	\$ 10,539	\$ 7,283
Service Revenue Requirement	\$ 207,477	\$ 219,597	\$ 231,749	\$ 247,946	\$ 253,700
Less Capital Stretch Factor	\$ -	\$ 776	\$ 1,659	\$ 2,701	\$ 3,658
Service Revenue Requirement Net of Capital Stretch Factor	\$ 207,477	\$ 218,821	\$ 230,090	\$ 245,246	\$ 250,042
Less Revenue Offsets	\$ 9,680	\$ 9,397	\$ 9,305	\$ 9,791	\$ 10,003
Base Revenue Requirement	\$ 197,797	\$ 209,423	\$ 220,786	\$ 235,455	\$ 240,040
Transformer Ownership Credit	\$ 1,065	\$ 1,069	\$ 1,073	\$ 1,079	\$ 906
Revenue Requirement from Rates	\$ 198,861	\$ 210,492	\$ 221,858	\$ 236,534	\$ 240,946
Forecasted Load at 2020 Rates	\$ 188,518	\$ 189,731	\$ 191,002	\$ 192,415	\$ 193,588
Cumulative Revenue Deficiency (over 2020)	\$ (10,344)	\$ (20,761)	\$ (30,856)	\$ (44,119)	\$ (47,358)
Yearly Revenue Deficiency over 2020	\$ (10,344)	\$ (10,417)	\$ (10,095)	\$ (13,262)	\$ (3,240)

2

3

4. SPECIFIC RELIEF REQUESTED

4

Consistent with relevant provisions of the 2021-2025 Approved Settlement Agreement, as summarized in Table 1 above, Hydro Ottawa applies for the following Order or Orders:

5

6

1. Approval of 2025 revenue requirement, as updated for annual adjustments, as proposed in Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency;
2. Approval of 2025 electricity distribution rates and charges, as proposed in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges;
3. Approvals related to deferral and variance accounts, as proposed in Exhibit 9-2-1: New Deferral and Variance Accounts and Exhibit 9-3-1: Disposition of Deferral and Variance Accounts; and

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⁹ Totals may not sum due to rounding.

1 4. Approval of other items or amounts that may be requested by Hydro Ottawa in the course of
2 the proceeding and such other relief or entitlements as the OEB may grant.

3
4 Hydro Ottawa requests that its current (i.e. 2024) rates provided in Attachment 8-10-1(A): OEB
5 Workform - 2024 Current and 2025 Proposed Tariff of Rates and Charges be declared interim
6 effective January 1, 2025, as necessary, if 2025 approvals cannot be issued by the OEB in time
7 to implement final rates effective January 1, 2025. In such an event, Hydro Ottawa also requests
8 the Board to approve establishment of an account that would provide for the recovery of
9 differences between the interim rate and the approved rates, as determined by the OEB in its
10 final Decision and Order.

11
12 For additional details on the specific approvals and relief that Hydro Ottawa is seeking in this
13 Application, please see Exhibit 1-1-3: Administration.

14 **5. ANNUAL ADJUSTMENTS**

15 Hydro Ottawa has calculated adjustments to its 2025 revenue requirement, consistent with the
16 2021-2025 Approved Settlement Agreement. Where appropriate, Hydro Ottawa has used the
17 Cost of Service Models and directions provided by the OEB for 2025 Cost of Service
18 Applications.

19
20
21 Table 4 below provides a summary of annual and mid-term adjustments for the 2023-2025 years
22 by Exhibit.

1

Table 4 - Summary of Annual and Mid-Term Adjustments

#	Item	Timing	Adjustment Description
1	Working Capital Allowance	Annual	Use of OEB's annual inflation factor (with no productivity or growth factor)
2	Cost of Capital - ROE ¹⁰	Mid-term adjustment (for 2024 and 2025)	Use of OEB's Fall 2023 deemed ROE results for 2024 and 2025
3	Cost of Capital - Long-Term Debt Rate	Set	Set for all years
4	Cost of Capital - Short-Term Debt Rate	Set	Set for all years
5	Inflation Factor for OM&A	Annual	Use of OEB's annual inflation factor
6	Specific Service Charges ¹¹	Annual	"I minus X" component of modified Custom Price Escalation Factor (i.e. OEB inflation factor minus 0.45% stretch factor)
7	Low Voltage Charges	Annual	Based on updated Transmission Connection rates
8	Retail Transmission Service Rates	Annual	Based on OEB-approved adjustments to the Hydro One Networks' Uniform Transmission Rates ("UTRs") using the RTSR model
9	Deferral Accounts	In accordance with OEB policy	Disposition of Group 1 and Group 2 accounts will be in accordance with applicable OEB policy
10	Third Party Non-Distribution Charges	Ad hoc	Further to OEB direction

2

3 Hydro Ottawa is including the following annual rate adjustments in this Application, as per the
 4 2021-2025 Approved Settlement Agreement:

5

- 6 • **Inflationary Factor** - Per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will
 7 annually update the escalation factor utilized for the following calculations: Working Capital
 8 Allowance, Operations Maintenance & Administration ("OM&A"), and Specific Service
 9 Charges. The OEB's inflationary factor will be used in calculating the escalation factor for
 10 each of these components. For additional information, please refer to Exhibit 2-3-1: Working

¹⁰ As stated in the *2021-2025 Approved Settlement Agreement*, if the OEB revises its underlying methodology for calculating ROE in advance of Hydro Ottawa's scheduled adjustment for 2024 and 2025, then the updated ROE for 2024 and 2025 will be the lower of the following: (i) the ROE rate established by the OEB for 2024, based upon the revised methodology, or (ii) the ROE rate calculated for 2024 in September 2023 using the OEB's current formulaic methodology for determining deemed ROE as documented in the *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009.

¹¹ This does not include the Access Power Poles - Wireline charge, for which Hydro Ottawa will continue to use the OEB's generic charge.

- 1 Capital Requirement, Exhibit 3-2-2: Specific Service Charges, and Exhibit 4-1-2: Operations,
2 Maintenance and Administration Summary.
- 3 ● *Cost of Capital - ROE* - Per the 2021-2025 Approved Settlement Agreement, the Parties
4 agreed that “for 2024 and 2025, Hydro Ottawa will update its Return on Equity (“ROE”) using
5 the applicable ROE value established by the OEB in the Fall of 2023 for January 1, 2025
6 rates.”¹² For additional information, please refer to Exhibit 5-1-1: Cost of Capital and Capital
7 Structure.
 - 8 ● *Retail Transmission Service Rates (“RTSRs”)* - Per the 2021-2025 Approved Settlement
9 Agreement, Hydro Ottawa is using the RTSRs for its 2025 transmission rates, as calculated
10 by the OEB’s RTSR Workform. RTSR updates will also be based upon OEB-approved
11 adjustments to the Hydro One Networks Inc. (“Hydro One”) Uniform Transmission Rates
12 (“UTRs”). Given that Hydro One UTRs are not typically approved in time for adjusting Hydro
13 Ottawa’s rates on January 1, UTRs for 2025 will be set up using those from the previous
14 year (i.e. 2024). Differences in the new yearly rates will be captured in Uniform System of
15 Accounts 1584 - RSVA Network and 1586 - RSVA Connection for future disposition. For
16 additional information, please refer to Exhibit 8-3-1: Retail Transmission Service Rates and
17 Attachment 8-3-1(A): OEB Workform - 2025 RTSR Workform.
 - 18 ● *Retail Service Charges* - These charges apply to services provided by a distributor to
19 retailers or to customers, with respect to the supply of competitive electricity through retailer
20 contracts. For additional information, please refer to Exhibit 8-4-1: Retail Service Charges.
 - 21 ● *Wholesale Market Service (“WMS”) Rate* - Hydro Ottawa has used the current OEB generic
22 WMS rate in its Proposed Tariff of Rates and Charges, as outlined in Exhibit 8-10-1: Current
23 and Proposed Tariff of Rates and Charges. For additional information, please refer to Exhibit
24 8-5-1: Wholesale Market Service Rate.
 - 25 ● *Smart Metering Charge (“SMC”)* - Hydro Ottawa has used the current Approved SMC in its
26 Proposed Tariff of Rates and Charges, as outlined in Exhibit 8-10-1. For additional
27 information, please refer to Exhibit 8-6-1: Smart Meter Entity Charge.

¹²Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 26.

- 1 • *Revised and New Specific Service Charges* - Service charges apply to services that are
2 over and above Hydro Ottawa’s standard level of service offerings and may result from a
3 customer’s action or inaction. The revenue from these charges offset the total revenue
4 requirement. Multiple currently-approved service charges will be updated as part of this
5 Application, consistent with the 2021-2025 Approved Settlement Agreement. All other
6 service charges will remain at the 2021 approved rate. This does not include the Access
7 Power Poles - Wireline charge, for which Hydro Ottawa will continue to use the OEB’s
8 generic charge, as outlined in the OEB’s Order on the Wireline Pole Attachment Charge.¹³
9 For additional information, please refer to Exhibit 3-2-2: Specific Service Charges.
- 10 • *Low Voltage (“LV”) Service Rate* - Hydro Ottawa receives LV charges from Hydro One for a
11 number of Shared Distribution Stations, Specific Lines and Shared Lines. The OEB has
12 previously determined that it was appropriate for an embedded electricity distributor or a
13 distributor with embedded distribution points (such as Hydro Ottawa) to establish and
14 maintain a variance account for LV charges from its host distributor.¹⁴ In this Application, the
15 LV charge has been allocated to the customer classes based on the class percentage of
16 Retail Transmission Connection dollars (using 2025 proposed rates). For additional
17 information, please refer to Exhibit 8-8-1: Low Voltage Service Rate.
- 18 • *Disposition of Deferral and Variance Accounts* - Hydro Ottawa is requesting the disposition
19 of Group 1 Deferral and Variance Accounts related to year end 2023 balances. The
20 dispositions are in compliance with the OEB’s report on the *Electricity Distributors’ Deferral*
21 *and Variance Account Review Initiative* (“EDDVAR Report”)¹⁵ and the OEB’s *Chapter 2*
22 *Filing Requirements for Electricity Distribution Rate Applications*, as updated on December
23 15, 2022. Hydro Ottawa has complied with the EDDVAR Report guidelines and is requesting
24 a disposition period of one year for Group 1 Accounts with ending balances to December 31,
25 2023. In addition, as part of the 2023 Decision and Order,¹⁶ Hydro Ottawa received approval
26 on a final basis to dispose of Group 2 LRAMVA as at December 31, 2020 disposed over a

¹³ Ontario Energy Board, *Order - Wireline Pole Attachment Charge*, EB-2020-0288 (December 10, 2020).

¹⁴ Ontario Energy Board, *Decision with Reasons*, EB-2005-0529 (March 21, 2006), page 17.

¹⁵ Ontario Energy Board, *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR)*, EB-2008-0046 (July 31, 2009).

¹⁶ Hydro Ottawa Limited, *2023 Decision and Rate Order*, EB-2022-0042 (December 8, 2022), pages 15-17.

1 three year period. For additional information, please refer to Exhibit 9-3-1: Disposition of
2 Deferral and Variance Accounts.

3 4 **6. MODELS AND WORKFORMS**

5 Hydro Ottawa has included the following models and Workforms with this Application:
6

- 7 ● *Attachment 4-3-1(A): OEB Workform - 2025 Income Tax/PILS Workform:* The Payments in
8 Lieu of Taxes (“PILS”) Workform provides detailed calculations of Hydro Ottawa’s forecasted
9 PILS payable.
- 10 ● *Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform:* The Revenue
11 Requirement Workform provides a summary of the drivers of Hydro Ottawa’s 2025 proposed
12 Revenue Requirement. The Workform also provides summaries related to load forecast,
13 cost allocation, and rate design.
- 14 ● *Attachment 8-3-1(A): OEB Workform - 2025 RTSR Workform:* The RTSR Workform uses
15 recent Hydro One rates and Hydro Ottawa-specific load and billing information to determine
16 distributor-specific Transmission Network and Connection rates by customer rate class.
- 17 ● *Attachment 8-7-1(A): Dry Core Calculations:* The Dry Core Calculations spreadsheet
18 provides detailed calculations that support the proposed dry core charges.
- 19 ● *Attachment 8-10-1(A): OEB Workform - 2024 Current and 2025 Proposed Tariff of Rates
20 and Charges:* The Tariff Schedule and Bill Impacts Model identifies existing and proposed
21 tariff and rate schedules, as well as detailed bill impacts for typical customers in all classes.
- 22 ● *Attachment 9-1-1(A): OEB Workform - Deferral and Variance Accounts (Continuity
23 Schedule):* The 2025 DVA Workform provides an Account-level history of Deferral and
24 Variance Accounts, including recent disposition history, and worksheets that facilitate
25 designing rate riders for requested Account dispositions.
- 26 ● *Attachment 9-3-1(A): OEB Workform - Global Adjustment Analysis:* The Global Adjustment
27 (“GA”) Analysis Workform serves as a reasonability tool for assessing the accuracy of
28 commodity-related pass through account balances of electricity distributors. The workform
29 provides a calculation of an approximate expected balance in Account 1589 RSVA - GA and
30 compares the expected amount to the amount in the general ledger. For Account 1588 -

1 RSVA Power, the workform assesses the balance in this Account in relation to the annual
2 purchases in Account 4705 - Power Purchased.

3

4 **7. DISTRIBUTION AND TOTAL BILL IMPACTS**

5 Table 5 below provides a summary of the total bill impacts for typical customers in all classes.
6 Please see Attachment 8-10-1(A): OEB Workform - 2024 Current and 2025 Proposed Tariff of
7 Rates and Charges for further details regarding Hydro Ottawa's proposed bill impacts.

1

Table 5 - Bill Impacts¹⁷

Rate Class		Approved 2024	Proposed 2025
Residential (750 kWh)	Distribution Charge	\$34.19	\$34.51
	Change in Distribution Charge		\$0.32
	% Distribution Increase		0.94%
	% Increase of Total Bill		(0.32)%
General Service <50 kW (2000 kWh)	Distribution Charge	\$84.55	\$85.93
	Change in Distribution Charge		\$1.38
	% Distribution Increase		1.63%
	% Increase of Total Bill		(0.24)%
General Service 50 kW - 1,499 kW (250 kW)	Distribution Charge	\$1,743.45	\$1,776.90
	Change in Distribution Charge		\$33.45
	% Distribution Increase		1.92%
	% Increase of Total Bill		3.29%
General Service 1,500 kW - 4,999 kW (2,500 kW)	Distribution Charge	\$19,595.68	\$19,831.00
	Change in Distribution Charge		\$235.32
	% Distribution Increase		1.20%
	% Increase of Total Bill		2.96%
Large Use (7,500 kW)	Distribution Charge	\$60,873.32	\$61,692.18
	Change in Distribution Charge		\$818.86
	% Distribution Increase		1.35%
	% Increase of Total Bill		2.72%
Sentinel Lighting (0.4 kW)	Distribution Charge	\$17.14	\$20.19
	Change in Distribution Charge		\$3.05
	% Distribution Increase		17.81%
	% Increase of Total Bill		8.96%
Street Lighting (50 kW)	Distribution Charge	\$922.05	\$928.89
	Change in Distribution Charge		\$6.84
	% Distribution Increase		0.74%
	% Increase of Total Bill		2.27%
Unmetered Scattered Load (470 kWh)	Distribution Charge	\$22.03	\$22.98
	Change in Distribution Charge		\$0.95
	% Distribution Increase		4.30%
	% Increase of Total Bill		0.46%

¹⁷ Totals may not sum due to rounding.

1

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

ALIGNMENT WITH THE RENEWED REGULATORY FRAMEWORK

The OEB articulated its policies and practices regarding the Custom Incentive Rate-setting (“Custom IR”) method in its 2012 report entitled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (“RRFE Report”). The RRFE Report states that, under the Custom IR method, “rates are set based on a five year forecast of a distributor’s revenue requirement and sales volumes.”¹ In addition, the RRFE Report stipulates that “the specifics of how the costs approved by the Board will be recovered through rates over the term will be determined in individual rate applications...” and that “[t]his rate-setting method is intended to be customized to fit the specific applicant’s circumstances.”²

In its 2021-2025 rate application, Hydro Ottawa utilized the Custom IR option offered under the Renewed Regulatory Framework (“RRF”) due to its substantial and distinctive multi-year capital requirements. In designing its Custom IR Application and the evidence filed in support of its capital and operational funding requirements, Hydro Ottawa endeavoured to be responsive to the OEB’s expectations for Custom IR applications, as set out in the RRFE Report. The following are examples of steps undertaken by Hydro Ottawa to apply key principles of the RRF in its Custom IR Application:

- a) Applying for 2021 rebasing, then applying for a rate-setting approach to recover forecasted capital needs while recovering Operating, Maintenance and Administration (“OM&A”) needs pursuant to a customized I-X+G formula;
- b) Identifying historical and future productivity initiatives to achieve continuous improvement;
- c) Providing a customer engagement strategy to ensure responsiveness and flexibility to evolving customer preferences;

¹ Ontario Energy Board, *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (October 18, 2012), page 18.

² *Ibid*, pages 18-19.

- 1 d) Providing a comprehensive asset management and infrastructure investment plan that is
2 linked to the capital budget, prioritizes for total bill impact, is informed by customer
3 consultation, and has been subject to an independent assessment;
- 4 e) Providing an annual reporting mechanism through which Hydro Ottawa can inform the
5 OEB and stakeholders of its progress on implementing its capital plan as well as its
6 continuous improvement initiatives; and
- 7 f) The inclusion of the following important ratepayer protection and accountability
8 mechanisms: (1) an asymmetrical Earnings Sharing Mechanism (“ESM”) with no dead
9 band; (2) a set of asymmetrical and symmetrical Capital Variance Accounts for certain
10 capital investments; and (3) a Performance Outcomes Accountability Mechanism that
11 supports the objectives of the RRF by establishing outcomes-based measures and
12 targets related to achievement of the objectives in Hydro Ottawa’s 2021-2025
13 Distribution System Plan (“DSP”).

14

15 The Settlement Proposal filed on September 18, 2020 was the result of the Settlement
16 Conference held August 10-14 and August 17, 2020. The Parties³ to that Agreement made
17 numerous compromises with respect to various matters to arrive at the Settlement Proposal,
18 which were intended to support and not detract from the objectives set out in the RRF. In its
19 October 2, 2020 Decision on the Settlement Proposal and Procedural Order No. 8, the OEB
20 accepted the settlement proposal as filed. Subsequently, in its Decision and Order issued on
21 November 19, 2020, the OEB concluded that “the implementation of the settlement proposal
22 should result in reasonable outcomes for both Hydro Ottawa and its customers.”⁴ The OEB
23 formed this decision in the context of a Custom IR plan covering a five-year term.

24

25 Hydro Ottawa remains committed to integrating the core principles and objectives of the RRF
26 throughout its operations and business, and will continue to undertake steps in support of this
27 effort over the course of its 2021-2025 Custom IR term. Delivering value across the customer

³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

⁴ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (November 19, 2020), page 12.

1 experience is a core element of Hydro Ottawa’s corporate vision and business strategy, as
2 noted in its *Strategic Direction 2021-2025*, which serves as the utility’s guiding principles.
3 Through such measures as enhanced benchmarking, custom incentive progress reporting and
4 productivity initiatives, a capital stretch factor applied to capital-related revenue requirement,
5 and a Performance Outcomes Accountability Mechanism, Hydro Ottawa is committed to
6 continuous improvements and to maximize operational performance. The expectations and
7 goals set forth in the RRFE Report will continue to guide Hydro Ottawa in the execution of its
8 business plans and capital investment programs, and in the ongoing alignment of its interests
9 with those of its customers.

CUSTOMER ENGAGEMENT

Hydro Ottawa views customer engagement as an essential part of doing business and places the customer at the center of everything it does by considering customer impacts. As reflected in Hydro Ottawa's *2016-2020 Strategic Direction*, which informed its 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application, stakeholder engagement is a guiding principle of Hydro Ottawa's business strategy.¹ The utility thus "takes into account the interests of all our stakeholders including employees, customers, suppliers, our shareholder and the communities and environment in which we operate."²

The key divisions within Hydro Ottawa that are primarily responsible for customer outreach are Customer Service (including Conservation and Demand Management), Distribution Operations, Asset Management, and Communications and Public Affairs. Customer needs and expectations are diverse and dynamic. To ensure Hydro Ottawa aligns its services to effectively meet evolving customer expectations, Hydro Ottawa undertakes many customer engagement activities related to all areas of its distribution services. Customers also have the option to proactively engage with Hydro Ottawa through a variety of traditional and digital channels.

As of the end of 2023, Hydro Ottawa distributed electricity to 364,000 customers over a 1,116 square kilometer service territory within the City of Ottawa and the Village of Casselman. Of those customers, 335,548 were Residential, 25,700 were General Service < 50 kW, 3,076 were General Service > 50 kW, and 10 were in the Large Use rate class. Given that Hydro Ottawa is the electricity distributor for the nation's capital, services are provided to all customers in both official languages.

The value in engaging customers is that it ensures Hydro Ottawa's business initiatives continue to align with the needs and expectations of its rapidly growing and diverse urban and rural customer base.

¹ Hydro Ottawa's strategic plan is rooted in four strategic objectives which closely mirror the core outcomes supported under the RRFE framework: Customer Value; Financial Strength; Organizational Effectiveness; and Corporate Citizenship. This plan has been formally adopted by Hydro Ottawa Holding Inc., the parent company of Hydro Ottawa Limited.

² Hydro Ottawa, *Strategic Direction 2016-2020*, page 21.

FINANCIAL INFORMATION

1. INTRODUCTION

This Schedule provides a summary of financial information as per the *Chapter 2 Filing Requirements for Electricity Rate Applications - 2023 Edition for 2024 Rate Applications* issued by the OEB on December 15, 2022. As per the OEB's letter issued April 11, 2024, electricity distributors are required to use these filing requirements for their 2025 rate applications.¹

2. ACCOUNTING ORDERS

Hydro Ottawa confirms that it maintains compliance with the Uniform System of Accounts ("USofA"), as set out in the OEB's Accounting Procedures Handbook ("APH").

Hydro Ottawa has received a number of utility-specific accounting orders. Please note any 1508 Sub-Accounts that are now closed are no longer listed in this Exhibit.

As part of the OEB's Decision and Order regarding Hydro Ottawa's 2012 distribution rate application, Hydro Ottawa received the following utility-specific accounting order:

- Sub-Account 1508 - Other Regulatory Assets - Other Post-Employment Benefits ("OPEB") Deferral Account, to record cumulative actuarial gains or losses in Hydro Ottawa's post-retirement benefits.²

As part of the OEB's Decision and Order on Hydro Ottawa's 2016-2020 Custom IR Application, Hydro Ottawa received the following utility-specific accounting orders:

- Sub-Account 1508 - Other Regulatory Assets - Gains and Losses on Disposal of Fixed Assets Variance Account, to record the difference between the forecast and actual loss on the disposal of fixed assets, related to retirement of assets or damage to plant.

¹ Ontario Energy Board, Letter RE: *Filing Requirements for Electricity Distribution Rate Applications for 2025 Rates*, (April 11, 2024), page 1.

² Ontario Energy Board, *Decision and Rate Order*, EB-2011-0054 (January 26, 2012).

- 1 ● Sub-Account 1508 - Other Regulatory Assets - Earnings Sharing Mechanism (“ESM”)
2 Variance Account, to record amounts related to any earnings above Hydro Ottawa’s
3 approved Return on Equity (“ROE”) to be shared on a 50/50 basis between Hydro Ottawa
4 and its ratepayers with no dead band.
- 5 ● Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement
6 (“CCRA”) Payments Differential Variance Account, to record the revenue requirement
7 difference between what Hydro Ottawa has included in base rates and what actual CCRA
8 payments were made to Hydro One Networks Inc.
- 9 ● Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential Variance
10 Account related to Capital Additions, to record the revenue requirement impact of
11 underspending on Hydro Ottawa’s capital plan by specific categories.
- 12 ● Sub-Account 1508 - Other Regulatory Assets - Efficiency Adjustment Mechanism (“EAM”)
13 Deferral Account, to record the proxy stretch factor related to any declines in Hydro Ottawa’s
14 efficiency ranking during the Custom IR term for 2016-2020, compared to the year 2014
15 starting efficiency ranking point. This sub-account is final in 2020 and replaced starting in
16 2021 with the Performance Outcomes Accountability Mechanism (“POAM”) Deferral
17 Account.³

18
19 As part of the OEB’s Decision and Order on Hydro Ottawa’s 2021-2025 Custom IR Application,
20 Hydro Ottawa received the following utility-specific accounting orders:

- 21
22 ● Sub-Account 1508 - Connection Cost Recovery Agreement (“CCRA”) Payments Differential
23 Variance Account, to recover the difference between the forecasted new (known and
24 unknown) and true-up CCRA payments made to Hydro One. The Account is symmetrical
25 and effective January 1, 2021 replaces the existing Sub-Account 1508 - Other Regulatory
26 Assets - Connection Cost Recovery Agreement (“CCRA”) Payments Deferral Account.
- 27 ● Sub-Account 1508 - Other Regulatory Assets - Performance Outcomes Accountability
28 Mechanism (“POAM”) Deferral Account, to link the execution of certain aspects of Hydro
29 Ottawa’s 2021-2025 Distribution System Plan (“DSP”) to the recovery of amounts included

³ Ontario Energy Board, *Decision and Order*, EB-2015-0004 (December 22, 2015).

- 1 in the agreed-upon revenue requirement. There are five performance metrics linked to
2 specific outcomes identified in the DSP, each of which will have an annual target.
- 3 ● Sub-Account 1508 - Capital Additions Revenue Requirement (excluding sub-set of System
4 Access) Differential Variance Account, effective January 1, 2021 this account replaces the
5 existing Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential
6 Variance Account related to Capital Additions. The modified account is to record the revenue
7 requirement impact of underspending on Hydro Ottawa's capital plan by specific categories
8 excluding sub-set of System Access.
 - 9 ● Sub-Account 1508 - Other Regulatory Assets - Subset of System Access Capital Additions
10 (net of contributions) Revenue Requirement Differential Variance Account, to record the
11 revenue requirement impact of overspending or underspending in the utility's capital plan
12 during 2021-2025 for a subset of the System Access category. This subset will consist of
13 third party-driven plant relocation and residential expansion capital additions. Effective
14 January 1, 2021, this account has been separated from the existing Revenue Requirement
15 Differential Variance Account related to Capital Additions described above.
 - 16 ● Sub-Account 1508 - Earnings Sharing Mechanism ("ESM") Variance Account, as part of the
17 2016-2020 Approved Settlement Agreement,⁴ the ESM was calculated on an individual
18 yearly basis. As per Hydro Ottawa's 2021-2025 Approved Settlement Agreement,⁵ the
19 account has been modified such that starting in 2021 the ESM will function as a cumulative
20 account, with the balance (if any) being cleared and credited on a final basis to customers at
21 the end of the five-year rate term. Other components of the previous ESM will remain the
22 same.⁶
- 23
- 24 Hydro Ottawa hereby confirms compliance with the foregoing utility-specific accounting orders.
25 In addition, Hydro Ottawa confirms compliance with the following generic regulated accounting
26 orders:

⁴ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 34-35.

⁶ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (January 7, 2021).

- 1 ● Energy Retailer Service Charges, to establish the following new variance accounts:
 - 2 ○ Sub-Account 1508 - Other Regulatory Assets - Retailer Service Charges Incremental
 - 3 Revenue; and
 - 4 ○ Sub-Account 1508 - Other Regulatory Assets - Retailer Service Charges Incremental
 - 5 Revenue Carrying Charges.⁷
 - 6
- 7 ● Sub-Account 1509 - Impacts Arising from the COVID-19 Emergency, to record the costs
- 8 associated with the Emergency under five sub-accounts.⁸
- 9
- 10 ● Accounting Guidance related to Pension and OPEB Forecast Accrual vs. Actual Cash
- 11 Payment Differential Variance Account.⁹
- 12
- 13 ● Sub-Account 1508 - Other Regulatory Assets - OPEB Differential - Variance Tracking
- 14 Account related to Pension and OPEB.¹⁰
- 15
- 16 ● Sub-Account 1508 - Other Regulatory Assets - Designated Broadband Project Impacts.¹¹
- 17
- 18 ● Sub-Account 1508 - Other Regulatory Assets - Ultra-Low Overnight (“ULO”) Implementation
- 19 Costs.¹²
- 20
- 21 ● Sub-Account 1508 - Getting Ontario Connected Act Variance Account.¹³

⁷ Ontario Energy Board, *Decision and Order in the matter of Energy Retailer Service Charges effective May 1, 2019*, EB-2015-0304 (February 14, 2019).

⁸ Ontario Energy Board, Letter RE: *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency* (March 25, 2020).

⁹ Ontario Energy Board, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* (May 18, 2017).

¹⁰ Ontario Energy Board, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs: Section B - Variance Tracking Account* (September 14, 2017).

¹¹ Ontario Energy Board, Letter RE: *Accounting Order (001-2022) for the Establishment of a Deferral Account to Record Impacts Pertaining to Ontario Regulation 410/22 (Electricity Infrastructure - Designated Broadband Projects)* (July 7, 2022).

¹² Ontario Energy Board, Letter RE: *Accounting Order (001-2023) for the Establishment of a Deferral Account to Record Impacts Arising From Implementing the Ultra-Low Overnight (ULO) Regulated Price Plan Option*, EB-2022-0160 (March 2, 2023).

¹³ Ontario Energy Board, Letter RE: *Getting Ontario Connected Act Variance Account*, EB-2023-0143 (October 31, 2023).

- 1 • Sub-Account 1511 - Incremental Cloud Computing Implementation Costs.¹⁴

- 2
- 3 • Sub-Account 1508 - Low-Income Energy Assistance Program Emergency Financial
4 Assistance Funding Deferral Account.¹⁵

5

6 Please refer to Exhibit: 9-1-3: Group 2 Accounts for additional information on the accounts
7 described in this Schedule.

8

9 **3. ACCOUNTING STANDARDS USED**

10 Hydro Ottawa adopted International Financial Reporting Standards (“IFRS”) for financial
11 reporting purposes on January 1, 2015.

12

13 **4. ACCOUNTING TREATMENT FOR UTILITY-OWNED GENERATION**

14 Hydro Ottawa confirms that the accounting for utility-owned generation, other than
15 behind-the-meter generation, has been segregated from its rate-regulated activities.

16

17 **5. ACCOUNTING TREATMENT OF NON-UTILITY BUSINESS**

18 Hydro Ottawa confirms that the accounting treatment used by the utility segregates the business
19 activities of its non-utility business from its rate-regulated business.

20

21 **6. CHANGES TO ACCOUNTING POLICIES USED IN PREVIOUS APPLICATIONS**

22 Hydro Ottawa has adopted the following IFRS, which were accepted as part of the 2021-2025
23 Approved Settlement Agreement:

- 24 • IFRS 15 – Revenue from Contracts with Customers;
- 25 • IFRS 9 – Financial Instruments; and
- 26 • IFRS 16 – Leases.

¹⁴ Ontario Energy Board, Letter RE: *Accounting Order (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs*, (November 2, 2023).

¹⁵ Ontario Energy Board, Letter RE: *Changes to the Low-Income Energy Assistance Program Emergency Financial Assistance and Accounting Orders*, EB-2023-0135 (February 12, 2024).

RATE BASE OVERVIEW

1. INTRODUCTION

This Schedule provides an overview of Hydro Ottawa’s yearly distribution rate base, including information on approved net fixed assets, calculated on a mid-year average basis, along with working capital allowance (“WCA”). Net fixed assets are gross assets in service minus accumulated amortization and contributed capital.

2. SUMMARY OF 2021-2025 RATE BASE

As part of the 2021-2025 Approved Settlement Agreement,¹ both gross and net capital additions have been set for the five year term while working capital will be annually adjusted based on an approved inflationary parameter. Details regarding WCA can be found in Exhibit 2-3-1: Working Capital Requirement.

Table 1 provides a summary of Hydro Ottawa’s 2021-2024 approved and 2025 proposed rate base.

Table 1 – Summary of Rate Base (\$’000s)²

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Opening Net Book Value	\$1,083,600	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424
Closing Net Book Value	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424	\$1,345,241
Average Net Fixed Assets	\$1,133,220	\$1,215,555	\$1,257,638	\$1,278,214	\$1,317,333
Working Capital Allowance	\$85,459	\$88,279	\$91,546	\$95,940	\$99,394
RATE BASE	\$1,218,679	\$1,303,834	\$1,349,184	\$1,374,154	\$1,416,727

The 2025 WCA has been inflated by the OEB’s 2025 inflation rate of 3.6%.³ Please see Exhibit 2-3-1: Working Capital Requirement for more details.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Totals may not sum due to rounding.

³ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

1 Please see Exhibit 2-2-1: Assets Property Plant & Equipment & Accumulated Depreciation for
2 details regarding gross assets and accumulated depreciation. The approved capital expenditure
3 plan for 2021-2025 is summarized in Exhibit 2-4-1: Capital Expenditure Summary. Details
4 regarding WCA can be found in Exhibit 2-3-1: Working Capital Requirement.

5
6 As per the 2021-2025 Approved Settlement Agreement, a number of regulatory accounts will
7 track any revenue requirement associated with certain variances to the approved 2021-2025
8 rate base. Specifically, the Capital Variance Accounts and the Connection Cost Recovery
9 Agreement Payments Deferral Account. For more detail on the regulatory accounts that track
10 revenue requirement variances please see Exhibit 9-1-3: Group 2 Accounts. For a summary of
11 approved capital additions by capital program and items not included in Capital Asset Additions
12 for the 2021-2025 term, please see Exhibit 2-4-1: Capital Expenditure Summary.

1 GROSS ASSETS - PROPERTY PLANT AND EQUIPMENT AND ACCUMULATED
2 DEPRECIATION

3
4 This Schedule provides an overview of Hydro Ottawa’s Approved Gross Assets and
5 Accumulated Depreciation for its 2021-2025 Custom Incentive Rate-setting (“Custom IR”)
6 period. Net fixed assets (gross assets in service minus accumulated depreciation/amortization
7 and contributed capital) is used in the determination of rate base. For the calculation of rate
8 base, please see Exhibit 2-1-1: Rate Base Overview.

9
10 As per the 2021-2025 Approved Settlement Agreement,¹ Hydro Ottawa’s Approved Gross
11 Assets and Accumulated Depreciation are fixed for the five year rate term. The Parties² agreed
12 that “Hydro Ottawa’s 2021-2025 Custom IR plan, as updated with the amendments agreed upon
13 in this Settlement Proposal, provides adequate resources to allow the utility to manage its
14 assets while satisfying customer preferences and expectations, and to operate a safe and
15 reliable electricity distribution system.”³ As part of the amendments, the Parties agreed it was
16 reasonable to reduce the capital spending and additions by \$10M. Please see Exhibit 2-4-1:
17 Capital Expenditure Summary for further details.

18
19 Table 1 below provides a summary of Hydro Ottawa’s Approved 2021-2025 Gross Assets,
20 Accumulated Depreciation and resulting average net book value.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 11.

1 **Table 1 – Gross Assets, Accumulated Depreciation and Net Book Value (\$000)⁴**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Opening Gross Assets	\$1,358,887	\$1,507,478	\$1,626,152	\$1,700,252	\$1,779,853
Closing Gross Assets	\$1,507,478	\$1,626,152	\$1,700,252	\$1,779,853	\$1,896,452
Average Gross Assets	\$1,433,182	\$1,566,815	\$1,663,202	\$1,740,052	\$1,838,152
Opening Accumulated Depreciation	\$ (275,287)	\$ (324,639)	\$ (377,881)	\$ (433,247)	\$ (490,428)
Closing Accumulated Depreciation	\$ (324,639)	\$ (377,881)	\$ (433,247)	\$ (490,428)	\$ (551,211)
Average Accumulated Depreciation	\$ (299,963)	\$ (351,260)	\$ (405,564)	\$ (461,838)	\$ (520,820)
Opening Net Book Value	\$1,083,600	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424
Closing Net Book Value	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424	\$1,345,241
Average Net Book Value	\$1,133,220	\$1,215,555	\$1,257,638	\$1,278,214	\$1,317,333

2

3 As per the 2021-2025 Approved Settlement Agreement, a number of regulatory accounts will

4 track any revenue requirement associated with certain variances to the approved 2021-2025

5 capital additions that are included in rate base - namely, the Capital Variance Accounts (“CVA”)

6 and the Connection Cost Recovery Agreement (“CCRA”) Payments Deferral Account. For a

7 summary of Approved Capital Additions by capital program and for items not included in capital

8 asset additions for the 2021-2025 term please see Exhibit 2-4-1: Capital Expenditure Summary.

9 For more detail on the regulatory accounts that track revenue requirement variances, please

10 see Exhibit 9-1-3: Group 2 Accounts.

⁴ Totals may not sum due to rounding.

WORKING CAPITAL REQUIREMENT

1. INTRODUCTION

This Schedule provides a summary of the components of the Working Capital Requirement agreed to in Hydro Ottawa’s 2021-2025 Approved Settlement Agreement.¹ As part of the Agreement, all components of the working capital will be annually adjusted based on the inflationary factor published by the OEB for incentive rate-setting under Price Cap IR and Annual Index applications.

Table 1 presents the 2021 approved working capital allowance (“WCA”).

Table 1 – 2021 Approved Working Capital Allowance (\$’000s)²

	2021 Approved³
Power Supply Expenses	\$1,048,856
OM&A Expenses	\$90,600
Total Expenses for Working Capital	\$1,139,456
Working Capital %	7.50%
TOTAL WCA	\$85,459

Table 2 below presents the 2022 Approved, 2023 Approved, 2024 Approved and 2025 Proposed WCA. The 2025 WCA has been inflated by the OEB’s 2025 inflation rate of 3.6%.⁴

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Totals may not sum due to rounding.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

⁴ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

1

Table 2 – Working Capital Allowance 2022-2025 (\$'000s)⁵

	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Working Capital Allowance	\$85,459	\$88,279	\$91,546	\$95,940
Annual Increase	3.30%	3.70%	4.80%	3.60%
Current Year Total WCA	\$88,279	\$91,546	\$95,940	\$99,394

2

3 **2. WORKING CAPITAL PERCENTAGE**

4 The Parties to the 2021-2025 Settlement Agreement⁶ agreed that Hydro Ottawa would
 5 incorporate the OEB's default WCA percentage of 7.5% for the WCA included in the rate base
 6 calculation.

7

8 **3. OPERATIONS, MAINTENANCE AND ADMINISTRATION**

9 For more details on the Operations, Maintenance & Administration ("OM&A") expenses
 10 summarized in Table 1, please see Exhibit 4-1-2: Operations, Maintenance and Administration
 11 Summary.

12

13 Please note all components of working capital are increased by the inflationary factor, which is a
 14 different escalation factor than what is applied to the proposed OM&A.

15

16 **4. CALCULATION OF POWER SUPPLY EXPENSE**

17 Please see Exhibit 3-1-1: Load Forecast for details on the billing determinants underpinning the
 18 estimated 2021 Power Supply Expense and the forecasted purchased kWh and peak kW
 19 produced by the load forecast.

⁵ Totals may not sum due to rounding.

⁶ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

CAPITAL EXPENDITURE SUMMARY

1. INTRODUCTION

This Schedule provides a summary of the approved capital expenditures as per the 2021-2025 Approved Settlement Agreement.¹ Expenditures were planned in the following OEB-defined categories: System Access, System Renewal, System Service, and General Plant.

As part of the 2021-2025 Approved Settlement Agreement, the Parties² agreed that it was reasonable to reduce the capital spending and additions by \$10M. Although Hydro Ottawa summarized the \$10M adjustment within the Settlement Agreement, which is also reflected in the tables below, it was agreed that “Hydro Ottawa will retain the flexibility within the agreed-upon envelope approach to make more informed decisions over the course of the five-year rate term regarding the implementation of these reductions.”³

2. CAPITAL EXPENDITURES

Hydro Ottawa’s service territory continues to be characterized by both a growing and a shifting customer base, as expanding suburban areas and load intensification in established communities are driving a need for investments to maintain reliability, increase supply capacity and reduce the frequency and duration of outages. At the same time, as customer priorities and needs evolve with the advancement of technology and innovation, discernible shifts are being triggered: in patterns of supply and demand; in preferences with regards to the availability of information on the services received by customers; and in expectations for how quickly and effectively Hydro Ottawa can restore service when an outage occurs.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 20.

1 Renewing Hydro Ottawa’s aged and aging infrastructure in deteriorating condition (i.e. stations,
 2 and underground and overhead systems) at an appropriate pace remains a priority for both
 3 near-term performance and long-term sustainability of the distribution system.

4
 5 Actual and planned capital spending for 2021-2025 continues to be focused on the
 6 enhancement of system capacity to keep pace with growth and shifts in loads within the service
 7 territory as well renewal of the aged and aging infrastructure at risk of failure. Table 1 provides a
 8 summary of these expenditures for 2021-2025.

9
 10 **Table 1 – Summary of Capital Expenditures (\$'000,000s)⁴**

Investment Category	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
System Access (net of contribution)	\$17.8	\$17.9	\$17.7	\$15.6	\$15.3
System Renewal and Service	\$72.2	\$72.3	\$64.5	\$64.6	\$64.4
General Plant including CCRAs	\$33.2	\$11.3	\$7.3	\$17.0	\$16.4
TOTAL	\$123.2	\$101.5	\$89.6	\$97.2	\$96.0
\$10M Reduction	(\$3.0)	(\$2.2)	(\$1.6)	(\$2.1)	(\$1.0)
TOTAL AFTER REDUCTION	\$120.2	\$99.3	\$88.0	\$95.1	\$95.0

11
 12 **3. CAPITAL ADDITIONS SUMMARY**

13 Hydro Ottawa’s Approved Capital Additions, inclusive of \$10M agreed reduction, over the
 14 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Term is summarized in Table 2.

15
 16 **Table 2 – Summary of Capital Additions (inclusive of \$10M Reduction) (\$'000,000s)⁵**

Investment Category	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
System Access (net of contribution)	\$19.5	\$17.9	\$17.6	\$15.6	\$15.3
System Renewal and Service	\$67.5	\$92.5	\$53.9	\$59.3	\$81.0
General Plant including CCRAs	\$65.8	\$12.1	\$6.2	\$7.9	\$22.9
TOTAL	\$152.8	\$122.5	\$77.8	\$82.8	\$119.2

⁴ Totals may not sum due to rounding.

⁵ Totals may not sum due to rounding.

1 **4. ITEMS NOT INCLUDED IN CAPITAL ADDITIONS**

2 As part of the 2016-2020 Approved Settlement Agreement, a Capital Investment Variance
3 Account was established to “track variances and associated revenue requirement impacts
4 computed and tracked on an annual basis, resulting from any underspending in the three
5 categories [General Plant, System Renewal and Service, and System Access] calculated on a
6 cumulative basis. Disposition of any credit to customers will occur at the end of the five-year
7 term.”⁶ As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed that this
8 variance account would continue with some modification.⁷ For 2021-2025 the associated
9 revenue requirement of a portion of the System Access category, specifically plant relocation
10 and residential expansion, will be tracked in a separate Variance Account and will be
11 symmetrical. The Capital Investment Variance Account does not impact Hydro Ottawa’s
12 proposed distribution rates for 2025. Please see Exhibit 9-1-3: Group 2 Accounts for more
13 details.

14
15 In addition, as part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to the
16 continued use of the Connection Cost Recovery Agreement (“CCRA”) Payment Deferral
17 Account with modification.⁸ With the modification, the account will now include the difference in
18 revenue requirement of new and true-up payments between what Hydro Ottawa has forecasted
19 and what is actually paid for in CCRA payments. Please see Exhibit 9-1-3: Group 2 Accounts for
20 more details.

21
22 Lastly, the Parties agreed to the application of a stretch factor to be applied to Hydro Ottawa’s
23 capital-related revenue requirement.⁹ Please see Exhibit 6-1-1: Calculation of Revenue
24 Deficiency or Sufficiency for more details.

⁶ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015), page 25.

⁷ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 37-39.

⁸ *Ibid.*, page 30.

⁹ *Ibid.*, pages 15-16.

1 **5. ADDITIONAL CAPITAL PLAN ITEMS**

2 As part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa agreed to
3 meaningfully consider the goals of its capital plan “with a view to pursuing cost efficiencies,
4 reduced emissions, and enhanced energy outcomes for consumers in the City of Ottawa.”¹⁰ In
5 addition, Hydro Ottawa will consider these elements in its next Distribution System Plan and
6 Business Plan, and will report on realized cost-efficiency and coordination related to the City of
7 Ottawa’s action plan for reducing greenhouse gas emissions, also known as Energy Evolution,
8 in its next rebasing application.

9
10 The Parties also accepted Hydro Ottawa’s proposal to capitalize some integration-related,
11 non-recurring cloud computing costs associated with its Enterprise Resource Planning system
12 of the type that had previously been accepted by the utility’s auditors. However, the Parties
13 noted that “such acceptance should not be construed as: (i) Parties accepting the
14 appropriateness of such regulatory treatment generally, or in the future, with respect to these
15 specific costs; (ii) approval from the OEB that such regulatory treatment is appropriate; or (iii)
16 the provision of guidance to Hydro Ottawa’s auditors, who shall make an independent judgment
17 regarding this issue.”¹¹

18
19 In addition, the parties agree that Hydro Ottawa shall prepare a plan to reduce distribution
20 losses and implement as many of the cost-effective measures as possible during 2023-2025. In
21 Hydro Ottawa’s next rebasing application and DSP, all other cost-effective measures will be
22 incorporated. The 2022-2025 System Losses Plan was filed with the OEB in December 2022.
23 Please see Exhibit 8-9-1: Loss Adjustment Factors for more detail.

24
25 Lastly, the Parties support Phase 2 of the MiGen pilot project¹² “on the understanding that (i) all
26 parameters and metrics (including the project’s impact on reliability, customer costs/savings,
27 generation, electric vehicle penetration, line losses, and potential costs and savings from any

¹⁰ Ibid., page 22.

¹¹ Ibid..

¹² As described in the updates to section 2.3.3 of Attachment 2-4-3(E): Material Investments filed on May 5, 2020 and in the response to interrogatory DRC-9 in *Hydro Ottawa’s Custom IR proceeding*, EB-2019-0261.

- 1 proposed future expansion of the pilot after 2025) be reported and included in Hydro Ottawa's
- 2 next rebasing application, and (ii) the ratepayer costs of the project be limited to the budgeted
- 3 \$2.2M over the 2021-2025 period."¹³

¹³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 23.

LOAD FORECAST

1. INTRODUCTION

Hydro Ottawa engaged Itron to complete a 2021-2025 sales and energy forecast, including total energy and demand sales by rate class, total number of customers and connections, and billing demand, for its 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Application. As an outcome of the 2021-2025 Approved Settlement Agreement,¹ the forecast numbers have been set for the five year Custom IR term. The Load Forecast was presented both with and without Conservation and Demand Management (“CDM”) and included a customized approach for CDM saving thresholds for the Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”).

As described in the 2021-2025 Approved Settlement Agreement, the Parties² acknowledge that

“the values for Residential, General Service < 50 kW, General Service 50 to 1,000 kW Non Interval, and General Service 50 to 1,000 kW Interval models have a CDM variable in the regression models. The resulting model output includes the impact of future CDM. As a result of the coefficient on the CDM variable, the CDM output from the model is not a one-to-one relationship to the proposed CDM savings. Adjustments for CDM for the General Service 1,000 to 1,499 kW, General Service 1,500 to 4,999 kW, Large Use, Unmetered Scattered Load, and Street Lighting classes happen outside of the model specification. In addition, the annualized savings are transformed into a monthly series, and in some cases a centered moving average is used to smooth the transition from year to year. This also results in the proposed CDM savings not having a one-to-one relationship with the output of CDM within the Load Forecast.”³

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), Attachment 3, page 1.

1 **2. 2021-2025 LOAD FORECAST**

2 Table 1 below provides Hydro Ottawa’s sales forecast by MWh for 2021-2025.

3

4 **Table 1 – 2021-2025 Energy Sales Forecast by Customer Class (MWh)^{4,5}**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Residential	2,258,843	2,280,182	2,305,786	2,339,674	2,359,684
General Service < 50 kW	708,639	710,222	713,228	717,823	719,362
General Service 50 to 1,000 kW Non Interval	1,091,085	1,056,449	1,021,440	988,364	949,975
General Service 50 to 1,000 kW Interval	1,364,773	1,413,973	1,463,774	1,517,384	1,564,934
General Service 1,000 to 1,499 kW	389,402	392,217	394,994	398,727	401,058
General Service 1,500 to 4,999 kW	693,934	698,365	703,557	710,450	714,171
Large Use	575,952	575,413	575,413	577,069	575,413
Unmetered Scattered Load	13,641	13,188	12,737	12,285	11,834
Sentinel Lighting	47	47	47	47	47
Street Lighting	23,955	23,893	23,893	23,893	23,893
TOTAL MWh SALES	7,120,269	7,163,948	7,214,868	7,285,717	7,320,370

5

6 Table 2 below provides Hydro Ottawa’s demand forecast by kW for 2021-2025. CDM demand
 7 savings are modeled as a function of Sales.

⁴ This forecast does not include the Dry Core Transformer Charge.

⁵ Totals may not sum due to rounding.

1 **Table 2 – 2021-2025 Demand Sales Forecast by Customer Class (kW)⁶**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
General Service 50 to 1,000 kW Non Interval	2,810,072	2,734,277	2,657,662	2,585,280	2,501,269
General Service 50 to 1,000 kW Interval	3,201,012	3,297,917	3,396,004	3,501,595	3,595,248
General Service 1,000 to 1,499 kW	860,836	866,547	872,179	879,752	884,481
General Service 1,500 to 4,999 kW	1,537,380	1,545,513	1,555,042	1,567,693	1,574,524
Large Use	1,055,426	1,054,605	1,054,605	1,057,124	1,054,605
Standby Power	7,440	7,440	7,440	7,440	7,440
Sentinel Lighting	132	132	132	132	132
Street Lighting	66,556	66,152	66,152	66,152	66,152
TOTAL KW DEMAND SALES	9,538,854	9,572,582	9,609,217	9,665,168	9,683,851

2
 3 Table 3 provides Hydro Ottawa's average number of customers for the 2021-2025 period as per
 4 the 2021-2025 Approved Settlement Agreement.

5
 6 **Table 3 – 2021-2025 Average Number of Customers by Class⁷**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Residential	316,346	319,510	322,705	325,932	329,191
General Service < 50 kW	25,391	25,554	25,704	25,846	25,987
General Service 50 to 1,000 kW Non Interval	2,004	1,930	1,856	1,781	1,707
General Service 50 to 1,000 kW Interval	1,043	1,084	1,126	1,168	1,212
General Service 1,000 to 1,499 kW	73	73	73	73	73
General Service 1,500 to 4,999 kW	68	68	68	68	68
Large Use	11	11	11	11	11
Standby Power	3	3	3	3	3
TOTAL CUSTOMERS	344,940	348,233	351,545	354,883	358,252

⁶ Totals may not sum due to rounding.

⁷ Totals may not sum due to rounding.

1 Table 4 below provides Hydro Ottawa’s average number of connections for the 2021-2025
 2 period as per the 2021-2025 Approved Settlement Agreement.

3

4 **Table 4 – 2021-2025 Average Number of Connections by Customer Class⁸**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Unmetered Scattered Load	3,321	3,321	3,321	3,321	3,321
Sentinel Lighting	55	55	55	55	55
Street Lighting	62,806	63,725	64,645	65,564	66,484
TOTAL CONNECTIONS	66,182	67,101	68,021	68,940	69,860

5

6 **3. TRANSFORMER OWNERSHIP CREDIT FORECAST**

7 Table 5 below provides Hydro Ottawa’s Approved forecast kW for 2021-2025 for the transformer
 8 ownership credit (“TOC”).

9

10 As part of the Approved 2021-2025 Approved Settlement Agreement, the parties agreed that as
 11 of November 1, 2025, the TOC will be discontinued for all customers. Please refer to Exhibit
 12 8-1-1: Fixed/Variable Proportion for more details.

13

14 **Table 5 – 2021-2025 Demand Sales Forecast (kW) for Transformer Ownership Credit⁹**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
General Service 50 to 1,000 kW Non Interval	312,336	313,462	314,671	316,518	265,838
General Service 50 to 1,000 kW Interval	101,746	102,113	102,507	103,108	86,599
General Service 1,000 to 1,499 kW	354,927	356,207	357,581	359,679	302,089
General Service 1,500 to 4,999 kW	889,684	892,893	896,336	901,596	757,236
Large Use	707,488	710,040	712,778	716,960	602,164
TOTAL KW DEMAND SALES	2,366,182	2,374,715	2,383,873	2,397,861	2,013,925

⁸ Totals may not sum due to rounding.

⁹ Totals may not sum due to rounding.

1 For the 2025 class level revenue forecast for the transformer ownership credit, please see
 2 Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform.

3

4 **4. LOAD FORECAST PRIOR TO CDM ADJUSTMENTS**

5 Table 6 below provides Hydro Ottawa’s sales forecast excluding CDM impacts. As discussed in
 6 Section 1 above, the CDM savings do not have a one-to-one relationship with the output of
 7 CDM within the Load Forecast.

8

9 For clarity, Table 6 is the sum of Table 1 and Table 8.

10

11 **Table 6 – 2021-2025 Energy Sales Forecast without CDM by Customer Class (MWh)^{10,11}**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Residential	2,258,843	2,280,182	2,305,786	2,339,674	2,359,684
General Service < 50 kW	720,115	722,974	725,981	730,576	732,114
General Service 50 to 1,000 kW Non Interval	1,102,247	1,067,368	1,032,028	998,682	960,071
General Service 50 to 1,000 kW Interval	1,378,809	1,428,642	1,479,005	1,533,289	1,581,629
General Service 1,000 to 1,499 kW	394,239	397,048	399,591	402,923	404,684
General Service 1,500 to 4,999 kW	730,959	736,095	741,287	748,180	751,902
Large Use	604,263	604,263	604,263	605,919	604,263
Unmetered Scattered Load	13,714	13,263	12,812	12,360	11,909
Sentinel Lighting	47	47	47	47	47
Street Lighting	27,415	27,419	27,419	27,419	27,419
TOTAL MWh SALES	7,230,651	7,277,300	7,328,220	7,399,069	7,433,723

12

13 Table 7 below provides Hydro Ottawa’s demand forecast excluding CDM impacts. For clarity,

14 Table 7 is the sum of Table 2 and Table 9.

¹⁰ This forecast does not include the Dry Core Transformer Charge.

¹¹ Totals may not sum due to rounding.

1 **Table 7 – 2021-2025 Demand Sales Forecast without CDM by Customer Class (kW)¹²**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
General Service 50 to 1,000 kW Non Interval	2,834,500	2,758,170	2,680,834	2,607,858	2,523,364
General Service 50 to 1,000 kW Interval	3,228,658	3,326,809	3,426,004	3,532,920	3,628,131
General Service 1,000 to 1,499 kW	870,649	876,346	881,506	888,263	891,836
General Service 1,500 to 4,999 kW	1,605,335	1,614,763	1,624,293	1,636,944	1,643,774
Large Use	1,098,490	1,098,490	1,098,490	1,101,009	1,098,490
Standby Power	7,440	7,440	7,440	7,440	7,440
Sentinel Lighting	132	132	132	132	132
Street Lighting	75,860	75,890	75,891	75,891	75,891
TOTAL KW DEMAND SALES	9,721,064	9,758,040	9,794,589	9,850,457	9,869,058

2

3 **5. CDM ADJUSTMENTS IN LOAD FORECAST**

4 Tables 8 and 9 provide Hydro Ottawa's approved CDM adjustments for savings achieved after
 5 2019.

6

7 **Table 8 – 2021-2025 Energy Sales CDM Adjustments by Customer Class (MWh)¹³**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Residential	0	0	0	0	0
General Service < 50 kW	11,476	12,752	12,753	12,753	12,752
General Service 50 to 1,000 kW Non Interval	11,162	10,919	10,588	10,318	10,096
General Service 50 to 1,000 kW Interval	14,036	14,669	15,231	15,905	16,695
General Service 1,000 to 1,499 kW	4,837	4,831	4,597	4,196	3,626
General Service 1,500 to 4,999 kW	37,025	37,730	37,730	37,730	37,731
Large Use	28,311	28,850	28,850	28,850	28,850
Unmetered Scattered Load	73	75	75	75	75
Sentinel Lighting	0	0	0	0	0
Street Lighting	3,460	3,526	3,526	3,526	3,526
TOTAL MWh SALES	110,382	113,352	113,352	113,352	113,353

¹² Totals may not sum due to rounding.

¹³ Totals may not sum due to rounding.

1 **Table 9 – 2021-2025 Demand Sales CDM Adjustments by Customer Class (kW)¹⁴**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
General Service 50 to 1,000 kW Non Interval	24,428	23,893	23,172	22,578	22,095
General Service 50 to 1,000 kW Interval	27,646	28,892	30,000	31,325	32,883
General Service 1,000 to 1,499 kW	9,813	9,799	9,327	8,511	7,355
General Service 1,500 to 4,999 kW	67,955	69,250	69,251	69,251	69,250
Large Use	43,064	43,885	43,885	43,885	43,885
Standby Power	0	0	0	0	0
Sentinel Lighting	0	0	0	0	0
Street Lighting	9,304	9,738	9,739	9,739	9,739
TOTAL KW DEMAND SALES	182,210	185,458	185,372	185,289	185,207

2

3 **6. ANNUALIZED CDM THRESHOLD FOR LRAMVA**

4 Tables 10 and 11 provide Hydro Ottawa's Annualized CDM Thresholds for the LRAMVA for
 5 2021-2025, as set in the 2021-2025 Approved Settlement Agreement.

6

7 **Table 10 – 2021-2025 Annualized CDM Threshold for LRAMVA (MWh)^{15,16}**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Residential	0	0	0	0	0
General Service < 50 kW	13,129	13,064	12,999	12,935	12,871
General Service 50 to 1,499 kW	35,710	35,533	35,358	35,183	35,008
General Service 1,500 to 4,999 kW	37,731	37,633	37,536	37,439	37,343
Large Use	28,851	28,837	28,823	28,809	28,795
Unmetered Scattered Load	75	75	74	74	74
Sentinel Lighting	0	0	0	0	0
Street Lighting	3,526	3,509	3,491	3,474	3,457
TOTAL MWh	119,021	118,650	118,281	117,914	117,546

¹⁴ Totals may not sum due to rounding.

¹⁵ This forecast does not include the Dry Core Transformer Charge.

¹⁶ Totals may not sum due to rounding.

1 **Table 11 – 2021-2025 Annualized CDM Threshold for LRAMVA (kW)¹⁷**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
General Service 50 to 1,499 kW	63,939	63,623	63,308	62,995	62,682
General Service 1,500 to 4,999 kW	67,557	67,382	67,208	67,035	66,862
Large Use	51,658	51,632	51,607	51,582	51,557
Standby Power	0	0	0	0	0
Sentinel Lighting	0	0	0	0	0
Street Lighting	6,313	6,282	6,251	6,220	6,189
TOTAL KW DEMAND SALES	189,467	188,920	188,375	187,833	187,291

2
 3 The CDM adjustments related to the Conservation First Framework (“CFF”) wind-down were
 4 incorporated in the Load Forecast using a half-year approach, while the CDM LRAMVA
 5 thresholds were set on an annualized basis. For more details related to the LRAMVA Account,
 6 please see Exhibit 4-4-2: LRAM Variance Account.

¹⁷ Totals may not sum due to rounding.

OTHER REVENUE SUMMARY

1. INTRODUCTION

Other Revenue, also referred to as Revenue Offsets, relates to all utility revenues other than distribution and cost of power revenues. Hydro Ottawa has classified these into categories, each of which is described in more detail within the following Schedules:

- Exhibit 3-2-2: Specific Service Charges;
- Exhibit 3-2-3: Late Payment Charges;
- Exhibit 3-2-4: Other Operating Revenue; and
- Exhibit 3-2-5: Other Income and Deductions.

Table 1 provides a summary of the approved and proposed Other Revenue, by Uniform System of Accounts (“USofA”) for 2021-2025.

Table 1 – Other Revenue Summary (\$’000s)¹

Other Revenue	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Specific Service Charges (4235)	\$5,119	\$5,243	\$4,827	\$5,150	\$5,450
Late Payment Charges (4225)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Operating Revenue (4082, 4084, 4086, 4090)	\$1,456	\$1,462	\$1,460	\$1,459	\$1,472
Other Income & Deductions (4315, 4325, 4330, 4362, 4375, 4405)	\$2,105	\$1,691	\$2,017	\$2,181	\$2,081
TOTAL OTHER REVENUE	\$9,680	\$9,397	\$9,304	\$9,790	\$10,003

Some portions of other revenue have been set for the Custom IR term, while a portion of the rates and charges that are incorporated into other revenue will be updated annually per the agreed upon Custom Price Escalation Factor (“CPEF”) established in the 2021-2025 Approved

¹ Totals may not sum due to rounding.

1 Settlement Agreement, but will not include the “G” factor,² (herein referred to as the “Modified
 2 CPEF”). Table 2 provides a description of the Modified CPEF (i.e. it excludes the “G” factor).

3

4

Table 2 – Modified Custom Price Escalation Factor

Component	As per Settlement Proposal
Inflation factor (“I”) ³	<ul style="list-style-type: none"> ● Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans ● Uses standard OEB labour/non-labour weighting factors ● Updated Annually
Productivity factor (“X”)	<ul style="list-style-type: none"> ● 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) ● Fixed for duration of Custom IR term
Total Modified CPEF Value: (I - X)	<ul style="list-style-type: none"> ● 3.6% - 0.45% = 3.15%

5

6 For the calculation of 2025 revenue required from distribution rates and revenue deficiency,
 7 please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency. Please see Exhibit
 8 8-7-1: Specific Service Charges for a presentment of the rates and charges incorporated into
 9 other revenue.

² Hydro Ottawa Limited, 2021-2025 *Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020) page 28.

³ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

SPECIFIC SERVICE CHARGES

1. INTRODUCTION

Specific Service Charges (“SSCs”) are applied for service requests or activities which primarily benefit or are attributed to the requesting customer or are necessitated by customer inaction. Examples include setting up an account for a new customer or collection action arising from non-payment of an account.

The revenue from these charges offset the total revenue requirement. Please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency for more details regarding revenue requirement and revenue offsets.

As part of the rebasing Application process for 2021, routine service charges were reviewed to ensure that the associated costs of providing such services were appropriately recovered. As part of the 2021-2025 Approved Settlement Agreement,¹ the Parties² agreed to a modified approach to the annual inflation of certain SSCs and the removal of the reconnect at meter charges under the Customer Administration category. For a more detailed description of the Modified Custom Price Escalation Factor (“Modified CPEF”) used for SSCs, please see Exhibit 3-2-1: Other Revenue Summary.

2. SPECIFIC SERVICE CHARGE REVENUE

Each SSC is forecasted based on the rate factored by the estimated volume. Hydro Ottawa provides the expected revenue trend for each SSC in 2025 below, and describes how each rate will be adjusted. For each SSC’s rates, please see Exhibit 8-7-1: Specific Service Charges. Volumes were set as part of the 2021-2025 Approved Settlement Agreement.

Table 1 below provides the 2021-2024 approved, and 2025 proposed revenue for each SSC.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1

Table 1 – Specific Service Charge Revenue (\$'000s) ³

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Customer Administration					
Arrears Certificate (formerly Account Certificate)	\$0	\$0	\$0	\$0	\$0
Easement Certificate for Unregistered Easements	\$7	\$8	\$8	\$8	\$9
Duplicate invoices for previous billing	\$1	\$1	\$1	\$1	\$1
Special Billing Service	\$6	\$6	\$7	\$7	\$7
Credit Reference/Credit Check (+ credit agency costs)	\$2	\$3	\$3	\$3	\$3
Unprocessed Payment Charge	\$50	\$52	\$54	\$56	\$58
Account Set Up Charge / Change of Occupancy Charge	\$1,413	\$1,470	\$1,526	\$1,583	\$1,640
Interval Meter - Field Reading	\$1	\$1	\$1	\$1	\$1
High Bill Investigation - If Billing is Correct	\$2	\$2	\$3	\$3	\$3
Non-Payment of Account					
Collection of Account Charge - No Disconnection	\$0	\$0	\$0	\$0	\$0
Reconnect at Meter - Regular Hours	\$159	\$164	\$168	\$176	\$180
Reconnect at Meter - After Regular Hours	\$60	\$62	\$64	\$67	\$69
Reconnect at Pole - Regular Hours	\$4	\$4	\$5	\$5	\$5
Reconnect at Pole - After Regular Hours	\$1	\$1	\$1	\$1	\$1
Other					
Temporary Service - Install and Remove ("TS-I&R") - Overhead - no transformer	\$11	\$12	\$12	\$13	\$13
TS-I&R - Underground - no transformer	\$25	\$26	\$27	\$28	\$29
TS-I&R Overhead - with transformer	\$9	\$10	\$10	\$10	\$11
Wireline Pole Attachments	\$3,246	\$3,227	\$2,665	\$2,835	\$2,981
Wireless Pole Attachments	\$69	\$142	\$217	\$295	\$376
Drycore Transformer Distribution Charge	\$49	\$52	\$56	\$59	\$63
Energy Resource Facilities Administration Charge	\$0	\$0	\$0	\$0	\$0
TOTAL	\$5,119	\$5,243	\$4,827	\$5,150	\$5,450

³ Totals may not sum due to rounding.

1 Over the Custom Incentive Rate-setting (“Custom IR”) term, the SSC rate increases can be
2 separated into two groups: (1) those that are increased by the Modified CPEF as described in
3 Exhibit 3-2-1: Other Revenue Summary, and (2) those that are escalated by other specific
4 drivers. Regardless of the driver, with the exception of the Wireless Pole Attachments and the
5 Drycore Transformer Distribution Charge revenues, the revenue provided above for 2021-2025
6 reflect the volume totals as provided during the draft rate order stage of Hydro Ottawa’s
7 2021-2025 Custom IR Application. Please see below for more details.

9 **2.1. SSCs ESCALATED BY THE MODIFIED CUSTOM PRICE ESCALATION FACTOR**

10 The 2025 proposed SSCs are based on a Modified CPEF that has incorporated the OEB’s 2025
11 inflation rate of 3.6% in its calculation.⁴ Please see Exhibit 3-2-1: Other Revenue Summary for
12 an explanation of the Modified CPEF.

13
14 The following SSC volumes are based on the 2021-2025 rate application forecast.

15 16 **2.1.1. Arrears Certificate**

17 Hydro Ottawa expected minimal requests for this service.

18 19 **2.1.2. Easement Certificate for Unregistered Easements**

20 The forecast volume of 300 transactions reflected historical trends and remains flat in 2025.

21 22 **2.1.3. Duplicate Invoices for Previous Billing**

23 The forecast volume of 170 transactions reflected historical trends and remains flat in 2025.

24 25 **2.1.4. Special Billing Service**

26 The Special Billing Service charge is applied to all requests for customized billing information
27 that involve sourcing, compiling, and presenting several months or years of billing information
28 for customers or their agents. The volume of requests was forecasted to remain flat in 2025 at
29 54.

⁴ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

1 **2.1.5. Credit Reference/Credit Check**

2 The estimated volume of requests for this service is based on historical trends and was
3 forecasted to remain flat in 2025.

4

5 **2.1.6. Unprocessed Payment Charge**

6 Costs associated with this service include internal costs for administering an unprocessable
7 payment (i.e. non-sufficient funds or “NSF”), labour, and bank fees. Bank charges to the
8 customer for processing a NSF cheque are not included. The estimated annual volume of
9 unprocessable payments remains flat in 2025 at 2,000.

10

11 **2.1.7. Account Set Up Charge/Change of Occupancy Charge**

12 The estimated volume for this service in 2025 was 56,500, reflecting historical trends.

13

14 **2.1.8. Interval Meter - Field Reading**

15 The estimated volume was based on historical trends.

16

17 **2.1.9. High Bill Investigation - If Billing is Correct**

18 The forecasted volume was set based on historical trends.

19

20 **2.1.10. Reconnect at Meter during Regular Hours**

21 The estimated volume for 2025 was based on historical trends.

22

23 **2.1.11. Reconnect at Meter after Regular Hours**

24 Volumes for this service were forecasted to remain low.

25

26 **2.1.12. Reconnect at Pole during Regular Hours**

27 Based upon historical trends, 17 requests for this service were estimated for 2025.

28

29 **2.1.13. Reconnect at Pole after Regular Hours**

30 Two requests for this service were forecasted in 2025, based upon historical trends.

1 **2.1.14. Temporary Service - Install & Remove**

2 Temporary services cover the connection, metering, installation, and removal of required assets
3 to supply electrical energy on a planned temporary basis, as per Hydro Ottawa's Conditions of
4 Service. Transformer rental costs are included in the Temporary Service - Install & Remove -
5 Overhead - with transformer charge. Any additional material costs beyond the standard service,
6 such as the installation of a pole, the upgrade of a secondary buss, or new underground
7 transformer requirements will be charged in addition to this SSC, and will be recorded as Other
8 Income and Deductions.

9
10 The estimated volume of requests for this service was based on historical trends.

11
12 **2.1.15. Energy Resource Facilities Administration Charge**

13 Hydro Ottawa expected minimal requests for this service.

14
15 **2.2. SSCs NOT ESCALATED BY THE MODIFIED CUSTOM PRICE ESCALATION FACTOR**

16 **2.2.1. Specific Access to Power Poles - Wireline Attachments**

17 There are currently pole attachment agreements with telecommunication companies, and
18 agreements with the City of Ottawa and Village of Casselman for streetlight attachments. As of
19 January 1, 2021, Hydro Ottawa moved from an approved utility-specific wireline pole attachment
20 rate to the OEB's provincial standard rate.

21
22 As a placeholder pending the OEB's rate order for 2025, the 2024 generic pole attachment rate
23 has been inflated by the OEB's 2025 inflationary rate of 3.6% to estimate the proposed 2025
24 revenue.

25
26 The volume estimated for this service was based on historical trends, which showed a modest
27 increase. The volume was set for the five-year Custom IR term.

28
29 **2.2.2. Specific Access to Power Poles - Wireless Attachments**

30 As part of the 2021-2025 Approved Settlement Agreement, the revenue associated with
31 wireless pole attachments was set for the Custom IR term. A volume of 1000 attachments was

1 forecasted for 2025. No adjustment will be required to the proposed Other Revenue related to
2 wireless attachments.

3

4 **2.2.3. Dry Core Transformer Charges**

5 Dry Core transformer charges are applied to recover the cost of energy lost in the operation of
6 dry core transformers. A specific charge is calculated for each transformer size that is currently
7 in the utility's service area or in the Canadian Standards Association standard C802-94.⁵

8

9 As per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will calculate the dry core
10 transformer loss charge for any new size of transformer upon connection, based on the
11 approved dry core rate design. The Schedule of Rates and Tariffs will be updated annually for
12 any new size of transformer. Please see Exhibit 8-7-1: Specific Service Charges for further
13 details on the Dry Core transformer charges.

14

15 As part of the 2021-2025 Approved Settlement Agreement, the revenue associated with dry
16 core transformers was set for the Custom IR term. No adjustment will be required to the
17 proposed Other Revenue related to Dry Core transformer charges.

⁵ Standards Council of Canada, "CAN/CSA-C802-94 - Maximum Losses for Distribution, Power and Dry-Type Transformers" <http://www.scc.ca/en/standardsdb/standards/5579>.

LATE PAYMENT CHARGES

1
2
3 An OEB-approved monthly interest rate of 1.5% (effective annual rate of 19.56% per annum or
4 0.04896% compounded daily rate) is applied to outstanding account balances that exceed 20
5 calendar days from the date on which the bill was issued to the customer.
6
7 Taking into account the continued promotion of automated payment withdrawal services,
8 effective use of the Auto Dialer tool during the Disconnection Moratorium timeframe, and
9 additional proposed OEB Customer Service Rule changes, the Late Payment Charge revenue
10 was proposed at \$1M each year of the 2021-2025 term. The Parties¹ agreed to this amount as
11 part of the 2021-2025 Approved Settlement Agreement,² and this amount has been
12 incorporated in the revenue requirement as part of this Application.

¹ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

² Hydro Ottawa Limited, *2021-2025 Approved Settlement Agreement*, EB-2019-0261 (September 18, 2020), page 30.

OTHER OPERATING REVENUES

1. OTHER OPERATING REVENUES

Other Operating Revenues include revenue associated with Standard Supply, Retailer, and Generator Services. Expected revenues for Other Operating Revenues were agreed to for all five years of Hydro Ottawa’s 2021-2025 Custom Incentive Rate-setting term, as per the 2021-2025 Approved Settlement Agreement.¹ Hydro Ottawa has incorporated the agreed upon 2025 revenue into its proposed base revenue requirement.

Table 1 shows the approved revenue for Other Operating Revenues for the 2021-2025 period.

Table 1 – Other Operating Revenue 2021-2025 (\$’000s)²

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Standard Supply Administration	\$1,012	\$1,022	\$1,031	\$1,041	\$1,051
Retailer Services	\$165	\$148	\$133	\$119	\$107
Generator Services	\$279	\$293	\$296	\$299	\$314
TOTAL	\$1,456	\$1,463	\$1,460	\$1,459	\$1,472

1.1. STANDARD SUPPLY SERVICE ADMINISTRATION CHARGE

The Standard Supply Service Administration Charge (“SSS Charge”) is an administrative charge that allows Hydro Ottawa to recover costs of providing standard supply service to all customers who are not enrolled with a Retailer.

The Parties³ agreed that Hydro Ottawa will continue the use of the \$0.25 per customer per month charge set by the OEB, while acknowledging “that the charge has not been adjusted to

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 30.

² Totals may not sum due to rounding.

³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 reflect actual costs or inflation since it was first introduced in 2002. The Parties believe that
2 timely review of the rate design methodology associated with the SSS Charge is warranted as
3 part of the OEB's ongoing review of miscellaneous rates and charges."⁴

4
5 Please see Exhibit 8-7-1: Specific Service Charges for more information related to this charge.

6 7 **1.2. RETAILER SERVICES**

8 Hydro Ottawa charges Retailer Service Charges ("RSCs") to electricity retailers or their
9 customers to recover the cost of providing distribution services on behalf of competitive
10 electricity suppliers. While the revenue generated from the RSCs has declined annually due to a
11 reduction in the number of customers enrolled with a Retailer, expenses related to providing
12 these services have remained relatively constant.

13
14 As agreed to as part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will
15 continue to apply the OEB generic rates for RSCs for the five-year Custom Incentive
16 Rate-setting ("Custom IR") term.⁵

17
18 Please see Exhibit 8-4-1: Retail Service Charges for more information on the 2025 RSCs.

19 20 **1.3. GENERATOR SERVICES**

21 Monthly fixed charges for generation customers were introduced by Hydro Ottawa in the
22 2016-2020 Rate Application to ensure recovery of the cost of managing these accounts. The
23 Parties agreed to the continuation of the utility-specific charges for the 2021-2025 Custom IR
24 term.

25
26 Please see Exhibit 8-7-1: Specific Service Charges for more information related to these
27 charges.

⁴ Hydro Ottawa *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 29.

⁵ *Ibid.*, page 61.

OTHER INCOME AND DEDUCTIONS

1. OTHER INCOME AND DEDUCTIONS

This Schedule provides an overview of the revenue Hydro Ottawa earns through Other Income and Deductions. As part of its 2021-2025 Approved Settlement Agreement,¹ Other Income and Deductions revenue was set for the five year Custom Incentive Rate-setting (“Custom IR”) term. Hydro Ottawa has incorporated the agreed upon 2025 revenue into its proposed base revenue requirement as part of this Application.

The Other Income and Deductions are categorized as follows:

- Services to Third Parties, net of costs;
- Property Rental Income;
- Gains and Losses on Disposal of Utility Property;
- SLA Services to Hydro Ottawa Affiliates, net of costs; and
- Interest and Dividend Income.

Table 1 summarizes the Other Income and Deductions for the 2021-2025 period.

Table 1 – Other Income and Deductions 2021- 2025 (\$’000s)²

Other Income and Deductions	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Services to Third Parties (net of costs)	\$1,170	\$1,097	\$974	\$1,130	\$1,117
Property Rental Income	\$516	\$516	\$516	\$516	\$516
Gains and (Losses) on Disposal of Utility Property	\$(389)	\$(751)	\$(323)	\$(336)	\$(445)
SLA Services to Hydro Ottawa Affiliates	\$4,800	\$4,920	\$5,043	\$5,169	\$5,298
SLA Costs from Hydro Ottawa Affiliates	\$(3,991)	\$(4,091)	\$(4,193)	\$(4,298)	\$(4,406)
Interest and Dividend Income	\$0	\$0	\$0	\$0	\$0
TOTAL	\$2,105	\$1,691	\$2,017	\$2,181	\$2,081

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Agreement*, EB-2019-0261 (September 18, 2020).

² Totals may not sum due to rounding.

1 **1.1. SERVICES TO THIRD PARTIES**

2 Services to third parties revenues, net of expenses, relate to services provided to customers or third
3 parties that are outside the scope of standard temporary services included in Specific Service
4 Charges (as itemized in Exhibit 3-2-2: Specific Service Charges). These additional services may
5 include isolating and re-energizing services, mutual aid services, transformer vault shutdown escort
6 services, inspection services, generator services, and bill reporting services. A small amount of
7 revenue is also forecasted for providing ad hoc web portal services for viewing interval meter data
8 in a web-based format. Services to the City of Ottawa and to affiliates for the aforementioned
9 services are recorded in Uniform System of Accounts (“USofAs”) Account 4325 Revenues from
10 Merchandise, and Account 4330 Costs and Expenses of Merchandising.

11
12 Hydro Ottawa rents out its underground civil capacity to third parties on a temporary basis through a
13 five-year Access Agreement. These duct rental agreements exist with the City of Ottawa and a
14 major telecommunications provider.

15
16 **1.2. PROPERTY RENTAL INCOME**

17 Property rental relates to fees paid by Hydro One for land owned by Hydro Ottawa. In many
18 locations in the City of Ottawa, Hydro Ottawa and Hydro One have joint facilities for transformer
19 stations. For situations in which Hydro Ottawa owns the land on which Hydro One has facilities, a
20 rental fee is received.

21
22 Income is also generated by rent paid on a small number of houses located adjacent to certain
23 distribution stations that were previously purchased by Hydro Ottawa. These houses were
24 purchased to facilitate future station expansion.

25
26 **1.3. GAINS AND LOSSES ON DISPOSAL OF UTILITY PROPERTY**

27 Hydro Ottawa periodically disposes of assets that are no longer necessary or re-usable in serving
28 the public (e.g. end-of-life assets, asset failure, damaged beyond repair, relocation requests from
29 third parties, surplus inventory, obsolescence, etc.). Where the proceeds vary from the net book
30 value of an asset, Hydro Ottawa treats the variance as a debit or credit to income.

1 As part of Hydro Ottawa 2016-2020 Custom IR Application,³ a variance account on the gains and
2 loss on disposal of fixed assets was established. As per Hydro Ottawa's 2021-2025 Approved
3 Settlement Agreement, the Parties⁴ agreed to continue the use of the variance account. For more
4 details related to USofA 1508 Other Regulatory Assets - Sub-Account - Gains and Loss on Disposal
5 of Fixed Assets Variance Account, please refer to Exhibit 9-1-3: Group 2 Accounts.

6

7 **1.4. SERVICES TO HYDRO OTTAWA AFFILIATES**

8 Hydro Ottawa provides a range of services to its affiliates under the terms of Service Level
9 Agreements ("SLAs"). In addition, Hydro Ottawa provides third party services as described in
10 Section 1.1 above. Consistent with section 2.4.3.2 of the OEB's *Chapter 2 Filing Requirements for*
11 *Electricity Distribution Rate Applications* issued on December 15, 2022,⁵ the costs related to SLA
12 services should be included within Other Revenue.⁶

13

14 **1.5. INTEREST AND DIVIDEND INCOME**

15 Interest income refers to interest earned on cash balances within the year. Material cash balances
16 were not forecasted for the 2021-2025 Custom IR term.

³ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

⁴ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

⁵ Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distributor Rate Applications*, (December 15, 2022), pages 32-33.

⁶ Ontario Energy Board, Presentation RE: *Chapter 1 & 2 Filing Requirements Update for 2019 Applications: Summary of Key Changes* (July 19, 2018), slides 15-16.

EXPENSE SUMMARY

1. INTRODUCTION

This Schedule provides an overview of Hydro Ottawa's total operating expenses, in the context of the 2021-2025 Approved Settlement Agreement.¹ The operating expenses include Operations, Maintenance and Administration ("OM&A") expenditures, Property Taxes, Depreciation and Amortization expenses, and Payments in Lieu of Taxes ("PILS"). As per the 2021-2025 Approved Settlement Agreement, some of the operating expenses have been fixed while others will be annually adjusted based on a Custom Price Escalation Factor ("CPEF"). Detailed information with respect to these operating expenses is available in Exhibit 4-1-2: Operations, Maintenance and Administration Summary, Exhibit 4-2-1: Depreciation, Amortization Disposal, and Exhibit: 4-3-1: Payments in Lieu of Taxes.

Please note that throughout this evidence, unless it is explicitly stated otherwise, OM&A is inclusive of property taxes.

Table 1 below provides Hydro Ottawa's total operating expenses for years 2021-2025. The 2021-2024 amounts for OM&A and PILS were approved in each respective rate application. The 2025 proposed OM&A uses Hydro Ottawa's CPEF of 3.49%, which incorporates the OEB's 2025 inflation rate of 3.6%. Hydro Ottawa has used the approved amounts for Depreciation, Amortization and Disposal for 2024. The 2024 PILS amount uses a working capital value that has been inflated by the 2025 OEB approved inflationary rate of 3.6%² as well as the 2024 ROE rate of 9.21%, per the Approved Settlement Agreement. The total 2025 proposed operating expenses have been incorporated into the proposed 2025 revenue requirement and rates.

Please see Exhibit 4-1-2: Operations, Maintenance and Administration Summary, and Exhibit: 4-3-1: Payments in Lieu of Taxes for more details.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024).

1

Table 1 – Total Operating Expenses (\$'000s)³

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
OM&A excluding Property Tax	\$87,468	\$90,258	\$93,498	\$97,883	\$101,300
Property Tax	\$3,132	\$3,232	\$3,348	\$3,505	\$3,627
OM&A including Property Tax	\$90,600	\$93,490	\$96,846	\$101,389	\$104,927
Depreciation	\$51,956	\$55,472	\$57,686	\$59,039	\$62,125
PILS	\$891	\$2,131	\$6,331	\$10,539	\$7,283
TOTAL	\$143,448	\$151,093	\$160,863	\$170,966	\$174,335

2

3 **2. OM&A SUMMARY**

4 Hydro Ottawa’s OM&A planned expenses included costs that are incurred to continue providing
 5 a safe and reliable electricity distribution system, meeting legislative and regulatory compliance
 6 requirements, and satisfying other operational and maintenance needs.

7

8 Key projects and programs in the 2021-2025 period include distribution maintenance and
 9 operations programs, such as vegetation management, underground locates, information
 10 technology (“IT”) maintenance, contact centre and billing activities, stations maintenance, and
 11 meter operations and testing activities.

12

13 **3. PROPERTY TAXES**

14 Property taxes are paid to the City of Ottawa annually based on the value of its buildings and
 15 substations and the associated municipal tax rates. Property Taxes are included in the funding
 16 envelope for OM&A.

17

18 **4. DEPRECIATION AND AMORTIZATION EXPENSES**

19 Hydro Ottawa adheres to the Modified International Financial Reporting Standards (“MIFRS”) as
 20 its accounting standard, which informs its rate making and regulatory reporting requirements.

21 Hydro Ottawa uses the half-year rule for calculating depreciation/amortization in the year that

³ Totals may not sum due to rounding.

1 capital additions are added into rate base, except in the case of discrete material assets, such
2 as a station. For more information regarding Hydro Ottawa's Depreciation and Amortization
3 expenses, please refer to Exhibit 4-2-1: Depreciation, Amortization & Disposal.

4

5 **5. PAYMENTS IN LIEU OF TAXES**

6 Pursuant to its obligations under Section 93 of the *Electricity Act, 1998, S.O. 1998, c. 15,*
7 *Sched. A*, Hydro Ottawa is liable for the payment of PILS to the Ministry of Finance based on its
8 taxable income. For more information regarding PILS and details related to the 2021-2025
9 Approved Settlement Agreement, please see Exhibit 4-3-1: Payments in Lieu of Taxes.

10

11 Please see Exhibit 9-1-4: Account 1592 PILS and Tax Variance for any tax impact of differences
12 related to legislative or regulatory changes to tax rates or rules or disclosure of a new
13 assessment or administrative policy published by federal or provincial public tax bulletins that
14 impact relevant balances.

15

16 In addition, any PILS impact related to other Deferral Accounts, and not related to Account
17 1592, will be addressed within those Accounts. Please see Exhibit 9-1-3: Group 2 Accounts for
18 details on Group 2 deferral and variance accounts.

OPERATIONS, MAINTENANCE AND ADMINISTRATION SUMMARY

1. INTRODUCTION

This Schedule provides a brief summary of Hydro Ottawa’s operations, maintenance and administration (“OM&A”) expenditures as per the 2021-2025 Approved Settlement Agreement.¹ It also includes a brief overview of Hydro Ottawa’s approach to OM&A planning for this rate plan, and the top-down and bottom-up budget process used to arrive at the utility’s OM&A expenditures.

2. OM&A SUMMARY

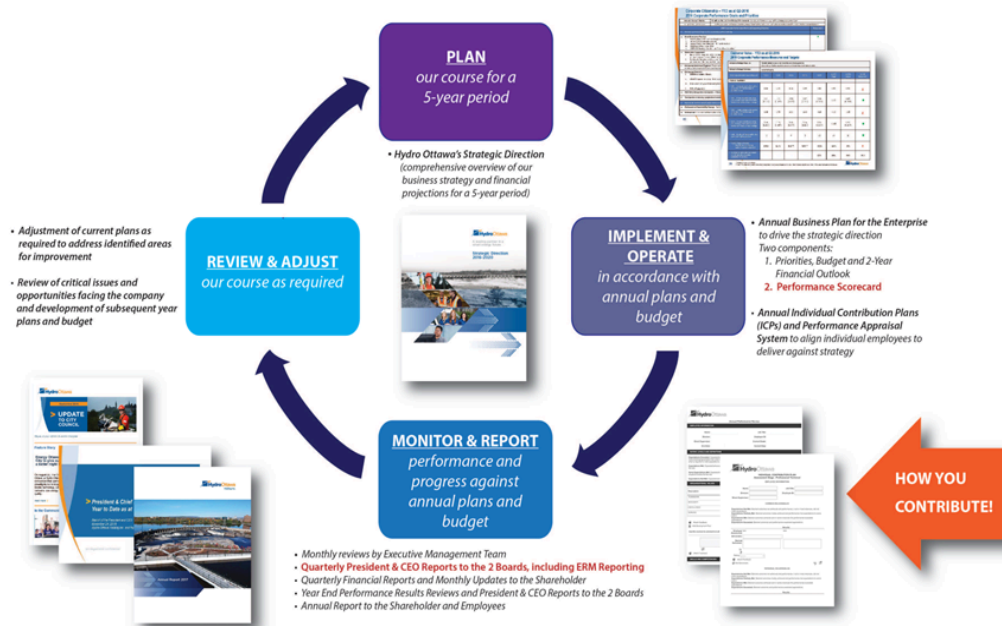
Hydro Ottawa’s OM&A costs are significantly influenced by requirements to operate and maintain a safe and reliable distribution grid, provide service levels that are satisfactory to customers, and ensure continued compliance with all legislative and regulatory obligations. Among other things, this entails a need for the utility to strategically manage its workforce in a way that allows it to replace retiring workers with new tradespeople and respond to the changing dynamics of the market and operating environment in which it is tasked with.

2.1. HYDRO OTTAWA’S APPROACH TO OM&A PLANNING AND BUDGETING

Hydro Ottawa’s approach to OM&A planning and budgeting for the 2021-2025 period was guided by the utility’s planning and performance management framework, which aligns corporate strategies with planning, operations, performance, and the drive for continuous improvement. Refer to Figure 1 below for an overview of Hydro Ottawa’s Integrated Planning & Performance Management Framework.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

1 **Figure 1 – Hydro Ottawa’s Integrated Planning & Performance Management Framework**



2
 3 The framework maintained that spending correspond to business priorities, be directed to achieve
 4 performance targets, and support Hydro Ottawa’s four key focus areas, as set out in its *2016-2020*
 5 *Strategic Direction*:

- 7 ● **Customer Value:** we will deliver value across the entire customer experience by providing
 8 reliable, responsive and innovative services at competitive rates.
- 10 ● **Financial Strength:** we will create sustainable growth in our business and our earnings by
 11 improving productivity and pursuing business growth opportunities that leverage our
 12 strengths – our core capabilities, our assets and our people.
- 14 ● **Organizational Effectiveness:** we will achieve performance excellence by cultivating a
 15 culture of innovation and continuous improvement.
- 17 ● **Corporate Citizenship:** we will contribute to the well-being of the community by acting at all
 18 times as a responsible and engaged corporate citizen.

2.2. OM&A BUDGET PROCESS

Hydro Ottawa undertook both a top-down and bottom-up forecasting exercise to develop the 2021-2025 budget. The budget forecasting exercise began with the preparation and issuance of a planning memorandum from the Chief Financial Officer that provided top-down guidance on the areas of constraints which were to inform the individual corporate Divisions in the bottom-up development of their budgets. Examples of top-down constraints and expectations included constraints on hiring, compensation, and benefits, as well as expectations for productivity and cost control activities. Bottom-up funding requests were then developed, evaluated, and scrutinized based on priority and alignment with core strategic objectives as well as customer impacts. Adjustments were subsequently made to the OM&A budget to reflect these priorities and impacts. The final OM&A budget was developed to accommodate Hydro Ottawa's operational requirements to provide a safe and reliable distribution system, while respecting legislative and regulatory obligations, including the conditions set forth in the utility's distribution license issued by the OEB. The OM&A budget was included in the assessment of customer rate impacts that were reviewed by Hydro Ottawa's senior management team and Board of Directors.

2.3. OM&A 2021 BASE YEAR AND 2022-2025 IR TERM

As per the 2021-2025 Approved Settlement Agreement, the Parties² agreed to set the 2021 Test Year envelope at \$90.6M and were of the view that the \$90.6M envelope was appropriate, and further, was supported by adequate rationale contained in the evidence provided in the application process.³

As established by the Renewed Regulatory Framework ("RRF"), under Price Cap Incentive Rate-setting ("Price Cap IR"), rates are adjusted using a formulaic approach in the years following the first year base rates. This formula consists of a two-component Price Cap Index ("PCI"): inflation and productivity. For electricity distributors, the formula includes an industry-specific inflation factor

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 55.

1 and two factors for productivity: (1) a fixed amount for industry-wide productivity; and (2) a stretch
 2 factor which is set each year based on the level of productivity the distributor has achieved.

3
 4 For the 2022-2025 Test Years, Hydro Ottawa proposed using a Custom Price Escalation Factor
 5 (“CPEF”) to align with the principles of incentive regulation, as set out in the RRF. Setting rates
 6 based on a CPEF will result in the utility bearing the risk associated with any shortfall between
 7 revenues collected through rates and regularly incurred costs. This difference will be recovered
 8 through productivity initiatives and operational efficiencies.

9
 10 For the 2022-2025 years, the Parties agreed to the CPEF, subject to certain modifications. The
 11 CPEF applies to OM&A expenditures only. The CPEF equation is explained in Table 1.

12
 13 **Table 1 – OM&A Custom Price Escalation Factor**

Component	As per Settlement Proposal
Inflation factor (“I”)	<ul style="list-style-type: none"> • Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans • Uses standard OEB labour/non-labour weighting factors • Updated annually
Productivity factor (“X”)	<ul style="list-style-type: none"> • 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) • Fixed for duration of Custom IR term
Growth factor (“G”)	<ul style="list-style-type: none"> • 0.34% • Fixed for duration of Custom IR term
Total CPEF Value: (I - X + G)	<ul style="list-style-type: none"> • $3.6\%^4 - 0.45\% + 0.34\% = 3.49\%$

14
 15 The Parties agreed that the funding envelope for OM&A would “enable Hydro Ottawa to operate its
 16 distribution system in a manner consistent with the utility’s core mandate and the needs and
 17 preferences of its customers.”⁵

⁴ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 56.

1 Table 2 provides Hydro Ottawa’s Approved 2021 base year OM&A, 2022-2024 Approved, the 2025
 2 Proposed OM&A incorporated into the proposed 2025 revenue requirement and rates based on the
 3 CPEF value in Table 1. For calculating the proposed 2025 OM&A, Hydro Ottawa has used the
 4 OEB’s 2025 inflation factor for incentive rate-setting under Price Cap IR and Annual Index plans,
 5 which was set at 3.6%.

7 **Table 2 – Recoverable OM&A (\$’000s)**

2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
\$90,600	\$93,490	\$96,846	\$101,388	\$104,927

12 **2.4. PRODUCTIVITY**

13 Under a Custom Incentive Rate-Setting (“Custom IR”) approach, the annual rate adjustment must
 14 be based on a custom index supported by empirical evidence that can be tested. The annual
 15 adjustment must include explicit financial incentives for continuous improvement and cost control
 16 targets. As noted in the OEB’s *Handbook for Utility Rate Applications*, “these incentive elements,
 17 including a productivity factor, must be incorporated through a custom index or an explicit revenue
 18 reduction over the term of the plan (not built into the cost forecast).”⁶

19
 20 The Parties to the 2021-2025 Approved Settlement Agreement agreed that Hydro Ottawa’s
 21 2021-2025 Custom IR plan, as modified through the Settlement Proposal, “includes appropriate
 22 incentives and measures to ensure productivity and efficiency gains are embedded in the utility’s
 23 proposed OM&A and capital expenditures.”⁷

24
 25 For more details regarding Hydro Ottawa’s alignment with the OEB’s *Renewed Regulatory*
 26 *Framework for Electricity Distributors: A Performance-Based Approach* (“RRFE Report”), please
 27 see Exhibit 1-1-7: Alignment with the Renewed Regulatory Framework.

⁶ Ontario Energy Board, *Handbook for Utility Rate Applications* (October 13, 2016), page 25.

⁷ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 49.

1 For details on productivity related to other components of revenue requirement, please see Exhibit
2 2-4-1: Capital Expenditure Summary, Exhibit 2-1-1: Rate Base Overview and Exhibit 6-1-1:
3 Calculation of Revenue Deficiency or Sufficiency.

4
5 For Hydro Ottawa's Performance Outcomes Accountability Mechanism Deferral Account please see
6 Exhibit 9-1-3: Group 2 Accounts.

7

8 **2.5. Z-FACTOR**

9 Recognizing that Hydro Ottawa cannot accurately predict all potential OM&A funding requirements
10 that may emerge during the 2021-2025 Custom IR term, the Parties agreed that the utility was not
11 precluded from applying for Z-factor relief. Hydro Ottawa will only resort to applying for Z-factor
12 relief if costs incurred arise from unforeseen events, decisions, or activities, the results of which
13 cannot be reasonably anticipated or qualified at the time of the Application and where the costs
14 exceed Hydro Ottawa's materiality threshold and satisfy OEB criteria. Examples include unforeseen
15 weather events or changes to laws or regulations requiring significant implementation investment.⁸

16

17 For unforeseen costs related to COVID-19, please see Exhibit 9-1-3: Group 2 Accounts.

⁸ Additional information on Hydro Ottawa's intended approach to Z-factor applications is available in Exhibit 9-2-1: New Deferral and Variance Accounts.

DEPRECIATION, AMORTIZATION AND DISPOSAL

1. INTRODUCTION

This Schedule provides a summary of the depreciation/amortization and disposal approved as part of the 2021-2025 Approved Settlement Agreement.¹ Hydro Ottawa’s capital additions, depreciation/amortization, and disposal have been set for rate making purposes for the 2021-2025 Custom Incentive Rate-setting (“Custom IR”) period. The depreciation/amortization and net disposal, per the 2021-2025 Approved Settlement Agreement, have been summarized in Table 1 below.

Table 1 – Depreciation/Amortization and Disposals (\$’000s)

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
Depreciation/Amortization	\$51,956	\$55,472	\$57,686	\$59,039	\$62,125
Net Disposals	\$1,602	\$1,568	\$1,356	\$1,313	\$1,293

Hydro Ottawa uses the half-year rule for calculating depreciation/amortization in the year that capital additions are added to the rate base for both actual and budgeted pooled assets, except in the case of discrete material assets, such as a station. In those specific cases, the actual or forecasted in-service month is used to calculate the depreciation/amortization.

2. ITEMS NOT INCLUDED IN BASE REVENUE REQUIREMENT DEPRECIATION/AMORTIZATION AND DISPOSALS

As part of the 2016-2020 Approved Settlement Agreement,² a Capital Investment Variance Account was established to “track variances and associated revenue requirement impacts computed and tracked on an annual basis, resulting from any underspending in the three categories (General Plant, System Renewal and Service, and System Access) calculated on a

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 22, 2015).

1 cumulative basis. Disposition of any credit to customers will occur at the end of the five-year
2 term.”³ As part of the 2021-2025 Approved Settlement Agreement, the Parties⁴ agreed that this
3 variance account would continue with some modification.⁵ For 2021-2025, the associated
4 revenue requirement of a portion of the System Access category, specifically plant relocation
5 and residential expansion, will be tracked in a separate Variance Account and will be
6 symmetrical. The Capital Investment Variance Account does not impact Hydro Ottawa’s
7 proposed distribution rates for 2025. Please see Exhibit 9-1-3: Group 2 Accounts for more
8 details.

9
10 In addition, as part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to
11 continue the use of the Loss on Disposal Variance Account.⁶ The Account will be disposed of as
12 part of Group 2 Regulatory Accounts. Hydro Ottawa is not requesting clearance of the Loss on
13 Disposal Variance Account as part of this Application, and the Account does not impact Hydro
14 Ottawa’s proposed 2025 distribution rates. Details on reporting on this variance account can be
15 found in Exhibit 9-1-3: Group 2 Accounts.

16
17 Finally, as part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to the
18 continued use of the Connection Cost Recovery Agreement (“CCRA”) Payment Deferral
19 Account with modification.⁷ With the modification, the account will now include the difference in
20 revenue requirement of new and true-up payments between what Hydro Ottawa has forecasted
21 and what is actually paid for in CCRA payments. Please see Exhibit 9-1-3: Group 2 Accounts for
22 more details.

³ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 22, 2015), page 25.

⁴ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 37-39.

⁶ *Ibid.*, page 33.

⁷ *Ibid.*, page 30.

PAYMENTS IN LIEU OF TAXES

1. INTRODUCTION

Hydro Ottawa is required to make Payments in Lieu of Taxes (“PILS”) based on its taxable income. Hydro Ottawa used the PILS Workform Model supplied by the OEB for 2020 Cost of Service Applications Filers during the settlement and draft rate order phase of its 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Application to calculate the PILS payable for 2021-2025.

As per the 2021-2025 Approved Settlement Agreement,¹ the Parties² agreed that PILS would be updated annually for changes to rate base as a result of the annual update to working capital. For further information, please see Exhibit 2-3-1: Working Capital Requirement.

In addition, the Parties agreed that rates effective for 2024 and 2025, Hydro Ottawa will update the return on equity (“ROE”) using the applicable ROE value established by the OEB in the Fall of 2023. Please see Exhibit 5-1-1: Cost of Capital and Capital Structure for further detail on the update to ROE. Hydro Ottawa has incorporated the updated ROE rate of 9.21% in calculating its 2025 proposed PILS amount.³

Table 1 below presents approved, proposed and illustrative PILS for 2021-2025. Years 2021-2024 were the approved PILS amount in each respective rate application. The 2025 proposed PILS amount has been updated as a result of the annual update to working capital using the OEB’s 2025 inflation rate of 3.6%.⁴

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Ontario Energy Board, *Letter RE: 2024 Cost of Capital Parameters* (October 31, 2023).

⁴ Ontario Energy Board, *Decision and Order: Inflation factors to be used in rate adjustment applications for rates effective in 2022*, EB-2021-0212 (November 18, 2021).

Table 1 – Corporate PILS (\$'000s)

2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
\$891	\$2,131	\$6,331	\$10,539	\$7,283

Changes in taxes/PILS, as described in the Accounting Procedures Handbook and other Board guidance, will be captured in Account 1592. Please see Exhibit 9-1-4: Account 1592 PILS and Tax Variance for any tax impact of differences related to legislative or regulatory changes to tax rates or rules or disclosure of a new assessing or administrative policy published by federal or provincial public tax bulletins that impact relevant balances.

In addition, any PILS impact related to other Deferral Accounts and not related to Account 1592 will be addressed within those Accounts. Please see Exhibit 9-1-3: Group 2 Accounts for details on Group 2 deferral and variance accounts.

Hydro Ottawa continues to use the PILS Workform Model supplied by the OEB for 2020 Cost of Service Applications Filers. The 2025 PILS calculations have been provided in Excel as Attachment 4-3-1(A): OEB Workform - 2025 Income Tax/PILS Workform.

ATTACHMENT 4-3-1(A)

OEB Workform - 2025 Income Tax/PILS Workform

(Refer to the attachment in Excel format)

1 LOST REVENUE ADJUSTMENT MECHANISM

3 1. INTRODUCTION

4 On March 31, 2010, the Ministry of Energy and Infrastructure issued a directive (“2010
5 Directive”) to the OEB to take steps in order to establish Conservation and Demand
6 Management (“CDM”) targets to be met by licensed electricity distributors over a four-year
7 period beginning January 1, 2011.¹

8
9 In response to the 2010 Directive, the OEB established the *Conservation and Demand*
10 *Management Code for Electricity Distributors* (“CDM Code”) in September 2010. In addition, in
11 April 2012 the OEB issued a set of *Guidelines for Electricity Distributor Conservation and*
12 *Demand Management* (“2012 CDM Guidelines”) which articulated more specific guidance on the
13 obligations and requirements in relation to CDM targets with which distributors were mandated to
14 comply, as stipulated in their licenses.² Of note, the 2012 CDM Guidelines provided updated
15 details on the Lost Revenue Adjustment Mechanism (“LRAM”) which was set-up to compensate
16 distributors for lost revenues resulting from CDM programs for the 2011-2014 period. The CDM
17 Code and 2012 CDM Guidelines were applicable for all activities related to the 2011-2014 CDM
18 Framework.

19
20 Under the 2011-2014 CDM Framework, results were predominantly achieved through the
21 delivery of provincially-developed programs that were funded by the Ontario Power Authority
22 (“OPA”) in cooperation with electricity distributors.³ The 2011-2014 framework terminated on
23 December 31, 2014.

¹ Minister of Energy and Infrastructure, *Directive to the Ontario Energy Board - Establishing Conservation and Demand Management Targets*, EB-2010-0216 (March 31, 2010).

² Ontario Energy Board, *Guidelines for Electricity Distributor Conservation and Demand Management*, EB-2012-0003, (April 26, 2012).

³ References to the OPA remain for activities occurring prior to January 1, 2015. As of January 1, 2015, the functions of the OPA were transferred to the Independent Electricity System Operator through a merger of the two organizations.

1 In 2013, the Government of Ontario released an updated Long-Term Energy Plan (“LTEP”).⁴ A
2 key priority in the 2013 LTEP was reinforcement of the principle of “conservation first” in the
3 electricity sector’s planning processes. In conjunction with the implementation of the 2013 LTEP,
4 the Ministry of Energy established a new Conservation First Framework (“CFF”). The CFF was
5 structured around the goal of achieving 7 TWh of electricity savings province-wide from
6 2015-2020, with programs funded by the Independent Electricity System Operator (“IESO”) and
7 delivered by electricity distributors. In turn, the OEB received a Directive from the Minister of
8 Energy on March 26, 2014 that required the OEB to promote CDM and establish guidelines for
9 CDM program implementation by electricity distributors.⁵ These new CDM guidelines were
10 effective as of January 1, 2015 as part of the launch of the CFF framework.

11
12 On March 21, 2019, the Minister of Energy, Northern Development and Mines issued a Directive
13 to the IESO mandating the discontinuance of the CFF and the establishment of an Interim
14 Framework for CDM programming.⁶ Under the Interim Framework, the new province-wide target
15 for CDM savings was 1.4 TWh, which was scheduled to expire on December 31, 2020. As a
16 result of the impact of COVID-19 on eligible conservation projects, further directives have been
17 received by the IESO to extend the deadline, with the last extension issued on June 29, 2022
18 for an additional extension to December 31, 2022.

19
20 Subsequent to the discontinuance of the 2015-2020 CFF framework, the OEB issued a letter to
21 distributors on June 20, 2019 stating that distributors should continue to have access to LRAM
22 related to the successful delivery of CFF programs.⁷ In addition, the OEB issued an addendum
23 to both the *Chapter 2* and *Chapter 3 Filing Requirements for Electricity Distribution Rate*
24 *Applications*, in order to make modifications reflecting the new requirements set forth in the
25 Interim Framework.⁸

⁴ Ministry of Energy, *Achieving Balance - Ontario’s Long-Term Energy Plan* (December 2013).

⁵ Minister of Energy, *Directive to the Ontario Energy Board - CDM Activities* (March 26, 2014).

⁶ Minister of Energy, Northern Development and Mines, *Directive to the Independent Electricity System Operator - Discontinuance of the Conservation First Framework* (March 21, 2019).

⁷ Ontario Energy Board, Letter RE: *Lost Revenue Adjustment Mechanism for 2020 Rate Applications* (June 20, 2019).

⁸ Ontario Energy Board, *Addendum to Filing Requirements for Electricity Rate Applications - 2020 Rate Applications* (July 15, 2019).

1 Historically, the IESO had produced monthly Participation and Cost Reports available to
2 electricity distributors (namely from January 1, 2018 to March 31, 2019). These reports include
3 incremental first year energy savings as well as information related to persistence. The OEB
4 has directed that the results from the IESO's 2017 program evaluation should be applied to the
5 January 1, 2018 to March 31, 2019 gross unverified savings values, including net-to-gross
6 factors and gross realization rates.⁹ To calculate net savings values at the project level,
7 distributors are instructed to rely on results from the IESO's 2017 program evaluation.

8
9 On September 30, 2020, the Minister of Energy, Northern Development and Mines issued a
10 directive to the IESO to implement a framework on the electricity CDM for the 2021-2024 period.
11 ¹⁰ Subsequently, on January 4, 2021 the IESO released its 2021-2024 Conservation and
12 Demand Management Framework Program Plan.

13
14 On August 5, 2021 the OEB released updated Conservation and Demand Management
15 Guidelines for Electricity Distributors ("CDM Guidelines") for stakeholders to provide comment
16 on. Subsequently on December 20, 2021, the OEB released the CDM Guidelines for Electricity
17 Distributors that outlines the 2021-2024 CDM Framework and previous provincial CDM
18 Frameworks.¹¹

19
20 On March 28, 2024 the OEB issued the Non-Wires Solutions Guidelines for Electricity
21 Distributors¹² ("NWS Guidelines") to replace the CDM Guidelines. The OEB has indicated that
22 the change in name reflects that non-wires solutions can encompass a broader range of
23 solutions than traditional CDM. In the NWS Guidelines the OEB states that for Cost of Service
24 applications filed in 2024 (for 2025 rates), electricity distributors have discretion in whether to
25 align with the 2021 CDM Guidelines or the new NWS Guidelines.

⁹ Ibid., pages 6-7.

¹⁰ Minister of Energy, Northern Development and Mines, *Directive to the Independent Electricity System Operator - 2021-2024 Conservation and Demand Management Framework*, September 30, 2020.

¹¹ Ontario Energy Board, *Conservation and Demand Management Guidelines for Electricity Distributors*, EB-2021-0106, (December 20, 2021).

¹² Ontario Energy Board, *Non-Wires Solutions Guidelines for Electricity Distributors*, EB-2024-0018, (March 28, 2024), pages 3 & 4.

1 The IESO's 2021-2024 CDM Framework programs, including local initiatives programs, are
2 forecasted to provide 725 MW of peak demand savings and 3.8 TWh of electricity savings by
3 2026. Evaluation, measurement and verification reports resulting from the 2021-2024 CDM
4 Framework are being published by the IESO.

5

6 **2. LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT**

7 The CDM Guidelines issued in 2012 authorized the establishment of an LRAM variance account
8 ("LRAMVA") Uniform System of Accounts ("USofA") 1568 for the 2011-2014 CDM period to
9 capture, at the customer rate-class, the difference between the following:

10

- 11 ● "The results of the actual verified impacts of authorized CDM activities undertaken by the
12 electricity distributor for OEB-approved CDM programs and/or OPA-Contracted
13 Province-Wide CDM programs in relation to activities undertaken by the distributor
14 and/or delivered for the distributor by a third party under contract (in the distributor's
15 franchise area); and

16

17 AND

18

- 19 ● The level of CDM program activities included in the distributor's load forecast (i.e. the
20 level embedded into rates)."¹³

¹³ Ontario Energy Board, *Guidelines for Electricity Distributor Conservation and Demand Management*,
EB-2012-0003, (April 26, 2012), page 12 & Appendix B, page 1.

1 As part of the 2021-2025 Approved Settlement Agreement, the Parties,¹⁴
2
3 “acknowledge that Hydro Ottawa will include future CDM savings driven by the Independent
4 Electricity System Operator (“IESO”) or other provincial or federal initiatives in the LRAMVA.
5 (With respect to potential provincial initiatives, it is acknowledged that the Government of
6 Ontario posted a regulatory proposal on July 23, 2020 which contemplates the
7 establishment of a new CDM framework for the 2021-2024 period). The Parties further
8 acknowledge that the OEB may set generic guidelines to measure CDM savings outside the
9 current CFF wind-down framework. However, any updated OEB guidelines will not preclude
10 Hydro Ottawa from bringing forward an LRAM claim, given both known and unknown
11 initiatives have been removed from the Load Forecast for which Hydro Ottawa would have
12 otherwise included in the base Load Forecast.
13
14 The Parties agree that Hydro Ottawa has the ability to record and bring forward a request to
15 dispose it’s LRAMVA for the impact of both known and unknown CDM initiatives. This
16 agreement shall not be construed as agreement to the disposition of such account. Parties
17 are free to take any position they deem appropriate at the time Hydro Ottawa seeks
18 disposition of the LRAMVA.”¹⁵
19
20 Hydro Ottawa will continue to use the Independent Electricity System Operator’s (“IESO”)
21 Evaluation, Measurement, and Verification results for in-service activities to measure CDM
22 savings for LRAMVA disposition in a future rate application.

¹⁴ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

¹⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 24.

LRAM VARIANCE ACCOUNT

Hydro Ottawa is not seeking clearance of its Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) as part of its 2025 Application. This will be done in a future rate application. The LRAMVA balance is included in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). As part of its 2023 Application, Hydro Ottawa received approval to dispose of the 2017 to 2020 LRAMVA balances over a three year period starting in 2023.

Regarding tab ‘2b. Continuity Schedule’ of Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule), given that the LRAM row does not have the option to choose to not dispose of the balance, a balance to collect for Account 1568 is included in the Total Claim column. For clarity, this balance is not requested to be cleared as part of this application.

Hydro Ottawa notes that as part of the update to the Chapter 2 *Filing Requirements for Electricity Rate Applications* issued by the OEB on December 15, 2022, the OEB has stated that “most distributors will be able to request disposition of LRAMVA balances for all years up to and including 2022.”¹

As discussed in Exhibit 4-4-1: Lost Revenue Adjustment Mechanism, as part of the 2021-2025 Approved Settlement Agreement, the Parties²

“acknowledge that Hydro Ottawa will include future CDM savings driven by the IESO or other provincial or federal initiatives in the LRAMVA. (With respect to potential provincial initiatives, it is acknowledged that the Government of Ontario posted a regulatory proposal on July 23, 2020 which contemplates the establishment of a new CDM framework for the

¹ Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*, (December 15, 2022), page 68.

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 2021-2024 period). The Parties further acknowledge that the OEB may set generic
2 guidelines to measure CDM savings outside the current CFF wind-down framework.
3 However, any updated OEB guidelines will not preclude Hydro Ottawa from bringing forward
4 an LRAM claim, given both known and unknown initiatives have been removed from the
5 Load Forecast for which Hydro Ottawa would have otherwise included in the base Load
6 Forecast.

7
8 The Parties agree that Hydro Ottawa has the ability to record and bring forward a request to
9 dispose it's LRAMVA for the impact of both known and unknown CDM initiatives. This
10 agreement shall not be construed as agreement to the disposition of such account. Parties
11 are free to take any position they deem appropriate at the time Hydro Ottawa seeks
12 disposition of the LRAMVA.”³

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 24.

COST OF CAPITAL AND CAPITAL STRUCTURE

1. INTRODUCTION

This Schedule provides an overview of Hydro Ottawa's capital structure and cost of capital parameters incorporated into its 2025 revenue requirement as per its 2021-2025 Approved Settlement Agreement.¹

2. CAPITAL STRUCTURE

Hydro Ottawa's capital structure is set in accordance with the OEB guidelines provided in the *Report of the Board on Cost of Capital for Ontario's Regulated Utilities*, issued on December 11, 2009 and as agreed upon per the 2021-2025 Approved Settlement Agreement. As a result, a 60:40 debt to equity ratio is incorporated into Hydro Ottawa's revenue requirement. The 60% debt component is made up of 56% long-term debt and 4% short-term debt.

3. DEBT RATES

3.1. SHORT-TERM DEBT

Per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa's short-term debt rate will be fixed for the 2021-2025 Custom IR term. The Parties in that agreement² concurred that the short-term debt rate would be set using the "2021 Cost of Capital Parameters" set by the OEB in the Fall of 2020.³

The OEB issued an update to the Cost of Capital Parameters on November 9, 2020, establishing 1.75% as the short-term debt to be incorporated into rate-setting applications. Per the 2021-2025 Approved Settlement Agreement, 1.75% will remain in effect for all five rate years.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 25.

3.2. LONG-TERM DEBT

Per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa's long-term debt rate will be fixed for the Custom IR term based on the weighted average long-term debt rate, as calculated and presented in OEB Appendix 2-OB for the year 2021, and will not change for the 2022-2025 period. The Parties agreed on a methodology to calculate the forecast debt rate for its planned mid-year \$80M debt issuance in 2021⁴ and used the actual, embedded rate for existing debt instruments.

The weighted long-term debt rate of 3.30% for 2021-2025 was set as part of the Final Decision and Order issued by the OEB on January 7, 2021.⁵

4. RETURN ON EQUITY

Per the 2021-2025 Approved Settlement Agreement, the Parties agreed that "for 2024 and 2025, Hydro Ottawa will update its Return on Equity ("ROE") using the applicable ROE value established by the OEB in the Fall of 2023 for January 1, 2024 rates."⁶

The Parties also agreed that, "if the OEB revises its underlying methodology for calculating ROE in advance of Hydro Ottawa's scheduled adjustment for 2024 and 2025, then the updated ROE for 2024 and 2025 will be the lower of the following: (i) the ROE rate established by the OEB for 2024, based upon the revised methodology; or (ii) the ROE rate calculated for 2024 in September 2023 using the OEB's current formulaic methodology for updating the deemed ROE, as determined in the Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, issued December 11, 2009 (Appendix B)."⁷

The OEB did not revise its underlying methodology in advance of Hydro Ottawa's scheduled adjustment for 2024 and 2025, which, as was agreed upon in its 2021-2025 Settlement

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 25-26.

⁵ Ontario Energy Board, *Decision and Rate Order*, EB-2019-0261 (January 7, 2021), page 3.

⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 26.

⁷ *Ibid.*, page 26.

- 1 Agreement,⁸ was submitted in Hydro Ottawa's 2024 Year Four CIR Update Rate Application.⁹
- 2 Therefore, Hydro Ottawa's proposed 2025 revenue requirement has incorporated the ROE rate
- 3 of 9.21%, as per the Cost of Capital Parameters published by the OEB on October 31, 2023.

⁸ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

⁹ Ontario Energy Board, *Generic Proceeding to Consider Cost of Capital Parameters and Deemed Capital Structure*, EB-2024-0063.

CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

1. INTRODUCTION

This Schedule provides a summary of the revenue requirement being requested by Hydro Ottawa for the 2025 year as agreed to in the 2021-2025 Approved Settlement Agreement.¹

The utility's total Service Revenue Requirement is offset by revenues obtained by sources other than distribution rates (i.e. other revenue). The calculation of the revenue deficiency/sufficiency does not include the recovery of deferral and variance accounts, as outlined in Exhibit 9-3-1: Disposition of Deferral and Variance Accounts, or Low Voltage Charges as outlined in Exhibit 8-8-1: Low Voltage Service Rates. As directed in the *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*, as updated on December 15, 2022, costs and revenues related to the cost of power are kept separate from the determination of the distribution revenue sufficiency/deficiency.²

As part of the 2021-2025 Approved Settlement Agreement, the Parties³ agreed to specific annual and mid-term adjustments over the Custom Incentive Rate-setting ("Custom IR") term.

2. CALCULATION OF DEFICIENCY OR SUFFICIENCY

The revenue deficiency/sufficiency for 2021-2025 is calculated using the following inputs:

- 2020 approved rates; and
- 2021-2025 approved load forecast and forecast of customers and connections, as provided in Exhibit 3-1-1: Load Forecast.

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*, (December 15, 2022), page 38.

³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 The revenue deficiency/sufficiency is determined by calculating what the revenue would have
2 been with 2020 rates and the approved forecast for 2021-2025 load and customer/connection
3 numbers. As a result, revenue deficiency in the tables of this Schedule and 2025 Revenue
4 Requirement Workform produce a cumulative revenue requirement rather than a year-over-year
5 revenue requirement. Hydro Ottawa compiled the analysis in this manner, as the 2020 rates
6 gave a stable base upon which to compare each year during the 2021-2025 Custom IR term.
7 Hydro Ottawa continues to compile the analysis in this manner in order to provide a stable base
8 for comparison to its 2021-2025 Custom IR Application.

9
10 **2.1. REVENUE DEFICIENCY/SUFFICIENCY 2021-2025**

11 Table 1 shows 2021-2025 base revenue requirement calculations. More details for the 2025
12 year can be found in the 2025 Revenue Requirement Workform (“RRWF”) attached to this
13 Schedule:

- 14
15 • Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform

16
17 The values for ‘Costs Allocated from Previous Study’ and the percentages for ‘Previously
18 Approved Ratios’ on Sheet 11 Cost Allocation in the 2025 RRWF Workform were taken from the
19 2025 RRWF Workform that was submitted as part of Hydro Ottawa’s 2021-2025 Custom IR
20 Application. In addition, the difference in Sheet 11 Cost Allocation between columns (7C) and
21 (7D) is the difference between allocated Base Revenue Requirement and achieved Base
22 Revenue Requirement.

23
24 Table 1 below provides Hydro Ottawa’s approved 2021-2024 revenue requirement, as well as
25 the 2025 revenue requirement incorporated into the proposed 2025 rates and charges. For the
26 purpose of the proposed 2025 revenue requirement, the 2025 OEB approved inflationary rate of
27 3.6%⁴ and the 2024 OEB approved return on equity (“ROE”) rate of 9.21% has been used
28 where relevant. Please see Table 4 for an outline of the annual and mid-term adjustments.

⁴ Ontario Energy Board Letter, 2025 Inflation Parameters, Issued June 20, 2024 page 1

1 **Table 1 – Revenue Deficiency/Sufficiency for 2021-2025 (\$'000s)⁵**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Return on Rate Base	\$ 64,029	\$ 68,503	\$ 70,886	\$ 76,980	\$ 79,365
Distribution Expenses (not including amortization)	\$ 90,600	\$ 93,490	\$ 96,846	\$ 101,389	\$ 104,927
Depreciation, amortization	\$ 51,956	\$ 55,472	\$ 57,686	\$ 59,039	\$ 62,125
Payment in Lieu of Taxes	\$ 891	\$ 2,131	\$ 6,331	\$ 10,539	\$ 7,283
Service Revenue Requirement	\$ 207,476	\$ 219,596	\$ 231,749	\$ 247,947	\$ 253,700
Less Capital Stretch Factor	\$0	\$ 776	\$ 1,659	\$ 2,701	\$ 3,658
Service Revenue Requirement Net of Capital Stretch Factor	\$ 207,476	\$ 218,820	\$ 230,090	\$ 245,246	\$ 250,042
Less Revenue Offsets	\$ 9,680	\$ 9,397	\$ 9,305	\$ 9,791	\$ 10,003
Base Revenue Requirement	\$ 197,796	\$ 209,423	\$ 220,785	\$ 235,455	\$ 240,040
Transformer Ownership Credit	\$ 1,065	\$ 1,069	\$ 1,073	\$ 1,079	\$ 906
Revenue Requirement from Rates	\$ 198,861	\$ 210,492	\$ 221,858	\$ 236,534	\$ 240,946
Forecasted Load at 2020 Rates	\$ 188,518	\$ 189,731	\$ 191,002	\$ 192,415	\$ 193,588
Cumulative Revenue Deficiency (over 2020)	\$ (10,343)	\$ (20,761)	\$ (30,856)	\$ (44,119)	\$ (47,358)
Yearly Revenue Deficiency over 2020	\$ (10,343)	\$ (10,418)	\$ (10,095)	\$ (13,263)	\$ (3,240)

2

3 Table 2 provides Revenue Deficiency that is calculated by multiplying the previous Test Year's

4 rates against the current Test Year's load forecast.

⁵ Totals may not sum due to rounding.

1 **Table 2 – Revenue Sufficiency/Deficiency using Prior Test Year’s Rates (\$’000s)⁶**

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Total Revenue Requirement from Rates	\$ 197,797	\$ 209,423	\$ 220,786	\$ 235,455	\$ 240,040
Forecast Load at Prior Year’s Rates	\$ 187,453	\$ 199,077	\$ 210,847	\$ 222,428	\$ 236,570
Yearly Revenue Deficiency	\$ (10,344)	\$ (10,347)	\$ (9,939)	\$ (13,027)	\$ (3,470)

2

3 **2.2. CAPITAL STRETCH FACTOR**

4 As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to a Capital
 5 Stretch Factor. A Capital Stretch Factor is designed to incent utilities to achieve productivity
 6 savings and continuous improvement in their capital programs. The Capital Stretch Factor
 7 ensures customers receive an incremental benefit over the Custom IR term, in addition to the
 8 productivity already embedded into the five year plan.

9

10 As 2021 was a rebasing year, no Capital Stretch factor was applied. Starting in 2022, a Capital
 11 Stretch Factor of 0.60% was applied, which was calculated by adding a stretch factor of 0.15%
 12 to the stretch factor of 0.45% used in Hydro Ottawa’s Custom Price Escalation Factor (“CPEF”).
 13 For the remaining years of the Custom IR term the Capital Stretch Factor will be annually
 14 increased by a value of 0.60%, as outlined in Table 3.

15

16

Table 3 – 2021-2025 Capital Stretch Factor Values

Test Year	Capital Stretch Factor
2021	0.0%
2022	0.6%
2023	1.2%
2024	1.8%
2025	2.4%

⁶ Totals may not sum due to rounding.

1 **3. ANNUAL AND MID-TERM REVENUE REQUIREMENT ADJUSTMENTS**

2 Table 4 below provides the 2024-2025 annual and mid-term revenue requirement adjustments
3 by Exhibit as well as the year-over-year dollar value difference by revenue requirement
4 component.

1 **Table 4 – 2024-2025 Revenue Deficiency Amounts & Cost Drivers (\$'000s)⁷**

Driver of Deficiency	2024 Approved	2025 Proposed	+/-	Cost Drivers	Exhibit Reference
Return on Rate Base	\$ 76,980	\$ 79,365	\$ 2,385	- Gross Assets, Accumulated Depreciation and Capital Additions are set for the five year term - Working Capital is annually adjusted - Long-term and Short-term debt rates are set for the five year term - Return on Equity is set for 2021-2023 and will be have a mid-term adjustment for 2024-2025	2-1-1 2-2-1 2-3-1
Distribution Expenses (not including amortization)	\$ 101,389	\$ 104,927	\$ 3,538	- Annually adjusted	4-1-1 4-1-2
Amortization	\$ 59,039	\$ 62,125	\$ 3,086	- Set for the five year term	4-2-1
Payment in Lieu of Taxes	\$ 10,539	\$ 7,283	\$ (3,256)	- Updated for working capital adjustments and ROE mid-term adjustment	4-3-1
Service Revenue Requirement	\$ 247,947	\$ 253,700	\$ 5,753		6-1-1
less Capital Stretch Factor	\$ 2,701	\$ 3,658	\$ (957)	- Annually Adjusted	6-1-1
Service Revenue Requirement Net of Capital Stretch Factor	\$ 245,246	\$ 250,042	\$ 4,796		6-1-1
Less Revenue Offsets	\$ 9,791	\$ 10,003	\$ (212)	- A portion of Other Revenue is set for the five year term, while others will have their rates annually adjusted - The volumes are set for the five year term	3-2-1 3-2-2 3-2-3 3-2-4 3-2-5
Base Revenue Requirement	\$ 235,455	\$ 240,040	\$ 4,585		6-1-1
Transformer Ownership Credit	\$ 1,079	\$ 906	\$ (173)	- Set for the five year term	3-1-1
Revenue Requirement from Rates	\$ 236,534	\$ 240,945	\$ 4,411		6-1-1 8-1-1
Forecasted Load at 2020 Rates	\$ 192,415	\$ 193,588	\$ 1,173	- Load forecast is set for the five year term - Distribution rates are annually adjusted	3-1-1 8-12-1
Cumulative Revenue Deficiency (over 2020)	\$ (44,119)	\$ (47,357)			6-1-1 8-11-1

⁷ Totals may not sum due to rounding.

ATTACHMENT 6-1-1(A)

**Attachment 6-1-1 (A) OEB Workform - 2025 Revenue Requirement
Workform**

(Refer to the attachment in Excel format)

COST ALLOCATION

1. INTRODUCTION

This Schedule includes information on cost allocation study requirements, class revenue requirements, and revenue-to-cost ratios.

2. COST ALLOCATION STUDY

Hydro Ottawa submitted a 2021 Cost Allocation model with its 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application that served as a basis to establish cost allocation for the full five year period of the Custom IR term. This approach was accepted as part of the 2021-2025 Approved Settlement Agreement¹ and as a result, annual updates of the Cost Allocation model are not required. Please see Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform and Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency for detailed proposed allocation of revenue requirement to customer classes.

2.1. LOAD PROFILES

Demand data figures for the 2021 Cost Allocation Model were calculated based on hourly demand figures used in previous rate applications, adjusted to the 2021 monthly load profile and customer count forecasts.

As an outcome of the 2021-2025 Approved Settlement Agreement, the Parties² agreed that the utility will develop in-house demand profiles by customer class as input to the next rebasing application. Specifically, a new study will be undertaken on "the appropriate customer count and non-coincident peak ("NCP") split between primary and secondary for the Residential and GS < 50 kW customer classes."³ Hydro Ottawa confirms that it has a plan in place to develop updated

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 27.

1 hourly load profiles based on in-house demand profiles in the details required to comply with the
2 current Filing Requirements.

3

4 **2.2. PRIMARY / SECONDARY SPLITS**

5 In conjunction with the customer count study detailed in the previous section, Hydro Ottawa has
6 also agreed to complete a study of its distribution assets to produce an updated split of certain
7 asset classes to primary and secondary components for cost allocation purposes.⁴ The asset
8 classes to be investigated are Poles, Towers and Fixtures (Uniform System of Accounts
9 (“USofA”) 1830), Overhead Conductors and Devices (USofA 1835), Underground Conductors
10 (USofA 1840) and Underground Conductors and Devices (USofA 1845). Hydro Ottawa confirms
11 work is underway to complete this requirement of the 2021-2025 Approved Settlement
12 Agreement.

13

14 **3. PROPOSED REVENUE TO COST RATIOS**

15 As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed on the
16 methodology for setting the rate class percentage of revenue requirement and revenue-to-cost
17 ratios.

18

19 Sentinel Lighting is the only customer class with a revenue-to-cost ratio outside the OEB policy
20 range. As agreed, the ratio for this customer class is being brought into its policy range over the
21 five year Custom IR period to mitigate the impact of a large rate increase on a small number of
22 class participants. The 2025 proposed revenue-to-cost ratio aligns Sentinel Lighting class
23 to the OEB policy range. All other classes will remain constant in 2025.

24

25 Please see Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform, Cost
26 Allocation Sheet 11, for Proposed Revenue Requirement and Proposed Ratios by Customer
27 Class.

⁴ Ibid., page 27.

1 Table 1 and Table 2 below provide the current and proposed rate class percentage of revenue
 2 requirement and the current and proposed revenue-to-cost ratios.

3

4 **Table 1 – Current and Proposed Rate Class Percentage Revenue Requirement**

Rate Class	% Revenue Requirement					
	2021 Cost Study	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Residential	56.4%	56.3%	56.3%	56.4%	56.4%	56.4%
GS < 50 kW	10.1%	12.2%	12.2%	12.2%	12.2%	12.2%
GS > 50 to 1,499 kW	23.9%	22.0%	22.0%	21.9%	21.9%	21.9%
GS > 1,500 to 4,999 kW	5.0%	5.3%	5.3%	5.2%	5.2%	5.2%
Large Use	3.8%	3.4%	3.4%	3.4%	3.4%	3.4%
Street Lighting	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
Sentinel Lighting	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unmetered Scattered Load	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Standby Power	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

5

6 **Table 2 – Current and Proposed Rate Class Revenue-to-Cost Ratios**

Rate Class	Revenue-to-Cost Ratios					
	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed	Policy Range
Residential	101.08%	101.08%	101.08%	101.07%	101.08%	85-115
GS < 50 kW	119.92%	119.94%	119.89%	119.93%	119.94%	80-120
GS > 50 to 1,499 kW	90.44%	90.44%	90.43%	90.44%	90.44%	80-120
GS > 1,500 to 4,999 kW	102.32%	102.32%	102.32%	102.32%	102.32%	80-120
Large Use	86.10%	86.10%	86.09%	86.10%	86.10%	85-115
Street Lighting	120.00%	119.94%	119.90%	119.86%	119.76%	80-120
Sentinel Lighting	56.25%	62.19%	65.15%	70.02%	80.00%	80-120
Unmetered Scattered Load	104.51%	104.61%	104.57%	104.64%	104.71%	80-120
Standby Power	33.23%	33.23%	33.23%	33.23%	33.23%	n/a

UNMETERED LOADS

1
2
3 As part of the 2016-2020 Approved Settlement Agreement,¹ Parties² agreed to Hydro Ottawa's
4 proposed cost allocation and rate design with the qualification that the Sentinel Lighting rate
5 class move within the OEB's approved policy range by 2020. Effective January 1, 2020, the
6 Sentinel Lighting rates fell within the OEB-approved range.
7
8 In the 2021-2025 period, the Sentinel rate class once again fell below the OEB's approved
9 range. As part of the 2021-2025 Approved Settlement Agreement, the Parties accepted Hydro
10 Ottawa's proposal to bring the rate class within the approved range over a five-year period to
11 mitigate the rate impact on a small number of class participants. Hydro Ottawa confirms that the
12 proposed 2025 rates for Sentinel rate class will bring this rate class within the OEB approved
13 policy range.

¹ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

² Hydro Ottawa and the following intervenor groups: Consumers Council of Canada, Energy Probe Research Foundation, School Energy Coalition, Vulnerable Energy Consumers Coalition.

FIXED / VARIABLE PROPORTION

1. INTRODUCTION

This Schedule describes how Hydro Ottawa’s proposed rates have been designed to collect the requested revenue requirement for 2025. The corresponding Bill Impacts and Tariffs of Rates and Charges are provided in Exhibit 8-12-1: Bill Impact Information.

Hydro Ottawa is requesting approval of a Base Revenue Requirement in 2025 of \$240M and Transformer Ownership Credit of \$906K, for total revenue from distribution rates of \$240.9M. Table 1 summarizes the approved 2021-2024, and proposed 2025 revenue from distribution rates.

Table 1 – Revenue from Distribution Rates 2021-2025 (\$'000s)¹

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Base Revenue Requirement	\$197,797	\$209,423	\$220,786	\$235,456	\$240,040
Transformer Ownership Credit	\$1,065	\$1,069	\$1,073	\$1,079	\$906
REVENUE FROM DISTRIBUTION RATES	\$198,861	\$210,492	\$221,858	\$236,535	\$240,946

Please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency for the calculation of revenue required from distribution rates and of revenue deficiency for this Application.

2. FIXED/VARIABLE PROPORTION

As part of the 2021-2025 Approved Settlement Agreement,² the Parties³ agreed on the fixed/variable rate design for each customer rate class with the exception of the following three commercial customer classes: General Service > 50 to 1,499 kW, General Service 1,500 to

¹ Totals may not sum due to rounding.

² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 4,999 kW, and Large Use. Rate design parameters with respect to these three commercial
2 classes were established as part of the OEB's Decision and Order issued on November 19,
3 2020.⁴

4
5 For the three affected commercial rate classes the OEB determined that "fixed charges should
6 be set by comparing the fixed charge resulting from Hydro Ottawa's standard rate design
7 approach with the previous year's level for the five year rate term. In years where maintaining
8 the current fixed/variable revenue split results in a higher fixed charge than the previous year,
9 Hydro Ottawa shall maintain the fixed charge at the previous year's level. In years where
10 maintaining the current fixed/variable revenue split results in a lower fixed charge than the
11 previous year, Hydro Ottawa shall maintain the fixed charge at the lower value."⁵ The application
12 of the decision was confirmed in the final OEB Decision and Order dated January 7, 2021.

13
14 Table 2 below provides the 2021-2024 Approved and 2025 Proposed fixed/variable splits as per
15 the 2021-2025 Approved Settlement Agreement. Tables 3 through 5 below provide the
16 approved, proposed and future illustrative fixed/variable charges for the 2021-2025 rate period.

17
18 The ratios presented for 2025 may change subsequent to any update to revenue requirement
19 as noted above.

⁴ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (November 19, 2020).

⁵ *Ibid.*, page 23.

1

Table 2 – Approved and Proposed Fixed/Variable Split

	2021 Approved		2022 Approved		2023 Approved		2024 Approved		2025 Proposed	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
Residential	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%
GS < 50 kW	25%	75%	25%	75%	25%	75%	25%	75%	25%	75%
GS 50 to 1,499 kW	17%	83%	16%	84%	15%	85%	14%	86%	14%	86%
GS 1,500 to 4,999 kW	32%	68%	30%	70%	29%	71%	27%	73%	26%	74%
Large Use	29%	71%	27%	73%	26%	74%	24%	76%	24%	76%
Unmetered Scattered Load	38%	62%	39%	61%	40%	60%	41%	59%	41%	59%
Sentinel Lighting	52%	48%	52%	48%	52%	48%	52%	48%	52%	48%
Street Lighting	62%	38%	63%	37%	63%	37%	63%	37%	63%	37%
Standby Power	28%	72%	28%	72%	28%	72%	28%	72%	28%	72%

2

3

Table 3 – Approved/Current and Proposed Fixed/Variable Charges

4

	2024 Approved		2025 Proposed	
	Fixed \$	Variable \$/kWh or \$/kW	Fixed \$	Variable \$/kWh or \$/kW
Residential	\$33.94	\$0.0000	\$34.26	\$0.0000
GS < 50 kW	\$23.14	\$0.0300	\$23.53	\$0.0305
GS 50 to 1,499 kW	\$200.00	\$6.4215	\$200.00	\$6.5553
GS 1,500 to 4,999 kW	\$4,193.93	\$5.9586	\$4,126.75	\$6.0796
Large Use	\$15,231.32	\$5.8845	\$14,946.93	\$6.0316
Unmetered Scattered Load	\$6.80	\$0.0324	\$7.09	\$0.0338
Sentinel Lighting	\$5.96	\$27.9495	\$7.02	\$32.9297
Street Lighting	\$1.11	\$7.7320	\$1.12	\$7.8164
Standby Power GS 50 to 1,499 kW	\$183.33	\$2.4465	\$186.89	\$2.4940
Standby Power GS 1,500 to 4,999 kW	\$183.33	\$2.2441	\$186.89	\$2.2877
Standby Power Large Use	\$183.33	\$2.4904	\$186.89	\$2.5388

1

Table 4 – Approved and Proposed Fixed Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Residential	\$29.32	\$30.77	\$32.14	\$33.94	\$34.26
GS < 50 kW	\$19.76	\$20.83	\$21.84	\$23.15	\$23.53
GS 50 to 1,499 kW	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
GS 1,500 to 4,999 kW	\$4,193.93	\$4,193.93	\$4,193.93	\$4,193.93	\$4,126.75
Large Use	\$15,231.32	\$15,231.32	\$15,231.32	\$15,231.32	\$14,946.93
Unmetered Scattered Load	\$5.37	\$5.80	\$6.24	\$6.80	\$7.09
Sentinel Lighting	\$3.88	\$4.63	\$5.16	\$5.96	\$7.02
Street Lighting	\$0.96	\$1.01	\$1.05	\$1.11	\$1.12
Standby Power GS 50 to 1,499 kW	\$153.14	\$162.65	\$171.83	\$183.33	\$186.89
Standby Power GS 1,500 to 4,999 kW	\$153.14	\$162.65	\$171.83	\$183.33	\$186.89
Standby Power Large Use	\$153.14	\$162.65	\$171.83	\$183.33	\$186.89

2

3

Table 5 – Approved and Proposed Variable Charges (\$/kWh or \$/kW)

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Residential	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
GS < 50 kW	\$0.0256	\$0.0270	\$0.0283	\$0.0300	\$0.0305
GS 50 to 1,499 kW	\$5.2905	\$5.6423	\$5.9845	\$6.4215	\$6.5553
GS 1,500 to 4,999 kW	\$4.8106	\$5.1687	\$5.5121	\$5.9586	\$6.0796
Large Use	\$4.7117	\$5.0761	\$5.4310	\$5.8845	\$6.0316
Unmetered Scattered Load	\$0.0255	\$0.0276	\$0.0297	\$0.0324	\$0.0338
Sentinel Lighting	\$18.2019	\$21.7203	\$24.2011	\$27.9495	\$32.9297
Street Lighting	\$6.6705	\$6.9763	\$7.3273	\$7.7320	\$7.8164
Standby Power GS 50 to 1,499 kW	\$2.0437	\$2.1706	\$2.2930	\$2.4465	\$2.4940
Standby Power GS 1,500 to 4,999 kW	\$1.8746	\$1.9910	\$2.1033	\$2.2441	\$2.2877
Standby Power Large Use	\$2.0803	\$2.2095	\$2.3341	\$2.4904	\$2.5388

4

5 Table 6 below details the 2021-2024 Approved and 2025 Proposed fixed charges by customer
 6 class compared to upper and lower bounds (floor and ceiling) calculated in the 2021 Cost

1 Allocation Model⁶ submitted in support of the Decision and Rate Order for Hydro Ottawa's
 2 2021-2025 Custom Incentive Rate-setting Application.

3

4 **Table 6 – Comparison of Approved and Proposed Fixed Charges to Cost Allocation Floor**
 5 **and Ceiling**

	2021 Cost Allocation		2021	2022	2023	2024	2025
	Floor	Ceiling	Approved	Approved	Approved	Approved	Proposed
Residential	\$4.07	\$17.38	\$29.32	\$30.77	\$32.14	\$33.94	\$34.26
GS < 50 kW	\$6.01	\$22.73	\$19.76	\$20.83	\$21.84	\$23.15	\$23.53
GS > 50 to 1,499 kW	\$25.49	\$76.11	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
GS > 1,500 to 4,999 kW	\$64.71	\$369.57	\$4,193.93	\$4,193.93	\$4,193.93	\$4,193.93	\$4,126.75
Large Use	\$15.86	\$455.32	\$15,231.32	\$15,231.32	\$15,231.32	\$15,231.32	\$14,946.93
Unmetered Scattered Load	\$0.05	\$9.33	\$5.37	\$5.80	\$6.24	\$6.80	\$7.09
Sentinel Lighting	\$1.78	\$14.97	\$3.88	\$4.63	\$5.16	\$5.96	\$7.02
Street Lighting	\$0.06	\$9.02	\$0.96	\$1.01	\$1.05	\$1.11	\$1.12
Standby Power	\$115.49	\$119.16	\$153.14	\$162.65	\$171.83	\$183.33	\$186.89

6

7 Since 2020, the Distribution charge for the Residential customer class has been set at 100%
 8 fixed. Following the rate design as described above for the General Service > 50 to 1,499 kW,
 9 General Service 1,500 to 4,999 kW, and Large Use classes, the proposed fixed/variable
 10 revenue split did not lead to a reduced fixed charge for the General Service 50 to 1,499 kW
 11 class compared to the previous year. As a result, the fixed charge for this class will remain
 12 unchanged for 2025. Maintaining the 2024 fixed/variable ratio for General Service 1,500 to
 13 4,999 kW and Large Use classes resulted in a lower fixed charge than the previous year.
 14 Consequently, per the November 19, 2020 Decision and Order,⁷ the 2025 fixed charges for
 15 these specific classes will decrease. For these rate classes, adjustments were made to the
 16 variable rates to meet the required revenue requirements.

⁶ As submitted in Hydro Ottawa's Draft Rate Order, EB-2019-0261: Cost_Allocation_Model (December 3, 2020).

⁷ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (November 19, 2020).

1 **3. TRANSFORMER OWNERSHIP CREDIT**

2 As per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa has maintained the
3 current Transformer Ownership Credit ("TOC") of \$0.45/kW for customers who own their
4 transformers until November 1, 2025.

5
6 Section 2.5.5.4 of Hydro Ottawa's Conditions of Service (Version 9) reflects that the TOC will be
7 discontinued for all customer-owned transformers as of November 1, 2025.⁸

8 ⁸ Hydro Ottawa Limited, *Conditions of Service*, Version 9 (January 16, 2023), Section 2.5.5.4, pages 72-73.

RATE DESIGN POLICY CONSULTATION

1
2
3 In April 2015, the OEB released a policy on distribution rate design for residential customers.¹
4 This policy directed electricity distributors to transition residential customers to a fully fixed
5 distribution charge. The OEB set out guidance for the transition period, including mitigation
6 expectations.
7
8 As part of Hydro Ottawa's 2016-2020 Approved Settlement Agreement,² the Parties to that
9 Agreement³ concurred that the residential class would transition to a fully fixed distribution
10 charge effective January 1, 2020. Through the OEB's approval of the utility's 2020 rate
11 adjustment application, the residential class completed the transition to a fully fixed distribution
12 charge.⁴
13
14 The distribution charge for the residential rate class will remain fully fixed for the 2021-2025 rate
15 period.

¹ Ontario Energy Board, *Board Policy - A New Distribution Rate Design for Residential Electricity Customers*, EB-2012-0410 (April 2, 2015).

² Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

³ Hydro Ottawa and Consumers Council of Canada, Energy Probe Research Foundation, School Energy Coalition and Vulnerable Energy Consumers Coalition.

⁴ Ontario Energy Board, *Decision and Rate Order*, EB-2019-0046 (December 17, 2019).

RETAIL TRANSMISSION SERVICE RATES

1. INTRODUCTION

On June 28, 2012, the OEB issued a revision to *Guideline G-2008-0001: Electricity Distribution Retail Transmission Service Rates*, which outlined information that electricity distributors must file to adjust their retail transmission service rates (“RTSRs”).¹

The OEB also provides a model (“RTSR Model”) which distributors are required to complete and file as part of their rate applications.

2. PROPOSED RTSR CHARGES FOR 2025

As per the 2021-2025 Approved Settlement Agreement,² Hydro Ottawa will update RTSRs as part of its mechanistic annual rate adjustment applications from 2021-2025. These updates will be based upon OEB-approved adjustments to the Hydro One Networks Inc. (“Hydro One”) Sub-Transmission Rates and Uniform Transmission Rates (“UTRs”) using the RTSR model.

Consistent with the 2021-2025 Approved Settlement Agreement, Hydro Ottawa is using the RTSR model released by the OEB for 2025 rate filers. The RTSR model is designed to use a utility’s billing determinants from the previous year, as reported through the Reporting and Record Keeping Requirements (“RRRs”). As such, the RTSR rates are derived from 2023 billing determinants.

3. 2025 RTSR WORKFORM

Hydro Ottawa has included the 2025 RTSR Model in Excel format as Attachment 8-3-1(A): OEB Workform - 2025 RTSR Workform.

¹ Ontario Energy Board, *G-2008-0001: Guideline - Electricity Distribution Retail Transmission Service Rates*, Revision 4.0 (June 28, 2012).

² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

1 On June 27, 2024, the OEB issued the Decision and Rate Order - 2024 Uniform Transmission
2 Rate Update,³ changing the UTRs effective July 1, 2024. As a result, Hydro Ottawa has made
3 the following changes to the 2025 RTSR model:

- 4
- 5 ● On tab 4 titled 'UTRs and Sub-Transmission'; rows 18 to 26 of Column J have been
6 edited to include the UTR rates effective July 1, 2024; and
 - 7 ● On tab 6 titled: '6. Current Wholesale'; rows 23 to 35 of Column E have been updated to
8 include updated IESO Network Rates. The IESO Network Rate from January to June is set to
9 \$5.78, consistent with the OEB's decision on January 18, 2024⁴. From July to December the
10 rate is increased to \$6.12, aligning with the OEB's decision issued on June 27, 2024.⁵

11

12 Adjustments to Hydro One UTRs typically occur after the implementation of Hydro Ottawa's
13 rates on January 1st of each year. As such, the Parties have agreed to set each year's RTSRs
14 using the previous year's UTRs. As part of the 2021-2025 Approved Settlement Agreement, the
15 differences from the new rates will be captured in Uniform System of Accounts 1584 - Retail
16 Settlement Variance Account ("RSVA") Network, and 1586 - Connection for future disposition.

³ Ontario Energy Board, *Decision and Rate Order - 2024 Uniform Transmission Rates Update*, EB-2024-0183 (June 27, 2024).

⁴ Ontario Energy Board, *Decision and Rate Order - 2024 Uniform Transmission Rates*, EB-2023-0222 (January 18, 2024) page 1.

⁵ Ontario Energy Board, *Decision and Rate Order - 2024 Uniform Transmission Rates Update*, EB-2024-0183 (June 27, 2024) page 1.

ATTACHMENT 8-3-1(A)

Attachment 8-3-1 A OEB Workform - 2025 RTSR Workform

(Refer to the attachment in Excel format)

RETAIL SERVICE CHARGES

Retail Service Charges (“RSCs”) are levied to recover the cost of the services provided by a distributor to retailers or customers for supply of competitive electricity through Retailer contracts, in accordance with the OEB’s Retail Settlement Code.

On February 14, 2019, the OEB issued a Decision and Order in the matter of energy retailer service charges effective May 1, 2019.¹ In accordance with this decision, Hydro Ottawa stopped using its approved distributor-specific RSCs and implemented the OEB generic RSCs effective May 1, 2019.² As accepted as part of the 2021-2025 Settlement Agreement,³ Hydro Ottawa will continue to use the OEB generic RSC for 2021-2025. On September 26, 2023, the OEB released its Decision and Order for the generic 2024 RSCs effective January 1, 2024.⁴ Those rates were implemented by Hydro Ottawa as of January 1, 2024.

Table 1 below presents approved, and proposed RSCs for 2021-2025. The 2024 charges are consistent with those prescribed in the OEB’s Decision and Order EB-2023-0193. In 2025, Hydro Ottawa will implement the OEB’s generic RSCs. As a placeholder, pending the OEB’s RSC rate order for 2025, the 2024 generic RSCs have been inflated by the 2025 OEB inflation rate of 3.6%.⁵

¹ Ontario Energy Board, *Decision and Order in the matter of energy retailer service charges effective May 1, 2019*, EB-2015-0304 (February 14, 2019).

² Information on the utility-specific RSCs previously applied by Hydro Ottawa is available in its *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

⁴ Ontario Energy Board, *Decision and Order in the matter of the inflationary adjustment effective January 1, 2024 for energy retailer service charges for electricity distributors*, EB-2023-0193 (September 26, 2023).

⁵ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (Issued June 20, 2024), page 1.

1

Table 1 – Retail Service Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Standard Charge	\$104.24	\$107.68	\$111.66	\$117.02	\$121.23
Monthly Fixed Charge	\$41.70	\$43.08	\$44.67	\$46.81	\$48.50
Monthly Variable Charge	\$1.04	\$1.07	\$1.11	\$1.16	\$1.20
Distributor consolidated billing charge	\$0.62	\$0.64	\$0.66	\$0.69	\$0.71
Retailer consolidated billing credit	\$(0.62)	\$(0.64)	\$(0.66)	\$(0.69)	\$(0.71)
Service Transaction Requests, per request	\$0.52	\$0.54	\$0.56	\$0.59	\$0.61
Service Transactions Requests, per process	\$1.04	\$1.07	\$1.11	\$1.16	\$1.20
Electronic Business Transaction, up to two per year	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Electronic Business Transaction, more than two, per request	\$4.17	\$4.31	\$4.47	\$4.68	\$4.85

WHOLESALE MARKET SERVICE RATE

1
2
3 This Application reflects the current Wholesale Market Service (“WMS”) rate of \$0.0041/kWh,
4 Capacity Based Recovery (“CBR”) rate of \$0.0004/kWh, and Rural or Remote Electricity Rate
5 Protection (“RRRP”) rate of \$0.0014/kWh. These are the most recent rates approved by the
6 OEB.¹
7
8 The WMS and RRRP rates apply to both Class A and Class B customers. With regards to the
9 CBR rate, Class B customers are charged the rate of \$0.0004/kWh, as noted above, while
10 Class A customers’ costs are in proportion to the customer’s contribution to peak demand.
11
12 Hydro Ottawa will update WMS rates in accordance with applicable OEB Decisions and Orders.

¹ Ontario Energy Board, *Decision and Order in the matter of Regulatory Charges Effective January 1, 2024, for the Wholesale Market Services Rate and the Rural or Remote Electricity Rate Protection Charge*, EB-2023-0268 (December 7, 2023), page 1.

SMART METERING CHARGE

1
2
3 On September 8, 2022, the OEB issued a Decision and Order setting the Smart Metering
4 Charge (“SMC”) at \$0.42 per month for Residential and General Service <50 kW customers,
5 effective January 1, 2023.¹ As per that Decision and Order, the SMC is effective until December
6 31, 2027.

7
8 The SMC is a pass-through amount that is charged by distributors to applicable customers in
9 the Residential and General Service < 50 kW classes and any difference between what a
10 Distributor is charged and what it charges to Customers are included in the Smart Metering
11 Entity Charge Variance Account (“SMECVA”),² Hydro Ottawa hereby confirms that the impact of
12 SMC differences are included in the SMECVA. Please see Exhibit 9-1-1: Summary of Current
13 Deferral and Variance Accounts and Exhibit 9-1-2: Group 1 Accounts for the balance of the
14 SMECVA.

15
16 The currently approved SMC is included in Attachment 8-10-1(A): OEB Workform - 2024
17 Current and 2025 Proposed Tariff of Rates and Charges.

¹ Ontario Energy Board, *Decision and Order - Application for Approval of a Smart Metering Charge for the years 2023-2027 and related matters*, EB-2022-0137 (September 8, 2022).

² Ontario Energy Board, *Updated Guidance on Smart Metering Entity Charge* (March 23, 2018).

SPECIFIC SERVICE CHARGES

1. INTRODUCTION

Specific Service Charges (“SSCs”) apply to services that are over and above Hydro Ottawa’s standard level of service offerings and may result from a customer’s action or inaction. The revenue from these charges offset the total revenue requirement.¹ For more details regarding revenue requirement and revenue offsets, please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency.

In preparation for its 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Application, Hydro Ottawa conducted a review of its SSCs and proposed a method of inflation over the Custom IR term. As part of the 2021-2025 Approved Settlement Agreement,² the Parties³ agreed to a modified approach to the annual inflation of SSCs, and the removal of the reconnect at meter charges under the Customer Administration category.

The majority of the SSCs will be updated annually per the agreed Custom Price Escalation Factor (“CPEF”) established in the 2021-2025 Approved Settlement Agreement for OM&A purposes, however will exclude the growth component of the factor (referred to herein as the “Modified CPEF”).⁴

Table 1 below provides a description of the Modified CPEF used for the majority of SSCs. The proposed SSCs are escalated by the Modified CPEF using the OEB’s inflation factor for 2025.

¹ This exhibit excludes Retail Service Charges, which are discussed in detail in Exhibit 8-4-1: Retail Service Charges.

² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 28.

1

Table 1 – Modified Custom Price Escalation Factor

Component	As per Settlement Proposal
Inflation factor (“I”)	<ul style="list-style-type: none"> ● Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans ● Uses standard OEB labour/non-labour weighting factors ● Updated Annually
Productivity factor (“X”)	<ul style="list-style-type: none"> ● 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) ● Fixed for duration of Custom IR term
Total Modified CPEF Value: (I - X)	<ul style="list-style-type: none"> ● 3.6% - 0.45% = 3.15%⁵

2

3 **2. SUMMARY OF PROPOSED SPECIFIC SERVICE CHARGES**

4 Table 2 below summarizes the 2021-2024 Approved and 2025 Proposed SSCs. The 2025
 5 proposed SSCs are based on a Modified CPEF that has incorporated the OEB’s 2025 inflation
 6 rate of 3.6% in its calculation.

7

8 The proposed 2025 SSCs are included in Hydro Ottawa’s Tariff of Rates and Charges as
 9 presented in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges.

⁵ Ontario Energy Board, Letter RE: *2025 Inflation Parameters* (June 20, 2024), page 1.

1

Table 2 – Specific Service Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
Customer Administration					
Arrears Certificate	\$16.00	\$16.00	\$17.00	\$17.00	\$18.00
Easement Certificate for Unregistered Easements	\$25.00	\$26.00	\$27.00	\$28.00	\$29.00
Duplicate Invoices for Previous Billing	\$5.00	\$6.00	\$6.00	\$6.00	\$6.00
Special Billing Service, per hour	\$122.00	\$126.00	\$130.00	\$136.00	\$140.00
Credit Reference/Credit Check (+ credit agency costs)	\$16.00	\$16.00	\$17.00	\$17.00	\$18.00
Unprocessed Payment Charge (+ bank charges)	\$25.00	\$26.00	\$27.00	\$28.00	\$29.00
Account Set Up/Change of Occupancy Charge	\$25.00	\$26.00	\$27.00	\$28.00	\$29.00
Interval Meter - Field Reading	\$314.00	\$323.00	\$334.00	\$348.00	\$359.00
High Bill Investigation - If Billing is Correct	\$237.00	\$243.00	\$251.00	\$262.00	\$270.00
Non-Payment of Account					
Reconnect at Meter - Regular Hours	\$67.00	\$69.00	\$71.00	\$74.00	\$76.00
Reconnect at Meter - After Regular Hours	\$100.00	\$103.00	\$107.00	\$111.00	\$115.00
Reconnect at Pole - Regular Hours	\$250.00	\$258.00	\$266.00	\$278.00	\$286.00
Reconnect at Pole - After Regular Hours	\$423.00	\$435.00	\$449.00	\$468.00	\$483.00
Other					
Temporary Service - Install and Remove ("TS-I&R") - Overhead - no transformer	\$881.00	\$906.00	\$936.00	\$976.00	\$1,007.00
TS-I&R - Underground - no transformer	\$1,278.00	\$1,314.00	\$1,357.00	\$1,416.00	\$1,461.00
TS-I&R - Overhead - with transformer	\$3,141.00	\$3,231.00	\$3,336.00	\$3,481.00	\$3,590.00
Specific Charge to Access Power Poles - Wireline	\$44.50	\$34.76	\$36.05	\$37.78	\$39.14
Drycore Transformer Charge	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)
ERF Administration Charge Without Account Set Up	\$142.00	\$146.00	\$151.00	\$158.00	\$162.00

1 **2.1. SSCs ESCALATED BY THE MODIFIED CUSTOM PRICE ESCALATION FACTOR**

2 The following rates will be adjusted in the Fall of 2025:

- 3
- 4 ● Arrears Certificate;
 - 5 ● Easement Certificate for Unregistered Easements;
 - 6 ● Duplicate Invoices for Previous Billing;
 - 7 ● Special Billing Service, per hour;
 - 8 ● Credit Reference/Credit Check (+ credit agency costs);
 - 9 ● Unprocessed Payment Charge (+ bank charges);
 - 10 ● Account Set Up/Change of Occupancy Charge;
 - 11 ● Interval Meter - Field Reading;
 - 12 ● High Bill Investigation - If Billing is Correct;
 - 13 ● Non-Payment of Account - Reconnect at Meter;
 - 14 ● Non-Payment of Account - Reconnect at Pole;
 - 15 ● TS-I&R - Overhead - no transformer;
 - 16 ● TS-I&R - Underground - no transformer;
 - 17 ● TS-I&R - Overhead - with transformer; and
 - 18 ● ERF Administration Charge Without Account Set Up.
- 19

20 **2.2. SPECIFIC ACCESS TO POWER POLES - WIRELINE ATTACHMENTS**

21 As part of the 2021-2025 Approved Settlement Agreement the Parties agreed that Hydro
22 Ottawa would use the OEB generic wireline pole attachment charge. As a placeholder for 2025,
23 the 2024 Approved⁶ pole attachment rate has been inflated by the OEB's 2025 inflation rate of
24 3.6%. Hydro Ottawa will update the 2025 rate after the OEB releases an Order on the
25 province-wide wireline pole attachment charge.

⁶ Ontario Energy Board, *Decision and Order - Distribution Pole Attachment Charge for 2024*, EB-2023-0194 (September 26, 2023) page 1.

1 **2.3. DRY CORE TRANSFORMER CHARGE**

2 The dry core transformer charge is applied to recover unmetered energy lost in the operation of
3 a dry core transformer. A specific charge is calculated for each transformer based on the
4 Canadian Standards Association standard C802-94 (“CSA-C802-94”).⁷ For transformer sizes
5 not included in CSA-C802-94, there are no load losses or associated costs that are interpolated
6 based on the transformer size. As per the 2021-2025 Approved Settlement Agreement, Hydro
7 Ottawa will calculate the dry core transformer loss charge for any new size of transformer upon
8 connection, based on the approved dry core rate design. The Schedule of Rates and Tariffs will
9 be updated annually for any new size of transformers.

10
11 Dry core rates have been set based on the Proposed 2025 distribution, transmission and low
12 voltage rates of the >50kW commercial classes, as well as the current Regulated Price Plan
13 (“RPP”) and regulatory rates. These rates are outlined in Attachment 8-7-1(A): Dry Core
14 Calculations. The Drycore rates will be updated based on final approved rates.

15
16 In addition, RPP and Regulatory rates will be updated as per any applicable OEB Decision
17 and/or Order.

18
19 **3. GENERATOR FIXED SERVICE CHARGES & STANDARD SUPPLY SERVICE**
20 **CHARGES**

21 **3.1. GENERATOR FIXED SERVICE CHARGES**

22 As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to the
23 continuation of the utility-specific charges for the MicroFIT, Net Metering, FIT, and Hydroelectric
24 Contract Initiative (“HCI”)/Renewable Energy Standard Offer Program (“RESOP”)/Hydroelectric
25 Standard Offer Program (“HESOP”) service charges.

26
27 Table 3 below summarizes the 2021-2024 Approved, and the 2025 Proposed Generator Service
28 Charges.

⁷ Standards Council of Canada, “CAN/CSA-C802-94 - Maximum Losses for Distribution, Power and Dry-Type Transformers”: <https://scc-ccn.ca/standardsdb/standards/4005579>.

1

Table 3 – Generator Service Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Proposed
MicroFIT and Net-Metering ERF	\$14.00	\$15.00	\$15.00	\$15.00	\$16.00
FIT ERF	\$76.00	\$78.00	\$80.00	\$82.00	\$84.00
HCI, RESOP, Other ERF	\$314.00	\$322.00	\$330.00	\$338.00	\$347.00

2

3 **3.2. STANDARD SUPPLY SERVICE CHARGE**

4 The Standard Supply Service Administration Charge (“SSS Charge”) is an administrative charge
 5 that allows Hydro Ottawa to recover costs of providing standard supply service to all customers
 6 who are not enrolled with a Retailer.

7

8 The Parties agreed that Hydro Ottawa will continue the use of the \$0.25 per customer per
 9 month charge set by the OEB, while acknowledging “that the charge has not been adjusted to
 10 reflect actual costs or inflation since it was first introduced in 2002. The Parties believe that
 11 timely review of the rate design methodology associated with the SSS Charge is warranted as
 12 part of the OEB’s ongoing review of miscellaneous rates and charges.”⁸

13

14 **4. SERVICE CHARGE REVENUES**

15 A schedule of the associated revenues from all SSCs for 2021-2025 is provided in Exhibit 3-2-2:
 16 Specific Service Charges.

⁸ Hydro Ottawa, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 29.

ATTACHMENT 8-7-1(A)

Attachment 8-7-1(A) Dry Core Calculations

(Refer to the attachment in Excel format)

LOW VOLTAGE SERVICE RATES

1. INTRODUCTION

Hydro Ottawa receives low voltage (“LV”) charges, including the Facility Charge for connection to Common sub-transmission Lines (“Common ST Lines”), from Hydro One Networks Inc. (“Hydro One”) for a number of Shared Distribution Stations, Specific Lines and Shared Lines. In 2006, the Ontario Energy Board (“OEB”) issued a Decision which determined that it was appropriate for an embedded electricity distributor, or a distributor with embedded distribution points (such as Hydro Ottawa), to establish and maintain a variance account for LV charges from its host distributor.¹

Subsequent to issuing the 2006 LV Decision, the OEB sent a letter in June 2006 notifying electricity distributors that the following accounts had been added to the Uniform System of Accounts (“USofA”): Account 4750, Charges – LV; Account 4075, Billed – LV; and Account 1550, LV Variance Account.² As a result, effective May 1, 2006, Account 1550 has been used to record the net of the amounts recorded in Accounts 4750 (amount charged by Hydro One for LV services) and 4075 (amount Hydro Ottawa customers are billed for LV services).

In 2008, Hydro Ottawa removed the LV charges from the distribution revenue requirement and proposed that a separate charge be calculated to recover the LV charges from customers. These separate charges were approved by the OEB in its Decision on the utility’s 2008 rebasing application.³

¹ Ontario Energy Board, *Decision with Reasons in the matter of a proceeding initiated by the Ontario Energy Board to make certain determinations of matters raised in applications by electricity distribution companies for 2006 rates pursuant to sections 19(4) and 78 of the Ontario Energy Board Act, 1998*, EB-2005-0529 (March 21, 2006).

² Ontario Energy Board, Letter RE: *Smart Meters and Low Voltage Accounting Matters arising from the Board’s 2006 EDR Decision on Common or Generic Issues*, EB-2006-0136 (June 13, 2006).

³ Ontario Energy Board, *Decision in the matter of an application by Hydro Ottawa Limited for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity, effective May 1, 2008*, EB-2007-0713 (March 17, 2008).

2. CURRENT LV CHARGES

As part of the 2021-2025 Approved Settlement Agreement,⁴ the OEB requires Hydro Ottawa’s LV rates be updated annually. The 2024 rates were approved as part of Decision and Order EB-2023-0032.⁵ These rates are shown in Table 1 below.

Table 1 – Hydro Ottawa LV Charges (Effective January 1, 2024)

Class	Per	LV Charge
Residential	kWh	\$0.00005
General Service <50 kW	kWh	\$0.00005
General Service 50 to 1,499 kW	kW	\$0.02033
General Service 1,500 to 4,999 kW	kW	\$0.02173
Large Use > 5,000 kW	kW	\$0.02447
Unmetered Scattered Load	kWh	\$0.00005
Sentinel Lighting	kW	\$0.01511
Street Lighting	kW	\$0.01542

3. ESTIMATED 2021-2025 LV EXPENSES

As part of its 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Application, in order to set the rates for the five-year term, Hydro Ottawa estimated LV expenses that the utility would incur over the 2021-2025 rate term. As part of its 2021-2025 Approved Settlement Agreement, the Parties⁶ agreed to a revised LV expense estimate. The LV expense estimate for setting LV rates for the five-year term are shown in Table 2.

Table 2 – Approved LV Expenses 2021-2025 (\$’000s)

	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
LV Expenses	\$340,502	\$346,939	\$353,687	\$360,497	\$367,685

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

⁵ Ontario Energy Board, *Decision and Order Hydro Ottawa*, EB-2023-0032 (December 14, 2023).

⁶ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 **4. PROPOSED 2021-2025 LV CHARGES**

2 As part of the 2021-2025 Approved Settlement Agreement, the Parties accepted Hydro Ottawa's
3 proposed LV rates and agreed they would be updated annually based on the methodology
4 described below. For 2025 rates, Hydro Ottawa has continued to use this methodology instead
5 of using the calculator on Tab 9 of the OEB's RTSR model.

6
7 The LV expense has been allocated to the customer classes based on the class percentage of
8 Retail Transmission Connections dollars using 2025 proposed rates. As shown in Table 3 below,
9 Hydro Ottawa continues to use the same methodology for allocation used in the 2006 Electricity
10 Distribution Rate ("EDR") Model.

11
12 Hydro Ottawa has updated the LV charges based on updated Transmission Connections rates,
13 and used the forecasted expenses as presented in Table 3.

1

Table 3 – 2025 Calculation of LV Charge⁷

	2025 Proposed Retail Transmission Connection Rate	2025 Charge Determinant (kWh or kW)	Basis for Allocation (A*B)	Allocation	LV Expense Allocation	2025 Rate/ kWh or kW (E/B)
	A	B	C	D	E	F
Residential	\$0.0068	2,359,683,529	\$16,045,848	33.71%	\$123,961	\$0.00005
General Service < 50 kW	\$0.0066	719,361,784	\$4,747,788	9.98%	\$36,679	\$0.00005
General Service 50 to 1,499 kW	\$2.6767	6,980,998	\$18,686,037	39.26%	\$144,358	\$0.02068
General Service 1,500 to 4,999 kW	\$2.8608	1,574,524	\$4,504,398	9.46%	\$34,798	\$0.02210
Large Use > 5,000 kW	\$3.2215	1,054,605	\$3,397,410	7.14%	\$26,246	\$0.02489
Unmetered Scattered Load	\$0.0066	11,834,162	\$78,105	0.16%	\$603	\$0.00005
Sentinel Lighting	\$1.9887	132	\$263	0.00%	\$2	\$0.01536
Street Lighting	\$2.0300	66,152	\$134,289	0.28%	\$1,037	\$0.01568
TOTAL			\$47,594,138		\$367,685	

⁷ Totals may not sum due to rounding.

LOSS ADJUSTMENT FACTORS

1. INTRODUCTION

This Schedule outlines information related to Hydro Ottawa’s Loss Adjustment Factors. As part of the 2021-2025 Approved Settlement Agreement,¹ the Parties² agreed on loss factors that will remain fixed for the five-year Custom Incentive Rate-setting (“Custom IR”) term.

2. DISTRIBUTION LOSSES

Table 1 provides losses as a percentage of purchases for each of the five years 2015-2019, as presented in Hydro Ottawa’s 2021-2025 Custom IR Application. Losses had not been greater than 5%. There are no distributors embedded in Hydro Ottawa’s service area and the utility is not an embedded distributor itself. However, Hydro Ottawa does have a number of delivery points embedded in Hydro One Networks Inc.’s service territory.

Table 1 – Losses as a Percentage of Purchases for the Five Year Period of 2015-2019³

	2015	2016	2017	2018	2019
Electricity Purchases (MWh)	7,622,794	7,600,820	7,410,784	7,612,656	7,466,403
Electricity Sales (MWh)	7,374,808	7,374,415	7,190,875	7,367,818	7,240,881
LOSSES (MWh)	247,987	226,405	219,909	244,838	225,521
LOSSES%	3.25%	2.98%	2.97%	3.22%	3.02%

As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed that Hydro Ottawa “shall endeavour to maintain its five-year average total system losses below the target of 3.02% set by the OEB in EB-2005-0381 through cost-effective measures.”⁴

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

² Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

³ Totals may not match due to rounding.

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 22.

1 Hydro Ottawa had also committed to prepare a plan to reduce distribution losses as much as
 2 possible through cost-effective measures and file the plan with the OEB when complete. Hydro
 3 Ottawa confirms the report has been filed with the OEB, on December 21, 2022 (“System
 4 Losses Plan”).

5
 6 In addition, Hydro Ottawa will implement as many of the cost-effective measures set out in its
 7 plan as possible. Remaining cost-effective measures will be incorporated into Hydro Ottawa’s
 8 next rebasing application and included in the Distribution System Plan (“DSP”).

9
 10 Finally, as described in Hydro Ottawa’s response to undertaking JT 3.10, a pilot of Grid Edge
 11 Volt/VAr Control (“VVC”) solution was implemented in 2020. A full analysis of the pilot has been
 12 completed, including an economic use case. Hydro Ottawa has an estimated investment of up
 13 to \$1M for the future deployment of the VVC devices where such deployments are cost-effective
 14 and sufficiently impactful. The cost of these investments will be accommodated within the
 15 overall approved capital budget as per the 2021-2025 Approved Settlement Agreement.⁵

16
 17 **3. LOSS ADJUSTMENT FACTORS**

18 As per 2021-2025 Approved Settlement Agreement, the loss factors presented in Table 2 will
 19 remain constant from 2021 to 2025.

20
 21 **Table 2 – 2021-2025 Approved Loss Adjustment Factors**

	Total Loss Factor
Secondary Metered Customer < 5,000 kW	1.0338
Secondary Metered Customer > 5,000 kW	1.0152
Primary Metered Customer < 5,000 kW	1.0234
Primary Metered Customer > 5,000 kW	1.0051

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 23.

CURRENT AND PROPOSED TARIFF OF RATES AND CHARGES

- 1
- 2
- 3 Hydro Ottawa's Approved 2024 and Proposed 2025 tariffs of rates and charges are provided in
- 4 Attachment 8-10-1(A): OEB Workform - 2024 Current and 2025 Proposed Tariff of Rates and
- 5 Charges.
- 6
- 7 Attachment 8-10-1(A) is included as an Attachment to this Schedule in Excel format.
- 8
- 9 Attachment 8-10-1(B): Hydro Ottawa's Approved and Proposed tariff of rates and charges is a
- 10 PDF copy of both the current and proposed tariff sheets.

ATTACHMENT 8-10-1(A)

**Attachment 8-10-1(A) OEB Workform - 2024 Current and 2025 Proposed
Tariff of Rates and Charges**

(Refer to the attachment in Excel format)

SCHEDULE A
DECISION AND RATE ORDER
HYDRO OTTAWA LIMITED
TARIFF OF RATES AND CHARGES
EB-2023-0032
DECEMBER 14, 2023

Hydro Ottawa Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2023-0032

RESIDENTIAL SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 120/240 volts single phase where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triple or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	33.94
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$	0.25
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0022
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0110
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0063

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

Hydro Ottawa Limited
EB-2024-0035
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GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	23.15
Smart Metering Entity Charge - effective until December 31, 2027	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0300
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kWh	0.0007
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0025
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0103
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0061

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
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Hydro Ottawa Limited
EB-2024-0035
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EB-2023-0032

GENERAL SERVICE 50 TO 1,499 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 1,500 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	200.00
Distribution Volumetric Rate	\$/kW	6.4215
Low Voltage Service Rate	\$/kW	0.02033
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kW	0.1523
Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2024	\$/kW	0.1966
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	(0.2477)

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2024
This schedule supersedes and replaces all previously
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Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.2714
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2024	\$/kW	0.8069
Rate Rider for Disposition of Global Adjustment Account - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kW	4.2259
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.4718

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2024

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2023-0032

GENERAL SERVICE 1,500 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 1,500 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4193.93
Distribution Volumetric Rate	\$/kW	5.9586
Low Voltage Service Rate	\$/kW	0.02173
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kW	0.3938
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2021
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	1.2098
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)

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Rate Rider for Disposition of Global Adjustment Account - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kW	4.3877
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.6418

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited

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Effective and Implementation Date January 1, 2024

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LARGE USE SERVICE CLASSIFICATION

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15231.32
Distribution Volumetric Rate	\$/kW	5.8845
Low Voltage Service Rate	\$/kW	0.02447
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kW	0.4832
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2011
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	1.4465
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)

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Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kW	4.8641
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.9749

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 120/240 volts single phase whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. These connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Qualification for this classification is at the discretion of Hydro Ottawa as defined in its Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	6.80
Distribution Volumetric Rate	\$/kWh	0.0324
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0026
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0103
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0061

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
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STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation equal to or greater than 500 kW and requires the distributor to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component - Approved on an Interim Basis

Service Charge	\$	183.33
General Service 50 to 1,499 kW customer	\$/kW	2.4465
General Service 1,500 to 4,999 kW customer	\$/kW	2.2441
General Service Large User kW customer	\$/kW	2.4904

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.96
Distribution Volumetric Rate	\$/kW	27.9495
Low Voltage Service Rate	\$/kW	0.01511
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kW	0.3047
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.9624
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kW	3.1195
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8364

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
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STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting controlled by photocells. The consumption for these customers is based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.11
Distribution Volumetric Rate	\$/kW	7.7320
Low Voltage Service Rate	\$/kW	0.01542
Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until December 31, 2024	\$/kW	0.3017
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.9224
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2024	\$/kWh	(0.0001)
Rate Rider for Disposition of Account 1595 - effective until December 31, 2026	\$/kW	4.8925
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2024	\$/kWh	(0.0010)
Retail Transmission Rate - Network Service Rate	\$/kW	3.1354
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.8746

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Hydro Ottawa Limited
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NET-METERING SERVICE CLASSIFICATION

This classification applies to an eligible electricity generation facility as defined in O. Reg. 541/05 . Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15.00
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Hydro Ottawa Limited
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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15.00
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Hydro Ottawa Limited
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FIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's FIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	82.00
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Hydro Ottawa Limited
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HCI, RESOP, OTHER ENERGY RESOURCE SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's HCI, RESOP and Other Energy Resource programs and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge \$ 338.00

Hydro Ottawa Limited

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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.45)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Arrears Certificate	\$	17.00
Easement Certificate for Unregistered Easements	\$	28.00
Duplicate invoices for previous billing	\$	6.00
Special billing service per hour (min 1 hour, 15 min incremental billing thereafter)	\$	136.00
Credit reference/credit check (plus credit agency costs)	\$	17.00
Unprocessed payment charge (plus bank charges)	\$	28.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	28.00
Interval meter - field reading	\$	348.00
High bill investigation - if billing is correct	\$	262.00

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	\$	74.00
Reconnection at meter - after regular hours	\$	111.00
Reconnection at pole - during regular hours	\$	278.00
Reconnection at pole - after regular hours	\$	468.00

Other

Temporary service - install & remove - overhead - no transformer	\$	976.00
Temporary service - install & remove - underground - no transformer	\$	1416.00
Temporary service - install & remove - overhead - with transformer	\$	3481.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	37.78
Dry core transformer distribution charge		Per Attached Table
Energy resource facility administration charge (account set-up charge separately if applicable)	\$	158.00

Hydro Ottawa Limited

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RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	117.02
Monthly fixed charge, per retailer	\$	46.81
Monthly variable charge, per customer, per retailer	\$/cust.	1.16
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.69
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.69)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.59
Processing fee, per request, applied to the requesting party	\$	1.16
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.68
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	\$	2.34

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0338
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0152
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0234
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0051

HYDRO OTTAWA LIMITED
PROPOSED TARIFF OF RATES AND CHARGES
EB-2024-0035
EFFECTIVE JANUARY 1, 2025

Hydro Ottawa Limited
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Effective and Implementation Date January 1, 2025
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RESIDENTIAL SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 120/240 volts single phase where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triple or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	34.26
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$	0.25
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.42
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kWh	(0.0002)
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0123
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0068

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	23.53
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0305
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kWh	0.0007
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0116
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0066

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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GENERAL SERVICE 50 TO 1,499 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 1,500 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	200
Distribution Volumetric Rate	\$/kW	6.5553
Low Voltage Service Rate	\$/kW	0.02068
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	-0.2477
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kW	0.3538
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002

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Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2025	\$/kW	(0.3055)
Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
Retail Transmission Rate - Network Service Rate	\$/kW	4.7412
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.6767
MONTHLY RATES AND CHARGES - Regulatory Component		
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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GENERAL SERVICE 1,500 TO 4,999 KW SERVICE CLASSIFICATION

This classification refers to non residential accounts whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 1,500 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4126.75
Distribution Volumetric Rate	\$/kW	6.0796
Low Voltage Service Rate	\$/kW	0.0221
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2021
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kW	0.0537
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002

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Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
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Retail Transmission Rate - Network Service Rate	\$/kW	4.9227
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Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.8608
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MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
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Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
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Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
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Standard Supply Service - Administrative Charge (if applicable)	\$	0.25
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LARGE USE SERVICE CLASSIFICATION

This classification refers to an account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Note: A Customer shall be billed for Demand based on the greater of the measured kilowatts or ninety percent (90%) of the measured kilovolt-amperes.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	14946.93
Distribution Volumetric Rate	\$/kW	6.0316
Low Voltage Service Rate	\$/kW	0.02489
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2011
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kW	0.0635
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002

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Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
Retail Transmission Rate - Network Service Rate	\$/kW	5.4572
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	3.2215

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 120/240 volts single phase whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. These connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Qualification for this classification is at the discretion of Hydro Ottawa as defined in its Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.09
Distribution Volumetric Rate	\$/kWh	0.0338
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kWh	0.0001
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0116
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0066

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation equal to or greater than 500 kW and requires the distributor to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component - Approved on an Interim Basis

Service Charge	\$	186.89
General Service 50 TO 1,499 kW customer	\$/kW	2.494
General Service 1,500 TO 4,999 kW customer	\$/kW	2.2877
General Service Large User kW customer	\$/kW	2.5388

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SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	7.02
Distribution Volumetric Rate	\$/kW	32.9297
Low Voltage Service Rate	\$/kW	0.01536
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kW	0.0415
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002
Retail Transmission Rate - Network Service Rate	\$/kW	3.4999
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.9887

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting controlled by photocells. The consumption for these customers is based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.12
Distribution Volumetric Rate	\$/kW	7.8164
Low Voltage Service Rate	\$/kW	0.01568
Rate Rider for Disposition of Account 1595 - effective until December 31, 2026	\$/kW	4.8925
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2025	\$/kW	0.0411
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2025	\$/kWh	0.0002
Rate Rider for Disposition of Global Adjustment Account (2025) - Applicable only for Non-RPP Customers - effective until December 31, 2025	\$/kWh	0.0039
Retail Transmission Rate - Network Service Rate	\$/kW	3.5177
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.03

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0014
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

NET-METERING SERVICE CLASSIFICATION

This classification applies to an eligible electricity generation facility as defined in O. Reg. 541/05 . Further servicing details are available in the distributor's Conditions of Service.

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The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge

\$

16

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2025
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge

\$

16

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FIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's FIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge

\$

84

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HCI, RESOP, OTHER ENERGY RESOURCE SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's HCI, RESOP and Other Energy Resource programs and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	347
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.45)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	-1

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

Arrears Certificate	\$	18
Easement Certificate for Unregistered Easements	\$	29
Duplicate invoices for previous billing	\$	6
Special billing service per hour (min 1 hour, 15 min incremental billing thereafter)	\$	140
Credit reference/credit check (plus credit agency costs)	\$	18
Unprocessed payment charge (plus bank charges)	\$	29
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	29

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Interval meter - field reading	\$	359
High bill investigation - if billing is correct	\$	270

Non-Payment of Account

Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.5
Reconnection at meter - during regular hours	\$	76
Reconnection at meter - after regular hours	\$	115
Reconnection at pole - during regular hours	\$	286
Reconnection at pole - after regular hours	\$	483

Other

Temporary service - install & remove - overhead - no transformer	\$	1007
Temporary service - install & remove - underground - no transformer	\$	1461
Temporary service - install & remove - overhead - with transformer	\$	3590
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	39.14
Dry core transformer distribution charge		Per Attached Table
Energy resource facility administration charge (account set-up charge separately if applicable)	\$	162

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	121.23
Monthly fixed charge, per retailer	\$	48.5
Monthly variable charge, per customer, per retailer	\$/cust.	1.2
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.71
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	-0.71
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.61
Processing fee, per request, applied to the requesting party	\$	1.2
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	\$	no charge
More than twice a year, per request (plus incremental delivery costs)	\$	4.85

Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the

Hydro Ottawa Limited
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Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)

\$

2.34

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0338
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0152
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0234
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0051

1
2 **REVENUE PER RATE CLASS UNDER CURRENT AND PROPOSED RATES**

3
4 **1. INTRODUCTION**

5 This Schedule outlines Hydro Ottawa’s revenue per rate class under current and proposed rates.
6 Please see Table 1 below for detailed calculations of revenue per rate class under 2020 rates, a
7 reconciliation of rate class revenue at 2020 rates and other revenue to total revenue requirement.

8
9 The revenue deficiency/sufficiency was determined by calculating what the revenue would have
10 been using 2020 rates, and the forecasted 2025 load and customer/connection numbers. This
11 produces the amount of revenue Hydro Ottawa would collect at 2020 rates with an updated load
12 forecast. The 2025 Transformer Ownership Credit (“TOC”) is used to adjust the revenue at 2020
13 rates to produce Hydro Ottawa’s revenue requirement after other revenues. Rather than updating
14 for 2024 rates, Hydro Ottawa compiled the analysis in this manner as the 2020 rates offer a stable
15 base of comparisons to its 2021-2025 Custom Incentive Rate-setting Application.

16
17 Detailed calculations of revenue requirement at proposed rates can be found in Sheet 13: Rate
18 Design of Attachment 6-1-1(A): OEB Workform - 2025 Revenue Requirement Workform.

1 Table 1 - Revenue per Rate Class and Reconciliation to 2025 Revenue Requirement¹

Rate Class	Average # Customers / Connections	2025 Consumption		2020 Rates		Revenues at 2020 Rates (\$'000s)	2025 TOC (\$'000s)	Difference (\$'000s)
		MWh	KW	Monthly SC	Vol. R (kWh/KW)			
Residential	329,191	2,359,684	n/a	\$27.79	n/a	\$109,779	n/a	\$109,779
GS < 50kW	25,987	719,362	n/a	\$19.32	\$0.0250	\$24,009	n/a	\$24,009
GS > 50 to 1,499 kW	2,992	2,915,967	6,980,998	\$200.00	\$4.8760	\$41,220	\$295	\$40,926
GS > 1,500 to 4,999 kW	68	714,171	1,574,524	\$4,193.93	\$4.4562	\$10,439	\$341	\$10,098
Large Use	11	575,413	1,054,605	\$15,231.32	\$4.2422	\$6,484	\$271	\$6,213
Standby Power	3	n/a	7,440	\$145.13	1.7766	\$18	n/a	\$18
Unmetered Scattered Load	3,321	11,834	n/a	\$5.09	\$0.0242	\$489	n/a	\$489
Sentinel Lighting	55	47	132	\$3.17	\$14.8502	\$4	n/a	\$4
Street Lighting	66,484	23,893	66,152	\$0.91	\$6.3414	\$1,146	n/a	\$1,146
Total Revenue at 2020 Rates						\$193,588	\$906	\$192,682
						Other Revenue		\$10,003
						Total Revenue		\$202,684
						2025 Revenue Requirement		\$250,042
						2025 REVENUE DEFICIENCY		\$47,358

¹ Totals may not sum due to rounding.

BILL IMPACT INFORMATION

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1. INTRODUCTION

This Schedule describes bill impacts for typical customers in each rate class arising from Hydro Ottawa's revenue requirement adjusted for cost allocation.

Details of the impacts of the proposed rates are provided in Attachment 8-10-1(A): OEB Workform - 2024 Current and 2025 Proposed Tariff of Rates and Charges. Attachment 8-10-1(A) illustrates individual and combined impacts of the distribution component of the rate transmission and network charges, as well as the total bill impact based upon the typical consumption levels used for each rate class.

2. SUMMARY OF RATE IMPACTS

Table 1 below provides a summary of bill impacts per rate class including the total change in monthly bill, and is expressed in both monetary and percentage terms. The summary is inclusive of variance accounts. Additional bill impacts are provided in Attachment 8-10-1(A): OEB Workform - 2024 Current and 2025 Proposed Tariff of Rates and Charges.

1

Table 1 – Summary of Rate Impacts

Rate Class		Approved 2024	Proposed 2025
Residential (750 kWh)	Distribution Charge	\$34.19	\$34.51
	Change in Distribution Charge		\$0.32
	% Distribution Increase		0.94%
	% Increase of Total Bill		(0.32)%
Residential (232 kWh)	Distribution Charge	\$34.19	\$34.51
	Change in Distribution Charge		\$0.32
	% Distribution Increase		0.94%
	% Increase of Total Bill		0.12%
General Service <50kW (2000 kWh)	Distribution Charge	\$84.55	\$85.93
	Change in Distribution Charge		\$1.38
	% Distribution Increase		1.63%
	% Increase of Total Bill		(0.24)%
General Service 50-1,499 kWh (250 KW)	Distribution Charge	\$1,743.45	\$1,776.90
	Change in Distribution Charge		\$33.45
	% Distribution Increase		1.92%
	% Increase of Total Bill		3.29%
General Service 1,500-4,999 kWh (2500 KW)	Distribution Charge	\$19,595.68	\$19,831.00
	Change in Distribution Charge		\$235.32
	% Distribution Increase		1.20%
	% Increase of Total Bill		2.96%
Large Use (7500 KW)	Distribution Charge	\$60,873.32	\$61,692.18
	Change in Distribution Charge		\$818.86
	% Distribution Increase		1.35%
	% Increase of Total Bill		2.72%
Sentinel Lighting (0.4 KW)	Distribution Charge	\$17.14	\$20.19
	Change in Distribution Charge		\$3.05
	% Distribution Increase		17.81%
	% Increase of Total Bill		8.96%
Street Lighting (50 KW)	Distribution Charge	\$922.05	\$928.89
	Change in Distribution Charge		\$6.84
	% Distribution Increase		0.74%
	% Increase of Total Bill		2.27%
Unmetered Scattered Load (470 kWh)	Distribution Charge	\$22.03	\$22.98
	Change in Distribution Charge		\$0.95
	% Distribution Increase		4.30%
	% Increase of Total Bill		0.46%

SUMMARY OF CURRENT DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

This Schedule provides a summary of currently held deferral and variance accounts (“DVAs”), as of December 31, 2023. A continuity schedule for current DVAs can be found in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

Details of new accounts for which approval is being sought as part of this Application are included in Exhibit 9-2-1: New Deferral and Variance Accounts. Details of the accounts for which Hydro Ottawa is seeking disposition are discussed in Exhibit 9-3-1: Disposition of Deferral and Variance Accounts.

2. DETAILS OF DVAs

Tables 1 and 2 below present a complete list of Hydro Ottawa’s active DVAs. The DVAs are categorized based on the OEB’s report on the *Electricity Distributors’ Deferral and Variance Account Review Initiative*¹ (“EDDVAR Report”), which categorizes the DVAs into Group 1 and Group 2 Accounts. In Table 1, Uniform System of Accounts (“USofA”) Account 1595 will have a Sub-Account for each year from 2018-2024. In Hydro Ottawa’s 2021-2025 Approved Settlement Agreement,² the Sub-Accounts for 2016 and 2017 were cleared on a final basis. Subsequently in Hydro Ottawa’s 2022, 2023 and 2024 Rate Applications, Sub-Accounts 1595 (2018), 1595 (2019) and 1595 (2020) were cleared on a final basis, respectively.

Hydro Ottawa confirms that DVAs are being used as prescribed in the OEB’s *Accounting Procedures Handbook* (“APH”). Please refer to Exhibit 9-1-2: Group 1 Accounts and Exhibit 9-1-3: Group 2 Accounts for additional information on these Accounts.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative (EDDVAR)*, EB-2008-0046 (July 31, 2009).

² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 33,41 & 65.

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Table 1 – Group 1 DVAs

Group 1 Account – Description	Account
Low Voltage (“LV”) Variance Account	1550
Smart Meter Entity Charge Variance Account	1551
Retail Settlement Variance Account (“RSVA”) – Wholesale Market Service Charge	1580
RSVA – Retail Transmission Network Charge	1584
RSVA – Retail Transmission Connection Charge	1586
RSVA – Power (excluding Global Adjustment)	1588
RSVA – Global Adjustment	1589
Disposition and Recovery/Refund of Regulatory Balances (2016-2024)	1595

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Table 2 – Group 2 DVAs

Group 2 Account – Description	Account
Other Regulatory Assets	1508
Impacts Arising from the COVID-19 Emergency	1509
Incremental Cloud Computing Implementation Costs	1511
Pension & Other Post-Employment Benefits (“OPEB”) Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522
Lost Revenue Adjustment Mechanism (“LRAM”) Variance Account	1568
PILS and Tax Variance	1592

4

3. CONTINUITY SCHEDULE

5 A complete continuity schedule for all DVAs, including Sub-Accounts, can be found in
 6 Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).
 7 Hydro Ottawa is using the DVA Workform issued on April 11, 2024. The utility has completed the
 8 model using audited balances to the end of 2023.
 9

10

11 For more details on Hydro Ottawa’s proposed disposition of DVAs, please see Exhibit 9-3-1:
 12 Disposition of Deferral and Variance Accounts.

4. CARRYING CHARGES

The interest rate used for the calculation of all carrying charges to applicable Accounts is prescribed by the OEB and published quarterly on its website. Table 3 includes the interest rates up to Q3 2024. Hydro Ottawa confirms that it uses these interest rates where applicable.

Table 3 – 2023 ACTUALS – Interest Rates for Carrying Charges on DVAs

Prescribed Interest Rate		
Period(s) Used	Approved for Deferral and Variance Accounts	CWIP Account - Prescribed Interest Rate
Q3 2024	5.20%	4.98%
Q2 2024	5.49%	4.98%
Q4 2023 to Q1 2024	5.49%	5.48%
Q2 2023 to Q3 2023	4.98%	5.01%
Q1 2023	4.73%	5.01%
Q4 2022	3.87%	5.01%
Q3 2022	2.20%	4.66%
Q2 2022	1.02%	3.31%
Q1 2022	0.57%	2.72%
Q2 2021 to Q4 2021	0.57%	2.29%
Q4 2020 to Q1 2021	0.57%	2.03%
Q3 2020	0.57%	2.48%
Q2 2020	2.18%	2.48%

5. RECONCILIATION OF CONTINUITY SCHEDULE VS. REPORTING AND RECORD KEEPING REQUIREMENTS

Appendix A of Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule) provides a list of differences between account balances as of December 31, 2023 as reported in the Continuity Schedule and 2.1.7 of the OEB's Reporting and Record keeping Requirements. Differences in Accounts 1588 and 1589 relate to current year principal adjustments on RPP/non-RPP volume true-ups made in 2024 on 2023 balances. The adjustments are consistent with the OEB's accounting guidance related to commodity pass-through Accounts 1588 and 1589. Refer to details provided in the tab titled: 'Principal adjustments' in Attachment 9-3-1(A): OEB Workform - 2025 Global Adjustment Analysis.

1 **6. NEW DVAs AND SUB-ACCOUNTS**

2 Please see Exhibit 9-2-1: New Deferral and Variance Accounts for information on new DVAs
3 and Sub-Accounts.

4

5 **7. ADJUSTMENTS TO DVAs**

6 Hydro Ottawa confirms that it has not made any adjustments to DVA balances that were
7 previously approved by the OEB on a final basis.

8

9 **8. STATUS OF GROUP 2 ACCOUNTS**

10 Active Group 2 Accounts are identified in Table 2 above. Table 4 below outlines how the utility
11 has planned action for the Group 2 Accounts in 2025 (i.e. continue or discontinue). For
12 information on those Accounts for which Hydro Ottawa is continuing, please see Exhibit 9-1-3:
13 Group 2 Accounts. Please note, Group 2 Accounts that were discontinued per Hydro Ottawa's
14 2021-2025 Approved Settlement Agreement have been removed from these Tables.³

³ Hydro Ottawa Limited, 2021-2025 *Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 37.

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Table 4 – Proposed Action on Group 2 Accounts for 2025

Group 2 Account - Description	Account	Continue/Discontinue
Other Regulatory Assets - Sub-Accounts		
Incremental Capital Charges	1508	Continue
Capital Charges	1508	Continue
Pension & OPEB	1508	Continue
Gains and Loss on Disposal of Fixed Assets Variance Account	1508	Continue
Earnings Sharing Mechanism ("ESM") Variance Account	1508	Continue
Connection Cost Recovery Agreement Payment	1508	Continue
Efficiency Adjustment Mechanism Deferral Account	1508	Continue
OEB Cost Assessment Variance	1508	Continue
CCRA Payments	1508	Continue
Capital Variance Account	1508	Continue
POAM Accounts	1508	Continue
Pole Attachment Revenue Variance	1508	Continue
Designated Broadband Project Impacts	1508	Continue
Ultra-Low Overnight ("ULO") Implementation Costs	1508	Continue
Green Button Initiative Costs	1508	Continue
Getting Ontario Connected Act ("GOCA")	1508	New generic
Low-Income Energy Assistance Program Emergency Financial Assistance ("LEAP EFA") Funding Deferral	1508	New generic
Impacts Arising from COVID-19 Emergency	1509	Continue
Incremental Cloud Computing Implementation Costs	1511	New generic
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	Continue
LRAM Variance Account	1568	Continue
PILS and Tax Variances - Sub-Account: CCA Changes	1592	Continue

ATTACHMENT 9-1-1(A)

Attachment 9-1-1(A) OEB Workform Deferral and Variance Account

(Continuity Schedule)

(Refer to the attachment in Excel format)

GROUP 1 ACCOUNTS

1. INTRODUCTION

As per the OEB's report on the *Electricity Distributors' Deferral and Variance Account Review Initiative* ("EDDVAR Report"), Group 1 accounts include account balances that are cost pass-through and accounts whose original balances were approved by the OEB in a previous proceeding.¹ Please see Table 1 in Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts for a list of Hydro Ottawa's active Group 1 deferral and variance accounts ("DVAs").

2. ENERGY SALES AND COST OF POWER AND EXPENSE BALANCES

The sale of energy and the purchase of power are pass-through transactions. Hydro Ottawa records monthly retail settlement variance entries related to any difference between the Power Recovery revenue and Purchased Power expense. Under International Financial Reporting Standards (and specifically, of IFRS 14 - Regulatory Deferrals Accounts ["IFRS 14"]), the impact of regulatory deferral account balances, including retail settlement variance accounts, are presented as "Net movements in regulatory balances, net of tax" on Hydro Ottawa's statements of profit and loss.

Totals for Energy Sales (Power Recovery Revenue) and Cost of Power (Purchased Power), per the Uniform System of Accounts ("USofA"), are reconciled to the audited financial statements in Table 1 below.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)*, EB-2008-0046 (July 31, 2009).

1 **Table 1 – Power Recovery Revenue and Purchased Power Reconciliation to Audited**
 2 **Financial Statements(\$)**

	2023
Total Power Recovery as per Audited Financial Statements	\$(861,905,171)
Revenue Adjustment – Net Movement	\$0
RSVA - General Energy Sales	\$0
RSVA – Wholesale Market Service Charge – Net Movement	\$8,105,859
RSVA - Retail Transmission Network Charge - Net Movement	\$0
RSVA – Retail Transmission Connection Charge – Net Movement	\$0
LV Variance Account – Net Movement	\$0
IFRS Regulatory Balance Adjustment (IFRS 14)	\$7,807,048
Total Power Recovery as per RRR	\$(845,992,264)
Total Purchased Power as per Audited Financial Statements	\$878,409,824
LV Variance Account – Net Movement	\$(12,013)
RSVA – Power (excluding Global Adjustment) – Net Movement	\$(7,651,709)
RSVA – Global Adjustment – Net Movement	\$(8,928,455)
RSVA – Wholesale Market Service Charge – Net Movement	\$(1,016,972)
RSVA – Retail Transmission Network Charge – Net Movement	\$(5,619,174)
RSVA – Retail Transmission Connection Charge – Net Movement	\$(89,517)
IFRS Regulatory Balance Adjustment (IFRS 14)	\$(9,099,720)
Total Purchased Power as per RRR	\$845,992,264
NET POWER RECOVERY REVENUE AND PURCHASED POWER as per RRR	\$0

1 Totals for Power Recovery Revenue and Purchased Power by USofA are presented in Table 2.

2
3

Table 2 – Power Recovery Revenue and Purchased Power (\$)²

Account and Description	2023
4006 Residential Energy Sales	\$(237,233,559)
4020 Energy Sales to Large Users	\$(44,728,331)
4025 Street Lighting Energy Sales	\$(2,139,120)
4030 Sentinel Lighting Energy Sales	\$0
4035 General Energy Sales	\$(415,367,931)
4050 Revenue Adjustment	\$0
4062 Billed – WMS	\$(30,585,390)
4066 Billed – NW	\$(70,770,246)
4068 Billed – CN	\$(43,710,120)
4075 Billed – LV	\$(357,002)
4076 Billed – Smart Metering Entity Charge	\$(1,100,566)
Total Power Recovery Revenue	\$(845,992,264)
4705 Power Purchased	\$447,231,051
4707 Charges - Global Adjustment	\$252,237,890
4708 Charges – WMS	\$30,585,390
4714 Charges – NW	\$70,770,246
4716 Charges – CN	\$43,710,120
4750 Charges – LV	\$357,002
4751 Charges – Smart Metering Entity Charge	\$1,100,566
Total Purchased Power	\$845,992,264
NET POWER RECOVERY REVENUE AND PURCHASED POWER	\$0

4

5 **3. CLASS A & CLASS B GLOBAL ADJUSTMENT AND COMMODITY**

6 Total wholesale purchases include purchases from the Independent Electricity System Operator
 7 (“IESO”), Hydro One Networks Inc. (“Hydro One”) and various embedded generators. On a
 8 monthly basis, Hydro Ottawa accrues purchased power cost, which includes cost for CT 148 -

² Totals may not sum due to rounding.

1 Class B Global Adjustment (“GA”) and CT 1115 - Real-Time Energy Settlement Amount for
2 Non-Dispatchable Loads (formally CT 101 - Commodity). Hydro Ottawa records such amounts
3 into pass-through Class B GA expense and Commodity expense accounts, respectively. Hydro
4 Ottawa also accrues unbilled Power Recovery Revenue, which includes revenue for Class B GA
5 and Commodity. The utility records amounts into pass-through Class B GA revenue and
6 Commodity revenue accounts, respectively.

7
8 Hydro Ottawa bills all Class B non-Regulated Price Plan (“RPP”) customers on the first GA rate
9 posted on the IESO’s website. For Commodity, Hydro Ottawa bills RPP customers based on
10 their choice of Standard Time of Use (“TOU”), Tiered RPP (“Tiered”) or Ultra-Low Overnight
11 (“ULO”) price plans. Non-RPP customers are billed the weighted average hourly spot price
12 (“WAHSP”). The RPP portion of the CT 148 GA Charge is recorded into the Commodity
13 expense account. Hydro Ottawa confirms that journal entries are recorded as instructed in the
14 OEB’s accounting guidance related to commodity pass-through Accounts 1588 and 1589.³

15
16 The estimates for unbilled Power Recovery Revenue are based on preliminary metered data.
17 An interval class customer’s unbilled estimate is based on preliminary metered hourly data,
18 while a non-interval class customer’s unbilled data is based on preliminary smart metered data.
19 Where meter data is missing, a class average is used as an estimate.

20
21 By the fourth business day of the following month, Hydro Ottawa submits to the IESO the
22 difference between fixed price for TOU, Tiered and ULO purchases, the estimated weighted
23 average price for RPP customers, and the RPP portion of the GA Charge (which is based upon
24 the second GA rate multiplied by the estimated TOU, Tiered and ULO kWh (billed and
25 unbilled)). The RPP portion of the GA Charge is recorded into Account 1588. The RPP proration
26 is based on billed and estimated unbilled kWh. This is requested through CT 142.

³ Ontario Energy Board, *Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (Re-Issued May 23, 2023), pages 11-30.

1 RPP settlement CT 142 first true-up is completed the month following the initial settlement claim
2 and consists of updating the GA second rate to actual GA rate paid. At the same time, the
3 updates are made to the wholesale purchased power cost (price and volume) to actual price
4 and quantity. Additional true-ups are completed when actual kWh sales for RPP customers vs.
5 non-RPP customers are known. All changes are recorded in the general ledger. Final true-up
6 between 1588 and 1589 will be completed up to and as at May 31 of each subsequent year for
7 the previous calendar year. Final reviews for 2023 were completed and are reported as part of
8 this Application. Hydro Ottawa bills its Class A customers the amount the utility pays for Class A
9 global adjustment.

10
11 Hydro Ottawa has no embedded distributors in its service territory. Wholesale metered
12 customers are billed directly from the IESO for Commodity and Global Adjustment charges.
13 Hydro Ottawa submits kWh to the IESO for embedded generation within its service territory.

14
15 Hydro Ottawa calculates and maintains both GA Retail Settlement Variance Accounts for Class
16 A and Class B separately in Sub-Accounts of Account 1589.

GROUP 2 ACCOUNTS

1. INTRODUCTION

As per the OEB's report on the *Electricity Distributors' Deferral and Variance Account Review Initiative* ("EDDVAR Report"),¹ Group 2 Accounts include deferral and variance accounts ("DVAs") that require a prudency review by the OEB. Please see Table 2 in Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts for a list of Hydro Ottawa's active Group 2 DVAs.

This Schedule discusses Group 2 Accounts, with the exception of the following:

- Account 1592 (for details on this Account, please see Exhibit 9-1-4: Account 1592 PILS and Tax Variance);
- 1568 Lost Revenue Adjustment Mechanism ("LRAM") Variance Account (for details on this Account, please see Exhibit 4-4-2: LRAM Variance Account); and
- 1508 Sub-Accounts that are now closed.

More information on the disposition of these accounts is available in Exhibit 9-3-1: Disposition of Deferral and Variance Accounts. The 2023 balances of Group 2 Accounts can be viewed in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). Hydro Ottawa is not seeking to clear the Group 2 balances as part of this Application.

2. DVAs EFFECTIVE PRIOR TO JANUARY 1, 2016

This section provides an overview of Group 2 Accounts that were effective prior to the effective date of the OEB's Decision and Order on Hydro Ottawa's 2016-2020 Custom IR Application² (i.e. prior to January 1, 2016) and are still active.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)*, EB-2008-0046 (July 31, 2009).

² Ontario Energy Board, *Decision and Order*, EB-2015-0004 (December 22, 2015), pages 12-14.

2.1. P&OPEB DEFERRAL ACCOUNT

Sub-Account 1508 - Other Regulatory Assets - Other Post-Employment Benefits (“OPEB”) Deferral Account is used to record cumulative actuarial gains or losses in Hydro Ottawa’s post-retirement benefits. This Account was originally approved in Hydro Ottawa’s 2012 rate application.³ This Sub-Account is still active.

3. UTILITY SPECIFIC DVAs EFFECTIVE AFTER JANUARY 1, 2016

As part of the Approved 2016-2020 Settlement Agreement⁴ and the Approved 2021-2025 Settlement Agreement,⁵ a number of new DVAs were established. Each of the Accounts is recorded into a Sub-Account of 1508. As per the 2021-2025 Approved Settlement Agreement, many of these Sub-Accounts have been fully disposed of and as a result are not discussed as part of this Application. The status of active Accounts are discussed below.

The DVAs established effective January 1, 2016, (some of which were modified) are as follows:

- Sub-Account 1508 - Other Regulatory Assets - Gains and Losses on Disposal of Fixed Assets Variance Account, to record the difference between the forecast and actual loss on the disposal of fixed assets, related to retirement of assets or damage to plant. This Sub-Account is still active. See further details below in section 3.1.
- Sub-Account 1508 - Other Regulatory Assets - Earnings Sharing Mechanism (“ESM”) Variance Account, to record amounts related to any earnings above Hydro Ottawa’s approved Return on Equity (“ROE”) to be shared on a 50/50 basis between Hydro Ottawa and its ratepayers with no dead band. This Sub-Account is still active. See further details below in section 3.2.
- Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement (“CCRA”) Payments Deferral Account, to move the identified payments out of the proposed

³ Ontario Energy Board, *Decision and Order*, EB-2011-0054 (December 28, 2011).

⁴ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

- 1 revenue requirement and establish the CCRA Regulatory Account. See further details below
2 in section 3.3.
- 3 ● Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement
4 (“CCRA”) Payments Differential Variance Account, to record the revenue requirement
5 difference between what Hydro Ottawa has included in base rates and what actual CCRA
6 payments were made to Hydro One Networks Inc. (“Hydro One”). This Sub-Account is still
7 active. See further details below in section 3.4.
 - 8 ● Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential Variance
9 Account related to Capital Additions, to record the revenue requirement impact of
10 underspending on Hydro Ottawa’s capital plan by specific categories. This Sub-Account is
11 still active. See further details below in section 3.5.
 - 12 ● Sub-Account 1508 - Other Regulatory Assets - Efficiency Adjustment Mechanism (“EAM”)
13 Deferral Account, to record the proxy stretch factor related to any Hydro Ottawa efficiency
14 ranking declines during the Custom Incentive Rate-setting (“Custom IR”) term for
15 2016-2020. This Sub-Account was active until December 31, 2020. For further detail, refer
16 to section 3.6 below.
 - 17 ● Sub-Account 1508 - Other Regulatory Assets - Performance Outcomes Accountability
18 Mechanism (“POAM”) Deferral Account, to link the execution of certain aspects of Hydro
19 Ottawa’s 2021-2025 Distribution System Plan (“DSP”) to the recovery of amounts included
20 in the agreed-upon revenue requirement. There are five performance metrics linked to
21 specific outcomes identified in the DSP, each of which will have an annual target. For further
22 details, refer to section 3.7 below.

23
24 **3.1. GAINS AND LOSSES ON DISPOSAL OF FIXED ASSETS VARIANCE ACCOUNT**

25 The purpose of this Account is to record the difference between the forecast and actual gain or
26 loss on the disposal of fixed assets related to retirement of assets or damage to plant (including
27 storm-related costs). Examples include losses on meters, station equipment, poles, and
28 vehicles. As part of the 2021-2025 Approved Settlement Agreement, the Parties⁶ agreed to the

⁶ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

1 continuation of this Sub-Account. In addition, balances accumulated up until December 31,
 2 2019, were approved for disposal.

3
 4 For the 2016-2020 Custom IR term, there was an annual estimate of \$198K gain per year, with
 5 a total five-year estimate of \$1M. The forecast for 2021-2025 Custom IR term fluctuates
 6 annually and is an overall estimated loss of \$2.243M.⁷

7
 8 Damage costs related to storms are unpredictable, as climate change is causing extreme
 9 weather events with increased frequency which are outside of Hydro Ottawa’s control. These
 10 events (e.g. freezing rain, high wind, temperature and precipitation extremes, tornadoes, etc.)
 11 have the ability to cause extensive damage to assets of various life spans. Accordingly, this
 12 Account includes the difference between the original estimate of damage to plant and the actual
 13 cost of damage to plant as a result of severe weather events.

14
 15 Balances related to this Account can be viewed in Tables 1 and 2 below, as well as in
 16 Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

17
 18 Table 1 provides Hydro Ottawa’s actual 2020-2023 costs related to the gain or loss on the
 19 disposal of utility and other property in relation to retirement of assets or damage to plant
 20 (including storm-related costs).

21
 22 **Table 1 – 2020 to 2023 Loss from Retirement of Utility and Other Property (\$’000s)**

Net (Gain)/Loss	2020 Actual	2021 Actual	2022 Actual	2023 Actual
USofA 4362 OEB-Approved	\$(198)	\$389	\$751	\$323
Actual	\$87	\$(201)	\$1,234	\$(897)
USofA 1508 Variance	\$(285)	\$590	\$(483)	\$1,220

⁷ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2019-0261 (February 10, 2020, Updated May 29, 2020).

1 Table 2 provides Hydro Ottawa’s 2021-2025 estimated costs related to the gain or loss on the
 2 disposal of fixed assets in relation to retirement of assets or damage to plant (including
 3 storm-related costs).

4
 5 **Table 2 – Estimated 2021-2025 Loss from Retirement of Utility and Other Property (\$’000s)⁸**

Net (Gain)/Loss	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved	TOTAL
Estimate	\$389	\$751	\$323	\$336	\$445	\$2,243

6

7 **3.2. EARNINGS SHARING MECHANISM VARIANCE ACCOUNT**

8 The ESM Account credits ratepayers for 50% of any earnings above Hydro Ottawa’s approved
 9 regulatory ROE, with no dead band. The ratepayer share of the earnings shall be grossed up for
 10 any tax impacts and credited to this Account. The Account is asymmetrical, meaning if Hydro
 11 Ottawa under earns, no amount will be collected from ratepayers.

12

13 The regulatory net income for the purpose of earnings sharing is to be calculated in the same
 14 manner as net income for regulatory purposes under the Reporting and Record Keeping
 15 Requirements (“RRR”) filings. This will exclude revenue and expenses that are not otherwise
 16 included for regulatory purposes, such as settlement of any regulatory assets or regulatory
 17 liabilities, including the LRAM and changes in taxes/Payments in Lieu of Taxes (“PILS”) to which
 18 the USofA 1592 – PILS and Tax Variance for 2006 and Subsequent Years applies.

19

20 In addition, the ESM calculation may require adjustments to ensure there is an appropriate
 21 treatment of amounts recorded and/or recovered by way of DVAs. As part of the 2016-2020
 22 Approved Settlement Agreement,⁹ the ESM was calculated on an individual yearly basis. As per
 23 the 2021-2025 Approved Settlement Agreement,¹⁰ the Account has been modified such that
 24 starting in 2021 the ESM will function as a cumulative account. The balance (if any) will be

⁸ Totals may not sum due to rounding.

⁹ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

¹⁰ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 34-35.

1 cleared and credited on a final basis to customers at the end of the five-year rate term. Other
2 components of the previous ESM will remain the same.

3
4 Amounts related to 2016-2018 were approved for disposition as part of the 2021-2025 Approved
5 Settlement Agreement.

6
7 **3.3. CONNECTION COST RECOVERY AGREEMENT PAYMENTS DEFERRAL ACCOUNT**

8 As part of Hydro Ottawa's 2016-2020 Custom IR Application, \$5M of unidentified CCRA
9 payments to Hydro One were estimated per year. As part of the 2016-2020 Approved
10 Settlement Agreement, it was agreed to move the unidentified payments out of the proposed
11 revenue requirement and establish the CCRA Regulatory Account. The CCRA Regulatory
12 Account allows Hydro Ottawa to record (and later recover from customers) the annual revenue
13 requirement of CCRA payments that commence in the year in which the facilities (to which each
14 CCRA payment relates) provide services to Hydro Ottawa customers.

15
16 Hydro Ottawa recorded the revenue requirement related to eligible projects 2017 through 2020.
17 No revenue requirement was recorded in 2016. The 2017-2019 balance was disposed of as part
18 of the 2021-2025 Approved Settlement Agreement.

19
20 Hydro Ottawa has used the Capital Cost Allowance ("CCA") Class 14.1 rules for eligible capital
21 property effective January 1, 2017 for the PILS calculation. As per OEB guidance, any impact of
22 Bill C-97 prior to rebasing, or due to any other legislative or regulatory changes to tax rates, is
23 being recorded in Sub-Account of 1592. Please see Exhibit 9-1-4: Account 1592 PILs and Tax
24 Variance for further details.

25
26 **3.4. CONNECTION COST RECOVERY AGREEMENT PAYMENTS DIFFERENTIAL**
27 **VARIANCE ACCOUNT**

28 This Account is to recover the difference between the forecasted new (known and unknown)
29 and true-up Connection Cost Recovery Agreement ("CCRA") payments made to Hydro One.
30 The Account is symmetrical and effective January 1, 2021 replaces the existing Sub-Account

1 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement (“CCRA”) Payments
2 Deferral Account.

3
4 **3.5. REVENUE REQUIREMENT VARIANCE ACCOUNT RELATED TO CAPITAL**
5 **ADDITIONS**

6 The purpose of this Account is to track revenue requirement impacts resulting from any
7 underspending in Hydro Ottawa’s three capital spending categories: System Renewal/System
8 Service, System Access, and General Plant.¹¹ The Account is computed and tracked on an
9 annual basis and calculated on a cumulative basis. If overspending occurs, no amount will be
10 recorded into this Account.

11
12 For the years 2016-2020, Hydro Ottawa spent more than planned in each of the three spending
13 categories. As a result, no amount has been recorded into this variance account.

14
15 As per 2021-2025 Approved Settlement Agreement,¹² for the years 2021-2025, the System
16 Renewal/System Service, System Access (excluding the subset of System Access related to
17 plant relocation requested by third parties and residential expansion) and General Plant in the
18 Capital Additions Revenue Requirement Differential Variance Accounts will be asymmetrical, in
19 that overspending will not result in recording amounts to be recovered from customers during
20 this period. For the sub-set of System Access Capital Additions that consist of third party-driven
21 plant relocation and residential expansion capital additions, the Revenue Requirement Variance
22 Accounts will be symmetrical and Hydro Ottawa will record the revenue requirement difference
23 to overspending or underspending in the utility’s capital plan.

24
25 **3.6. EFFICIENCY ADJUSTMENT MECHANISM DEFERRAL ACCOUNT**

26 This Account was established to provide ratepayers a credit should Hydro Ottawa’s efficiency
27 ranking decline during any year of the Custom IR term. The year 2014 was the starting efficiency

¹¹ The System Renewal and System Service categories have been merged into one category to reflect Hydro Ottawa’s standard operating practice to shift funds between the two categories, as warranted by customer and operational requirements.

¹² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), Attachment 6, pages 5-8.

1 ranking point. Hydro Ottawa could not benefit from moving into a more efficient cohort except to
2 mitigate future adjustments. 2020 was the fourth (and last) year for which the efficiency
3 adjustment mechanism (“EAM”) assessment was to be performed. The 2017-2019 balance was
4 disposed of as part of the 2021-2025 Approved Settlement Agreement. As per 2021-2025
5 Approved Settlement Agreement,¹³ the EAM will be replaced with the Performance Outcomes
6 Accountability Mechanism (“POAM”), please see section 3.7 for further details.

7 8 **3.7. PERFORMANCE OUTCOMES ACCOUNTABILITY MECHANISM DEFERRAL** 9 **ACCOUNT**

10 As part of the Approved 2021-2025 Approved Settlement Agreement, the Parties agreed to the
11 establishment of a Performance Outcomes Accountability Mechanism (“POAM”) Deferral
12 Account. The Deferral Account is based on specific performance-based outcomes and targets
13 over the five-year Test period. The Account relies on outcomes of certain aspects of Hydro
14 Ottawa’s 2021-2025 Distribution System Plan (“DSP”).

15
16 There are five performance metrics which have an annual target. If the target is not met in any
17 year of the five year term Hydro Ottawa will credit the deferral account up to \$200K. The
18 maximum amount that can be credited in any year is \$1M for all five targets. If all targets are
19 met, no credit will be recorded into this account.

20
21 These metrics will use a “Green-Yellow-Red” indicator system to determine if Hydro Ottawa has
22 achieved its designated target. The five performance metrics that will be measured over the
23 five-year term are:

- 24
25 ● Number of Interruptions Caused by Defective Equipment (Overhead System) - Excluding
26 Major Event Days;
27 ● Number of Interruptions Caused by Defective Equipment (Underground System) -
28 Excluding Major Event Days and Leaking Padmount Transformers;

¹³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), Attachment 6, pages 35-36.

- 1 ● System Average Interruption Duration Index (“SAIDI”)¹⁴ - Excluding Major Event Days
- 2 and Loss of Supply;
- 3 ● Wood Pole Replacement Unit Cost; and
- 4 ● Underground Cable Replacement Unit Cost.

5
6 For 2021 Hydro Ottawa initially reported that one POAM target was not met, the Wood Pole
7 Replacement Unit Cost, which was based on preliminary numbers. When finalized, it was
8 determined that this target was met and the credit was reversed. For years 2022-2023 Hydro
9 Ottawa did not meet two POAM targets, those being (1) SAIDI - Excluding Major Event Days
10 and Loss of Supply and (2) Wood Pole Replacement Unit Cost. As a result an annual amount of
11 \$400K was credited to the POAM Deferral Account. As these performance metrics are being
12 measured over a five-year term, Hydro Ottawa is not proposing to dispose of this 1508
13 Sub-Account as part of this Rate Application.

14
15 **4. NEW GENERIC DVAs EFFECTIVE AFTER JANUARY 1, 2016**

16 This section discusses the DVAs that were (i) established by the OEB, (ii) made effective after
17 January 1, 2016, and (iii) not part of either the 2016-2020 Approved Settlement Agreement¹⁵ or
18 the 2021-2025 Approved Settlement Agreement.¹⁶

19
20 **4.1. OEB COST ASSESSMENT VARIANCE**

21 As per the OEB’s revisions to the Cost Assessment Model, the OEB established Account 1508
22 Other Regulatory Assets - Sub-Account - OEB Cost Assessment Variance for electricity
23 distributors to record any material differences between OEB cost assessments that were built into
24 rates at the time of the issuance of the OEB’s revisions, and cost assessments that would result

¹⁴ The target for this metric is sourced from Table B in the response to interrogatory CCC-38, from Hydro Ottawa’s 2021-2025 Custom IR Application. In addition, it is acknowledged that this approach deviates from the OEB’s use of five-year averages to calculate a distributor’s SAIDI target. However, the Parties agree to the use of a three-year average so as to maintain consistency across the three reliability-related performance metrics that are utilized under this accountability mechanism.

¹⁵ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

¹⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

1 from the application of the new Cost Assessment Model effective April 1, 2016.¹⁷ Per the
2 2021-2025 Approved Settlement Agreement,¹⁸ Hydro Ottawa cleared balances in this account
3 until the end of December 31, 2019. Hydro Ottawa continued to use this Sub-Account to record
4 amounts until December 31, 2020.

6 **4.2. REGULATORY TREATMENT OF PENSION AND OTHER POST-EMPLOYMENT** 7 **BENEFITS**

8 On September 14, 2017, the OEB issued its final report on the regulatory treatment of pension
9 and OPEB costs establishing the use of accrual accounting as the default method on which to
10 set rates for pension and OPEB amounts in cost-based applications.¹⁹ Moreover, this report also
11 provides for the establishment of a variance account (Account 1522) to track the difference
12 between the forecasted accrual amount in rates and actual cash payment(s) made, with an
13 asymmetric carrying charge in favour of ratepayers applied to the differential.

14
15 Hydro Ottawa provides pension benefits for its employees through the Ontario Municipal
16 Employees Retirement System (“OMERS”) Fund (the “Fund”). Although the plan is a defined
17 benefit plan, sufficient information is not available to Hydro Ottawa to account for it as such
18 because it is not possible to attribute the Fund assets and liabilities between the various
19 employers who contribute to the Fund. As a result, Hydro Ottawa accounts for the plan as a
20 defined contribution plan. Contributions payable as a result of employee service are expensed
21 as incurred similar to short-term employee benefits.

22
23 Hydro Ottawa also provides other post-employment benefits such as life insurance and a
24 retirement grant. These plans provide benefits to certain employees when they are no longer
25 providing active service to the utility. Other post-employment benefits are recorded on an
26 accrual basis. The accrued benefit obligation and current service costs are calculated using the

¹⁷ Ontario Energy Board, Letter re: *Revisions to the Ontario Energy Board Cost Assessment Model* (February 9, 2016).

¹⁸ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

¹⁹ Ontario Energy Board, *Report of the Ontario Energy Board - Regulatory Treatment of Pension and Other Post-Employment Benefits Costs*, EB-2015-0040 (September 14, 2017).

1 projected benefit method prorated on service and based on assumptions that reflect Hydro
2 Ottawa's best estimates. The utility tracks the difference between the forecast accrual amount in
3 rates and actual cash payments in a variance account, as set out in the OEB's final report on
4 the regulatory treatment of pension and OPEB costs.

5
6 Hydro Ottawa confirms that it is recording amounts into the tracking account for the purpose of
7 recording carrying charges. The utility further confirms that carrying charges are being calculated
8 using the OEB-prescribed Construction Work in Progress ("CWIP") rate.

9
10 **4.3. REGULATORY ASSETS FOR RETAIL SERVICE CHARGES INCREMENTAL**
11 **REVENUE**

12 As part of the 2016-2020 Approved Settlement Agreement, Hydro Ottawa received approval for
13 utility-specific Retail Service Charges ("RSCs"). Subsequently, on November 29, 2018, the OEB
14 issued a Report on Energy Retailer Services Charges, which stated that updated RSCs would be
15 established and applied to all electricity distributors.²⁰ The Report specifically indicated that the
16 updated RSCs would apply to Hydro Ottawa. The Decision and Rate Order for the new RSCs had
17 an effective date of May 1, 2019.²¹ The OEB issued a Decision and Rate Order on November 28,
18 2019, with updated rates for RSCs effective January 1, 2020.²²

19
20 As per the OEB's Decision and Order regarding energy retailer service charges, Hydro Ottawa
21 recorded the difference between revenues collected at the previously approved charges and the
22 revenue collected based on the charges established pursuant to the OEB report.²³ Hydro Ottawa
23 had discontinued recording amounts into the Retail Cost and Variance Accounts ("RCVAs") 1518
24 and 1548 and as such, consistent with OEB direction, the utility set up a Sub-Account under 1508
25 Other Regulatory Assets for Retail Service Charges Incremental Revenue. Hydro Ottawa cleared
26 balances in this Account until the end of December 31, 2019, as part of the 2021-2025 Approved

²⁰ Ontario Energy Board, *Report of the Ontario Energy Board - Energy Retailer Service Charges*, EB-2015-0304 (November 29, 2018), page 20.

²¹ Ontario Energy Board, *Decision and Rate Order*, EB-2015-0304 (February 14, 2019).

²² Ontario Energy Board, *Decision and Rate Order*, EB-2019-0280 (November 28, 2019), Schedule A.

²³ Ontario Energy Board, *Decision and Order - In the matter of energy retailer service charges effective May 1, 2019 - Schedule B - Accounting Order*, EB-2015-0304 (February 14, 2019), pages 11-13.

1 Settlement Agreement. Hydro Ottawa continued to use this Sub-Account to record amounts until
2 December 31, 2020. Balances in these 1508 Incremental Sub-Accounts will be proposed to
3 dispose of in a future rate application.

4
5 **4.4. REGULATORY ASSET FOR ACCOUNT 1509 - IMPACTS ARISING FROM THE**
6 **COVID-19 EMERGENCY**

7 On March 25, 2020 and April 29, 2020, the OEB issued accounting orders for the establishment of
8 deferral accounts to record impacts arising from the COVID-19 Emergency.²⁴ The OEB
9 established Account 1509 - Impacts Arising from the COVID-19 Emergency, which included three
10 Sub-Accounts. These Sub-Accounts are for costs associated with billing and system changes
11 related to the Government of Ontario's emergency order regarding time-of-use pricing, lost
12 revenue, and other incremental costs.²⁵

13
14 During the month of August 2020, through the issuance of two separate accounting orders, the
15 OEB confirmed the establishment of two additional Sub-Accounts under Account 1509.²⁶ Their
16 names and descriptions are as follows:

- 17
18 ● Foregone Revenues from Postponing Rate Implementation Sub-Account - the purpose of
19 which is to record forgone revenues due to the postponement of rate implementation as a
20 result of the COVID-19 emergency; and
21 ● Bad Debt Sub-Account - which is intended for recording amounts related to bad debt resulting
22 from COVID-19.

²⁴ Ontario Energy Board, *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency*, (March 25, 2020), pages 1-3; Ontario Energy Board, *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency for Ontario Power Generation Inc. and Electricity Transmitters*, (April 29, 2020), pages 1-2.

²⁵ Ontario Regulation 80/20: Order under Subsection 7.0.2 (4) of the *Emergency Management and Civil Protection Act* - Electricity Price for RPP Consumers.

²⁶ Ontario Energy Board, *Accounting Order for the Establishment of a Sub-account to Record Impacts Arising from the COVID-19 Emergency for Foregone Revenues from Postponing Rate Implementation*, (August 6, 2020), pages 1-4; Ontario Energy Board, *Accounting Order for the Establishment of a Sub-account to Record Impacts Arising from the COVID-19 Emergency from Bad Debt*, (August 14, 2020), pages 1-3.

1 As per the 2021-2025 Approved Settlement Agreement,²⁷ the Parties agreed that, as of January
2 1, 2021, Hydro Ottawa will not record any amounts in the first three Sub-Accounts established
3 under Account 1509 (Costs Associated with Billing and System Changes, Lost Revenues, and
4 Other Incremental Costs), or any additional Sub-Accounts that may be created on a generic
5 basis.²⁸ The only exception to this provision is if during the 2021-2025 Custom IR term, there is
6 material change in Ontario's public health and economic circumstances (relative to those
7 existing at the time of filing the Settlement Agreement) which is directly caused by the
8 COVID-19 pandemic and which has significant negative impact on Hydro Ottawa's operations or
9 financial circumstances. By way of an illustrative example, such a material change could consist
10 of the City of Ottawa and/or the Province of Ontario reverting to economic restrictions that are
11 materially more severe than those in place at the time of filing the Settlement Proposal.

12
13 Per the 2021-2025 Approved Settlement Agreement, the Parties agreed that Hydro Ottawa will
14 be permitted to continue recording amounts in the Bad Debt Sub-Account for as long as the
15 OEB permits this Sub-Account to remain in place. The utility will follow the methodology and
16 guidelines from the OEB's consultation, outlined in the OEB's Report for Regulatory Treatment
17 of Impacts Arising from the COVID-19 Emergency, including the means test to use this
18 Sub-Account.²⁹

19
20 With respect to the Sub-Account associated with the Foregone Revenues from Postponing Rate
21 Implementation, Hydro Ottawa confirms that it is not applicable, and the utility's rate
22 implementation was not postponed.

²⁷ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 39-41.

²⁸ To confirm, this provision is intended to apply to costs incurred and/or lost revenue from the 2021-2025 period that would have otherwise been eligible for recording within the three sub-accounts. It does not apply to costs incurred in 2020 and/or lost revenue from 2020. It is acknowledged that journal entries for 2020 costs and losses may occur after December 31, 2020.

²⁹ Ontario Energy Board, *Impacts Arising from the COVID-19 Emergency*, EB-2020-0133 (June 17, 2021), pages 2-3.

1 **4.5. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - POLE ATTACHMENT REVENUE**
2 **VARIANCE ACCOUNT**

3 On December 10, 2020, the OEB decided to suspend increases to the Wireline Pole Attachment
4 Order³⁰ and use of an inflationary adjustment on an interim basis.

5
6 As part of Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting Application, the Parties
7 agreed that most Specific Services Charges would be updated annually, including the
8 associated revenue requirement. Maintaining the pole attachment charge without inflation
9 shifted revenue requirement collected through base rates. Given the timing of the Pole
10 Attachment Decision Hydro Ottawa did not update its 2021 base revenue requirement and
11 indicated that any change as a result of the outcomes of the OEB review would be adjusted in
12 accordance with the Settlement Agreement starting in 2022.³¹

13
14 On November 23, 2021, Hydro Ottawa sent a letter to the OEB seeking guidance regarding the
15 incorporation of the for Pole Attachments charge into its 2022 distribution revenue,³² as a rate
16 had not been released effective January 1, 2022. Specifically Hydro Ottawa indicated, "should
17 the Pole Attachment Charge not be set in time for rates effective January 1, 2022, Hydro Ottawa
18 intends to request any relevant variance accounts at the time of the Final Decision and Order
19 related to the Pole Attachment Charge." On November 29, 2021, the OEB sent a response³³ to
20 Hydro Ottawa acknowledging that a variance account to allow distributors an opportunity to
21 true-up any material differences in pole attachment revenue may be needed and that the OEB
22 did not anticipate the decision to be released before setting Hydro Ottawa's 2022 distribution
23 revenue.

³⁰ Ontario Energy Board, *Order - Wireline Pole Attachment Charge*, EB-2020-0288 (December 10, 2020).

³¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2019-0261 (February 10, 2020, Updated May 29, 2020).

³² Hydro Ottawa Limited, Letter RE: *2022 Electricity Distribution Rate Application (EB-2021-0035) Distribution Rates and Charges - Pole Attachment Guidance*, (November 23, 2021) pages 1-2.

³³ Ontario Energy Board Letter RE: *Hydro Ottawa Limited - Application for 2022 Rates Pole Attachment Guidance*, EB-2021-0035 (November 29, 2021), pages 1-2.

1 On December 16, 2021, the OEB released its Decision and Order³⁴ as well as Accounting
2 Guidance³⁵ for a Wireline Pole Attachment Charge whereby the OEB approved a generic pole
3 attachment rate of \$34.76 effective January 1, 2022. The aforementioned Accounting Guidance
4 indicates that distributors who rebased their rates and are impacted by the updated pole
5 attachment charge are permitted to reopen the sub-account 1508 - Pole Attachment Revenue
6 Variance Account effective January 1, 2021 to record any revenue impact until the effective date
7 of the utilities next rebasing application.

8
9 Hydro Ottawa confirms that for 2022, the variance between the generic rate of \$34.76 per pole
10 and Hydro Ottawa's approved rate of \$44.50 per pole has been recorded into the sub-account
11 1508 - Pole Attachment Revenue Variance Account. For further information on Wireline
12 Attachments, please see Exhibit 3-2-2: Specific Service Charges, section 2.2.1 - Specific
13 Access to Power Poles - Wireline Attachments.

14
15 **4.6. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - DESIGNATED BROADBAND**
16 **PROJECT IMPACTS DEFERRAL ACCOUNT**

17 In a letter dated July 7, 2022, the OEB established a new generic deferral account to record the
18 impacts pertaining to Ontario Regulation 410/22, Electricity Infrastructure - Designated
19 Broadband Projects, under the *Ontario Energy Board Act, 1998*.³⁶ The regulation requires that
20 electricity distributors who have designated broadband projects in their service territory, as
21 defined by the *Building Broadband Faster Act, 2021*, record all incremental costs and revenues
22 related to carrying out activities pertaining to these projects. Any amounts recorded within this
23 deferral account will require a prudence review.

³⁴ Ontario Energy Board, *Decision and Order - Wireline Pole Attachment Charge*, EB-2021-0302 (December 16, 2021), pages 1-6.

³⁵ Ontario Energy Board, *Accounting Guidance for Wireline Pole Attachment Charge*, EB-2021-0302 (December 16, 2021), pages 1-3.

³⁶ Ontario Energy Board, Letter RE: *Accounting Order (001-2022) for the Establishment of a Deferral Account to Record Impacts Pertaining to Ontario Regulation 410/22 (Electricity Infrastructure – Designated Broadband Projects)* (July 7, 2022).

1 **4.7. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - GREEN BUTTON INITIATIVE**
2 **DEFERRAL ACCOUNT**

3 In a letter dated November 1, 2021, the OEB established a new generic deferral account to
4 record the incremental costs directly attributable to the implementation of the Green Button
5 initiative.³⁷ Pursuant to amendments to the *Electricity Act, 1998* that came into force on
6 November 1, 2021, Ontario's electricity and natural gas utilities were required to implement the
7 Green Button standard by November 1, 2023. The Green Button is a data standard that
8 provides residential and business energy customers access to their hourly consumption data.
9 The accounting order states that electricity distributors may record incremental costs directly
10 attributable to the implementation of Green Button as set out in O. Reg. 633/21 (Energy Data)
11 under the *Electricity Act, 1998*. Any amounts recorded within this deferral account will require a
12 prudence review.

13
14 **4.8. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - ULTRA-LOW OVERNIGHT**
15 **("ULO") REGULATED PRICE PLAN OPTION**

16 In a letter dated March 2, 2023, the OEB established a new generic deferral account to record
17 the impacts arising from Implementing the Ultra-Low Overnight ("ULO") Regulated Price Plan
18 Option.³⁸ Pursuant to amendments to O. Reg. 95/05 (Classes of Consumers and Determination
19 of Rates) under the *Ontario Energy Board Act, 1998* that came into force on January 1, 2023,
20 distributors are required to offer the new ULO price plan to Regulated Price Plan consumers no
21 later than November 1, 2023. The accounting order states that electricity distributors can track
22 the revenue requirement impacts of their one-time material costs of implementing the ULO
23 option in a deferral account. Any amounts recorded within this deferral account will require a
24 prudence review.

³⁷ Ontario Energy Board, Letter RE: *Accounting Order (003-2021) for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Green Button Initiative*, EB-2021-0183 (November 1, 2021).

³⁸ Ontario Energy Board, Letter Re: *Accounting Order (001-2023) for the Establishment of a Deferral Account to Record Impacts Arising From Implementing the Ultra-Low Overnight (ULO) Regulated Price Plan Option*, EB-2022-0160 (March 2, 2023).

1 **4.9. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - GETTING ONTARIO**
2 **CONNECTED ACT (“GOCA”) VARIANCE ACCOUNT**

3 In a letter dated October 31, 2023, the OEB established a new generic variance account to
4 record the variance between locate costs resulting from Bill 93 and the approved cost included
5 in base rates.³⁹ The accounting order states that distributors are expected to track costs at a
6 detailed level, and that amounts recorded in the account are both incremental to the base rates
7 and are a direct result of Bill 93. At the time of disposition any amounts recorded within this
8 variance account will require a prudence review.

9
10 **4.10. REGULATORY ASSET FOR SUB-ACCOUNT 1511 - CLOUD COMPUTING**
11 **IMPLEMENTATION COSTS**

12 In a letter dated November 2, 2023, the OEB established a new generic deferral account to
13 record the incremental cloud computing implementation costs incurred when utilities first
14 transition from on-premise solutions to cloud computing, as well as any related offsetting
15 savings as applicable.⁴⁰ The accounting order states that costs are to be tracked at a detailed
16 level. At the time of disposition any amounts recorded within this deferral account will require a
17 prudence review.

18
19 **4.11. REGULATORY ASSET FOR SUB-ACCOUNT - LOW-INCOME ENERGY ASSISTANCE**
20 **PROGRAM FINANCIAL ASSISTANCE (“LEAP EFA”)**

21
22 In a letter dated February 12, 2024, the OEB established a new generic deferral account to
23 record incremental LEAP EFA contributions made on and after March 1, 2024 that are beyond
24 the amounts embedded in distribution rates.⁴¹ The letter indicated that these funding
25 contributions are to be tracked at a detailed level. The accounting order states that amounts in
26 this sub-account may be brought forward for its next cost-based rate application if they exceed

³⁹ Ontario Energy Board, Letter RE: *Getting Ontario Connected Act Variance Account*, EB-2023-0143 (October 31, 2023).

⁴⁰ Ontario Energy Board, Letter RE: *Accounting Order (003-2023) for the Establishment of a Deferral Account to Record Incremental Cloud Computing Arrangement Implementation Costs*, (November 2, 2023).

⁴¹ Ontario Energy Board, Letter RE: *Changes to the Low-Income Energy Assistance Program Emergency Financial Assistance and Accounting Orders*, EB-2023-0135 (February 12, 2024).

- 1 the distributor's materiality threshold. At the time of disposition any amounts recorded within this
- 2 deferral account will require a prudence review.

ACCOUNT 1592 PILS AND TAX VARIANCE

1. INTRODUCTION

Account 1592 per the *Accounting Procedures Handbook for Electricity Distributors* (“APH”) is used to record the tax impact of the following differences that are not reflected in a distributor’s rates:

1. legislative or regulatory changes to tax rates; and
2. rules or disclosure of a new assessing or administrative policy published by federal or provincial public tax bulletins.¹

For further information on the Payments in Lieu of Taxes (“PILS”) impact related to utility-specific Regulatory Assets which are unrelated to changes defined as part of Account 1592 per the APH (e.g. the Earnings Sharing Mechanism), please refer to Exhibit 9-1-3: Group 2 Accounts.

2. PILS ACCELERATED INVESTMENT INCENTIVE

Bill C-97, also known as the *Budget Implementation Act, 2019*, was passed by the Parliament of Canada and received Royal Assent in June 2019. The legislation provides for accelerated Capital Cost Allowance (“CCA”) deductions for eligible property available for use and acquired after November 20, 2018. The accelerated investment incentive will be gradually phased out starting in 2024 and will not apply to capital property available for use after 2027. The OEB released guidance on July 25, 2019 which instructed utilities to record 100% of the rule change in a Sub-Account of 1592 - PILs and Tax Variances - CCA Changes. The guidance states that “The OEB therefore expects that all Utilities will record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates.”²

¹ Ontario Energy Board, *Accounting Procedures Handbook for Electricity Distributors* (December 2011), page 75.

NOTE: Also any differences in 2006 PILs that result in changes to a distributor’s “opening” 2006 balances, which are no longer relevant.

² Ontario Energy Board, Letter RE: *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance* (July 25, 2019), page 2.

1 As directed, Hydro Ottawa recorded the impact of the legislative change for 2018-2020 in
2 Sub-Account 1592 - PILs and Tax Variances - CCA Changes. Per Hydro Ottawa's 2021-2025
3 Approved Settlement Agreement,³ the Accelerated CCA Rules for Approved Additions and
4 portions related to New Facilities were fully disposed of.

5
6 For the change in CCA (due to accelerated CCA) related to the Connection Cost Recovery
7 Agreement ("CCRA") Payments, the amounts to the end of 2019 were fully disposed of. The
8 balance for 2020 will be disposed of in a future rate application as per Hydro Ottawa's
9 2021-2025 Approved Settlement Agreement.⁴

10
11 Please see Exhibit 9-1-3: Group 2 Accounts for more information related to the CCRA
12 Payments Regulatory Account.

13
14 **3. 2021 FEDERAL BUDGET TEMPORARY IMMEDIATE EXPENSING**

15 The 2021 Federal Budget announced changes to allow temporary immediate expensing of
16 certain properties acquired that would otherwise qualify for CCA, providing up to a maximum of
17 \$1.5M of additional CCA per taxation year. Bill C-19, which includes this income tax measure,
18 received Royal Assent on June 23, 2022.⁵ Eligible property includes any capital property subject
19 to the CCA rules, except for property included in Classes 1-6, 14.1, 17, 47, 49 and 51. The
20 immediate expensing is only available in the year the property becomes available for use, and
21 the half-year rule is suspended where this measure applies. The \$1.5M limit is shared amongst
22 associated members of a group. Entities acquiring more than \$1.5M of eligible property in a
23 taxation year may decide which CCA class to apply the immediate expensing rules to, with any
24 excess capital cost over \$1.5M subject to the normal CCA rules. The immediate expensing
25 measure applies to eligible property acquired after April 18, 2021 that is available for use before
26 2024. Hydro Ottawa has recorded the impact of this legislative change in Sub-Account 1592 -

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 30, 33, 34, 58, 66, 67 & Attachment 6.

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 30, 33, 34, 58, 66, 67 & Attachment 6.

⁵ Parliament of Canada, *Bill C-19 Statutes of Canada 2022, Chapter 10, Income Tax Regulations 36 (1), Section 1104 Definitions (3.1)* (June 23, 2022), page 34.

1 PILs and Tax Variances - CCA Changes. Any balance in this Sub-Account will be disposed of in
2 a future rate application.

3

4 **4. 2024 FEDERAL BUDGET TEMPORARY IMMEDIATE EXPENSING**

5 The Federal Budget 2024 released on April 16, 2024 proposes to provide immediate expensing
6 for new additions of property in respect of Class 44 (patents or the rights to use patented
7 information for a limited or unlimited period), Class 46 (data network infrastructure equipment
8 and related systems software), and Class 50 (general-purpose electronic data-processing
9 equipment and systems software), if the property is acquired on or after Budget Day and
10 becomes available for use before January 1, 2027.⁶ The enhanced allowance would provide a
11 100% first-year deduction and would be available only for the year in which the property
12 becomes available for use.

13

14 This 2024 Budget change has not yet been enacted by Parliament. Hydro Ottawa will record the
15 impact of this legislative change in Sub-Account 1592 - PILs and Tax Variances - CCA Changes
16 after the final legislation for this 2024 Budget change has been enacted. Any balance in this
17 Sub-Account will be disposed of in a future rate application.

18

19 **5. 2023 & 2024 FEDERAL BUDGETS CLEAN ELECTRICITY INVESTMENT TAX CREDIT** 20 **(ITC)**

21 Federal Budget 2023 introduced a refundable tax credit of up to 15% for clean electricity for
22 both Federally taxable entities and Federally tax exempt entities. Budget 2024⁷ included further
23 details on the requirements and implementation of the Clean Electricity Income Tax Credit
24 ("ITC"). This ITC will apply to eligible property that is acquired and becomes available for use on
25 or after April 16, 2024 (Budget Day) and before 2035 and is not part of a project that began
26 construction before March 28, 2023.

⁶ Department of Finance Canada, *Budget 2024, Tax Measures: Supplementary Information*, (April 16, 2024), p. 28.

⁷ *Ibid.*, page 19.

- 1 The Clean Electricity ITC has not yet been enacted by Parliament. Hydro Ottawa will record the
- 2 impact of this legislative change in Sub-Account 1592 - PILs and Tax Variances - CCA Changes
- 3 after the final legislation for this ITC has been enacted. Any balance in this Sub-Account will be
- 4 disposed of in a future rate application.

NEW DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

This Schedule describes Hydro Ottawa's proposal for establishing the use of one new deferral and variance account ("DVA"). Below, Hydro Ottawa describes the eligibility criteria regarding causation, materiality, and prudence for the proposed new account.

2. GROUP 1 SUB-ACCOUNT 1595 (2024)

Per Hydro Ottawa's 2021-2025 Approved Settlement Agreement,¹ Hydro Ottawa will follow the OEB's instruction regarding the clearance of Group 1 Accounts. The OEB's Chapter 3 *Filing Requirements for Electricity Distribution Rate Applications*, as updated on June 18, 2024, maintains a disposition threshold of \$0.001 per kWh (debit or credit).² In addition, pursuant to a letter from the OEB dated July 25, 2014, distributors may elect to dispose of Group 1 Account balances below the threshold.³ Hydro Ottawa's balances meet the above-mentioned threshold for Group 1 Accounts.

Hydro Ottawa proposes to dispose of a number of Group 1 DVAs by way of this Application and move the balance into a newly established 1595 (2024) Sub-Account. Please refer to Exhibit 9-3-1: Disposition of Deferral and Variance Accounts for further information and detail on the disposal of certain Group 1 DVAs in this Application. Opening the proposed Sub-Account follows direction in the OEB's *Accounting Procedures Handbook* ("APH")⁴ and the OEB's Frequently Asked Questions from July 2012.⁵

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 66 and Attachment 4.

² Ontario Energy Board, *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications Filed in 2024 for Rates Taking Effect in 2025* (June 18, 2024) page 10.

³ Ontario Energy Board, Letter RE: *Process for 2015 Incentive Regulation Mechanism ("IRM") Distribution Rate Applications* (July 25, 2014), page 1.

⁴ Ontario Energy Board, *Accounting Procedures Handbook for Electricity Distributors* (December 2011), Article 220 pages 39-40.

⁵ Ontario Energy Board, *Accounting Procedures Handbook, Frequently Asked Questions* (July 2012), Question 3, page 5.

1 **2.1. Z-FACTOR**

2 In its *Handbook for Utility Rate Applications*, the OEB affirmed its policy that “[a]n acceptable
3 adjustment during a Custom IR term is a Z factor mechanism for cost recovery of unforeseen
4 events.”⁶

5
6 As per Hydro Ottawa’s 2021-2025 Approved Settlement Agreement, Hydro Ottawa may apply
7 for Z-Factor relief in the event that the utility incurs costs arising from unforeseen events,
8 decisions, or activities the results of which cannot be reasonably anticipated or qualified at this
9 time, and where costs exceed the utility’s \$1.0M materiality threshold. The criteria for any
10 Z-Factor relief will be consistent with OEB-approved policies and decisions.⁷ In addition, the
11 Parties in the aforementioned Settlement Agreement⁸ agreed with Hydro’s Ottawa’s proposal to
12 apply the OEB’s existing policy with respect to off-ramps, wherein a regulatory review may be
13 initiated in the event Hydro Ottawa performs outside of an annual ROE dead band of plus or
14 minus 300 basis points. Examples include unforeseen weather events or changes to laws or
15 regulations requiring significant implementation investment.

16
17 Hydro Ottawa is not requesting a Z-Factor Account as part of this Application.

⁶ Ontario Energy Board, *Handbook for Utility Rate Applications* (October 13, 2016), page 27.

⁷ This includes the following finding made by the OEB on page 43 of its Decision and Order in EB-2017-0049 dated March 7, 2019: “The OEB disagrees that the OEB’s policy on Z-Factors precludes a symmetrical treatment. The policy is set out in the Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors and does not state that a Z-Factor is asymmetrical. There is nothing to prevent the OEB from imposing Z-factor treatment for an unforeseen event that materiality reduces costs and meets all of the Z-Factor criteria, should one be identified.”

⁸ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

In this Schedule, Hydro Ottawa is requesting disposition of its Group 1 deferral and variance accounts (“DVAs”), in compliance with the *Electricity Distributors’ Deferral and Variance Account Review Initiative* (“EDDVAR Report”).

Details regarding DVAs can be found in the following Exhibits:

- Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts;
- Exhibit 9-1-2: Group 1 Accounts;
- Exhibit 9-1-3: Group 2 Accounts; and
- Exhibit 9-1-4: Account 1592 PILS and Tax Variance.

Hydro Ottawa has excluded the 1595 (2021) Sub-Account for proposal of disposition as part of the Group 1 Accounts proposed for disposition. This exclusion is due to the fact that the two-year period following the expiry of the associated rate rider has not yet elapsed therefore the disposal criteria has not been met. The residual balance of this Sub-Account will be cleared on a final basis in the next rate application. The Group 1 Accounts balances are as of December 31, 2023.

2. ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION

As part of this Application, Hydro Ottawa is requesting disposition of all of its Group 1 Accounts as presented in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule) based on December 31, 2023 audited balances.

Table 1 below provides a summary of the Group 1 DVAs by Uniform System of Accounts (“USofA”) for which Hydro Ottawa is seeking disposition. For the completed DVA Continuity Schedule, please see Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

1 Per the DVA Continuity Schedule, principal balances are up to December 31, 2023 and interest
2 is forecasted to December 31, 2024.

3

4 Hydro Ottawa is seeking disposition of a net debit balance of \$10.5M.

5

6 As part of this Application, Hydro Ottawa has provided Attachment 9-3-1(A): OEB Workform -
7 Global Adjustment Analysis Workform using data from the 2023 audited financial statements.
8 The unresolved difference as a percentage of expected Global Adjustment ("GA") is below the
9 materiality threshold of plus or minus 10%, and thus further investigation is not required. Hydro
10 Ottawa received approval on a final basis to dispose of balances in Group 1 Accounts as at
11 December 31, 2022 over a one year term as part of its 2024 Rate Application.¹

12

13 In Exhibit 4-4-2: LRAM Variance Account, Hydro Ottawa has indicated that the disposition of
14 LRAMVA balances related to 2021 and subsequent years will be requested in a future rate
15 application. For this reason Hydro Ottawa will not be proposing a mechanistic adjustment for
16 eligible LRAMVA amounts in this rate application.²

¹ Hydro Ottawa Limited, *2024 Decision and Rate Order*, EB-2023-0032 (December 14, 2023), pages 15-17.

² Ontario Energy Board, *Updates to Chapter 3 Filing Requirements and Accounting Webinar*, (June 21, 2023) pages 17-18.

1

Table 1 – Proposed DVA Dispositions³

Group	USofA Number	Group 1 Deferral/Variance Account Description	Amount (\$)	Principal (\$)	Interest (\$)
1	1550	LV Variance Account	\$12,931	\$12,013	\$917
1	1551	Smart Metering Entity Charge Variance Account	\$(743,893)	\$(694,578)	\$(49,315)
1	1580	RSVA - Wholesale Market Service Charge	\$(8,699,748)	\$(8,105,859)	\$(593,889)
1	1580	Variance WMS - Sub-account CBR Class A	\$0	\$0	\$0
1	1580	Variance WMS - Sub-account CBR Class B	\$1,062,137	\$1,016,972	\$45,165
1	1584	RSVA - Retail Transmission Network Charge	\$6,053,038	\$5,619,174	\$433,864
1	1586	RSVA - Retail Transmission Connection Charge	\$127,766	\$89,517	\$38,249
1	1588	RSVA - Power (excluding Global Adjustment)	\$3,361,493	\$3,065,683	\$295,810
1	1589	RSVA - Global Adjustment	\$9,330,949	\$8,399,171	\$931,778
		Group 1 Subtotal (Excluding Global Adjustment)	\$1,173,725	\$1,002,923	\$170,802
		Global Adjustment	\$9,330,949	\$8,399,171	\$931,778
		TOTAL DVA BALANCE (Group 1) TO BE MOVED TO 1595 (2025)	\$10,504,674	\$9,402,094	\$1,102,579

2

3 **3. ALLOCATION OF DVAs AND LENGTH OF DISPOSITION PERIOD**

4 Hydro Ottawa is requesting a one year rate rider for the proposed disposition period for the
 5 Group 1 Accounts.

6

7 Please refer to Tab "5. Allocation of balances" within Attachment 9-1-1(A): OEB Workform -
 8 Deferral and Variance Account (Continuity Schedule) for the explanation of how the Group 1
 9 rate riders were allocated.

³ Totals may not sum due to rounding.

1 As part of the 2023 Application, the following rate rider was approved for a three-year period
2 and the third year of disposition will occur in 2025:

3

- 4 • Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery.

5

6 **4. BILLING DETERMINANTS**

7 Hydro Ottawa has used the 2023 Reporting and Record Keeping Requirements (“RRR”) billing
8 determinants, as presented in RRR 2.1.5.4 - Demand and Revenue and RRR 2.1.2 Customer
9 Numbers. This includes 2023 actuals for kWh, kW, billing determinants for Non-Regulated Price
10 Plan (“RPP”) customers, Wholesale Market Participants, distribution revenue and customer
11 numbers.

12

13 **5. CONTINUED, PROPOSED AMENDMENTS & NEWLY PROPOSED RATE RIDERS**

14 **5.1. CONTINUED RATE RIDERS**

15 Table 2 below provides the approved Lost Revenue Adjustment Mechanism (“LRAM”) rate rider
16 that continues through 2025 as part of the 2023 Decision and Order.⁴ As part of the 2024
17 Decision and Order, the LRAM rate rider was extended to December 31, 2026 for the Street
18 Lighting rate class.⁵

⁴ Ontario Energy Board, *Decision and Rate Order*, EB-2022-0042 (December 8, 2021), pages 13-15.

⁵ Ontario Energy Board, *Decision and Rate Order*, EB-2023-0032 (December 14, 2021), pages 18-19.

1 **Table 2 - Approved Rate Riders for Accounts 1568 Year 3⁶**

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	# of Customers	324,728	\$ 962,663	0.2500	\$
General Service < 50 kW	kWh	680,716,895	\$ 496,534	0.0007	\$/kWh
General Service 50 to 1,499 kW	kW	6,559,760	\$ (1,624,741)	(0.2477)	\$/kWh
General Service 1,500 to 4,999 kW	kW	1,418,024	\$ 286,560	0.2021	\$/kWh
Large Use	kW	1,029,229	\$ 207,004	0.2011	\$/kWh
Unmetered Scattered Load	kWh	14,083,301	\$ 0	0.0000	\$/kWh
Sentinel Lighting	kWh	122	\$ 0	0.0000	\$/kWh
Street Lighting ⁷	kW	63,940	\$ 312,830	4.8925	\$/kW
TOTAL			\$ 640,850		

2

3 **5.2. NEWLY PROPOSED RATE RIDERS**

4 Tables 3 through 6 below outline the new proposed rate riders to clear the DVA balances as at

5 December 31, 2023 in the Group 1 Accounts for which Hydro Ottawa is seeking disposition.

⁶ Ontario Energy Board, *Decision and Order*, EB-2022-0042 (December 8, 2022).

⁷ Ontario Energy Board, *Decision and Order*, EB-2023-0032 (December 14, 2023).

1 Table 3 - Proposed Rate Riders for Group 1 Accounts, excluding Global Adjustment (2025)⁸

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,441,208,251	-\$410,829	(0.0002)	\$/kWh
General Service < 50 kW	kWh	731,844,639	\$31,061	0.0000	\$/kWh
General Service 50 to 1,499 kW	kW	6,786,829	\$2,401,051	0.3538	\$/kW
General Service 1,500 to 4,999 kW	kW	1,469,933	\$78,884	0.0537	\$/kW
Large Use	kW	996,340	\$63,238	0.0635	\$/kW
Unmetered Scattered Load	kWh	14,064,183	\$1,614	0.0001	\$/kWh
Sentinel Lighting	kW	120	\$5	0.0415	\$/kW
Street Lighting	kW	60,526	\$2,486	0.0411	\$/kW
TOTAL			\$2,167,510		

2

3 Table 4 – Proposed Rate Riders for Group 1 Accounts 1580 & 1588 - Non-WMP (2025)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,441,208,251	\$0	0	\$/kWh
General Service < 50 kW	kWh	731,844,639	\$0	0	\$/kWh
General Service 50 to 1,499 kW	kW	6,729,031	\$(2,055,923)	(0.3055)	\$/kW
General Service 1,500 to 4,999 kW	kW	1,469,933	\$0	\$0	\$/kW
Large Use	kW	996,340	\$0	0	\$/kW
Unmetered Scattered Load	kWh	14,064,183	\$0	0	\$/kWh
Sentinel Lighting	kW	43,412	\$0	0	\$/kW
Street Lighting	kW	21,667,005	\$0	0	\$/kW
TOTAL			\$(2,055,923)		

⁸ Totals may not sum due to rounding.

1 **Table 5 – Proposed Rate Riders for Account 1580 - Sub Account CBR Class B (2025)⁹**

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,441,208,251	\$ 442,656	0.0002	\$/kWh
General Service < 50 kW	kWh	731,844,639	\$ 132,703	0.0002	\$/kWh
General Service 50 to 1,499 kW	kWh	2,358,054,926	\$ 427,578	0.0002	\$/kWh
General Service 1,500 to 4,999 kW	kWh	124,270,075	\$ 22,533	0.0002	\$/kWh
Large Use	kWh	48,111,653	\$ 8,724	0.0002	\$/kWh
Unmetered Scattered Load	kWh	14,064,183	\$ 2,550	0.0002	\$/kWh
Sentinel Lighting	kWh	43,412	\$ 8	0.0002	\$/kWh
Street Lighting	kWh	21,667,005	\$ 3,929	0.0002	\$/kWh
TOTAL			\$ 1,040,680		

2

3 **Table 6 - Proposed Rate Rider for Account 1589 - Global Adjustment (2025)**

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	22,178,617	\$ 87,194	0.0039	\$
General Service < 50 kW	kWh	106,448,464	\$ 418,498	0.0039	\$/kWh
General Service 50 to 1,499 kW	kWh	2,002,785,774	\$ 7,873,867	0.0039	\$/kWh
General Service 1,500 to 4,999 kW	kWh	124,270,075	\$ 488,563	0.0039	\$/kWh
Large Use	kWh	48,111,653	\$ 189,149	0.0039	\$/kWh
Unmetered Scattered Load	kWh	0	\$ -	0.0000	\$/kWh
Sentinel Lighting	kWh	0	\$ -	0.0000	\$/kWh
Street Lighting	kWh	21,667,005	\$ 85,183	0.0039	\$/kW
TOTAL			\$ 9,142,454		

4

5 **6. GA AND WHOLESALE MARKET SERVICE CAPACITY BASED RECOVERY (“CBR”)**
 6 **CLASS A ADJUSTMENT**

7 In order to capture customer-specific impacts of transitioning Class A customers, Hydro Ottawa
 8 has provided customer level consumption in Attachment 9-1-1(A): OEB Workform - Deferral and

⁹ Totals may not sum due to rounding.

1 Variance Account (Continuity Schedule). The total amount allocated to Class A transitioning
2 customers for GA is a debit of \$188,495 and for CBR is a debit of \$21,456. The monthly equal
3 payment column has been grayed out in tab '6.2a CBR B_Allocation' in Attachment 9-1-1(A):
4 OEB Workform - Deferral and Variance Account (Continuity Schedule), as Hydro Ottawa
5 proposes to apply the customer-specific Class A GA adjustments and WMS CBR as a one-time
6 adjustment rather than monthly. Unlike the use of rate riders, these adjustments are a manual
7 process for Hydro Ottawa.

8

9 **7. PROPOSED ESTABLISHMENT OF NEW DVAs**

10 Please see Exhibit 9-2-1: New Deferral and Variance Accounts for new Accounts for which
11 approval is being sought as part of this Application.

ATTACHMENT 9-3-1(A)

Attachment 9-3-1(A) OEB Workform - Global Adjustment Analysis

(Refer to the attachment in Excel format)