

October 18, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4
Email: registrar@oeb.ca

Dear Ms. Marconi,

RE: Tillsonburg Hydro Inc. (THI) 2024 Cost of Service Application, EB-2023-0053

Tillsonburg Hydro is submitting its settlement agreement, pre-settlement questions with responses and required attachments, and a full set of OEB Excel models for the above noted application. Tillsonburg Hydro and all parties participating in the proceeding have confirmed the accuracy of the document.

If you have any questions or concerns please do not hesitate to contact me.

Yours truly,

Graig Pettit
General Manager
Tillsonburg Hydro Inc.
Hydro-Manager@tillsonburg.ca

cc: Michael Buonaguro

EB-2023-0053

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

AND IN THE MATTER OF an application by
Tillsonburg Hydro Inc.
For an order approving just and reasonable rates and
Other charges for electricity distribution beginning
May 1, 2024.

Tillsonburg Hydro Inc.

Settlement Proposal

Filed: October 18, 2024

TABLE OF CONTENTS

LIST OF TABLES	4
SETTLEMENT PROPOSAL	5
SUMMARY	8
SETTEMENT PROPOSAL BY ISSUE NUMBER	11
1. Capital Spending and Rate Base	11
1.1 Are the proposed capital expenditures and in-service additions appropriate?	11
1.2 Are the proposed rate base and depreciation amounts appropriate?.....	13
2. OM&A	15
2.1 Are the proposed OM&A expenditures appropriate?	15
2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?.....	17
3. Cost of Capital, PILs, and Revenue Requirement	18
3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?	18
3.2 Is the proposed PILs (or Tax) amount appropriate?	19
3.3 Is the proposed Other Revenue forecast appropriate?	20
3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?	21
3.5 Is the proposed calculation of the Revenue Requirement appropriate?	23
4. Load Forecast	24
4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?	24
5. Cost Allocation, Rate Design, and Other Charges	26
5.1 Are the proposed cost allocation methodology, allocations, and revenue-to- cost ratios, appropriate?	26
5.2 Is the proposed rate design, including fixed/variable splits, appropriate?	27
5.3 Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?.....	29
5.4 Are the Proposed Loss Factors Appropriate?	31
5.5 Are the Specific Service Charges and Retail Service Charges appropriate?.....	32
5.6 Are rate mitigation proposals required and appropriate?	33
6. Deferral and Variance Accounts	34
6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?.....	34

7. Other 39

7.1 Is the proposed effective date appropriate? 39

7.2 Has the applicant responded appropriately to all relevant OEB directions from..... 40

previous proceedings? 40

LIST OF TABLES

Table 1 – Summary of 2024 Revenue Requirement	9
Table 2 - Bill Impact Summary	10
Table 3 - 2024 Capital Expenditures (\$000)	11
Table 4 – 2024 Working Capital	14
Table 5 – 2024 Rate Base	14
Table 6 - 2024 Test Year OM&A Expenses	15
Table 7 - 2024 Cost of Capital Calculation	18
Table 8 - 2024 Income Taxes	19
Table 9 - 2024 Revenue Offsets	20
Table 10 - 2024 Revenue Requirement Summary	23
Table 11 – 2024 Test Year Billing Determinants	24
Table 12 – Number of Customers & Devices	24
Table 13 – Summary of 2024 Revenue-to-Cost Ratios	26
Table 14 – Summary of 2024 Fixed to Variable Split	27
Table 15 - 2024 RTSR Network and Connection Rates Charges	29
Table 16 - 2024 Loss Factors	31
Table 17 - DVA Balances for Disposition	35

LIST OF ATTACHMENTS

THI has filed revised models as evidence to support this Settlement Proposal. The models have been filed through the OEB’s e-filing service and include:

1. OEB Chapter 2 Appendices
2. Revenue Requirement Workform
3. Income Tax PILs Model
4. Load Forecast Model
5. Cost Allocation Model
6. DVA Continuity Schedule
7. RTSR Model
8. Tariff Schedule and Bill Impact Model
9. Proposed Tariff of Rates and Charges

SETTLEMENT PROPOSAL

Tillsonburg Hydro Inc. (the Applicant or THI) filed a Cost-of-Service application with the Ontario Energy Board (the OEB) on April 30, 2024, under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) (the Act), seeking approval for changes to the rates that THI charges for electricity distribution, to be effective May 1, 2024 (OEB file number EB-2023-0053) (the Application).

The OEB issued a Letter of Direction and Notice of Application on May 24, 2024. In Procedural Order No. 1, dated June 20, 2024, the OEB approved the Vulnerable Energy Consumers Coalition (VECC) and Energy Probe (EP) as intervenors; the order also approved the inclusion of the application in the OEB's Very Small Utility Pilot.

The Procedural Order indicated the prescribed dates for an Issues Meeting, the filing of a proposed Issues List, the submission of interrogatories, THI's responses to interrogatories, a Settlement Conference, and various other elements in the proceeding.

On August 2, 2024, OEB Staff, on behalf of all the parties, submitted a proposed issues list (the Issues List) to the OEB for approval. The OEB approved the Issues List on August 9, 2024. OEB Staff also provided a summary list of the information commitments that THI agreed to provide as a result of the Issues Day process, and informed the OEB that the parties had agreed to reduce the scope of the interrogatory phase to Issue 1 (Capital Spending and Rate Base) and Issue 2 (OMA).

THI filed its information commitments and interrogatory responses with the OEB on August 27, 2024.

The Settlement Conference was convened September 16, 2024, in accordance with the OEB's Rules of Practice and Procedure section 11 of the Practice Direction on Settlement Conferences. Although OEB staff is not a party to this Settlement Proposal, as noted in the Practice Direction, OEB staff who did participate in the Settlement Conference are bound by the same confidentiality requirements that apply to the Parties to the proceeding.

This document is called a Settlement Proposal because it is a proposal by the Parties presented to the OEB to settle the issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. In entering into this Settlement Proposal, the Parties understand and agree that pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference was confidential in accordance with the OEB's Practice Direction on Settlement Conferences. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's Practice Direction on Confidential Filings, and the rules of that latter document do not apply.

Instead, in this Settlement Conference, and in this Settlement Proposal, the specific rules with respect to confidentiality and privilege are as set out in the Practice Direction on Settlement Conferences. The Parties have interpreted the Practice Direction on Settlement Conferences to mean that the documents and other information provided during the Settlement Conference itself, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception, the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the Parties agree that attendees are deemed to include, in this context, persons who were not in attendance at the Settlement Conference but were a) any persons or entities that the Parties engaged to assist them with the Settlement Conference, and b) any persons or entities from whom the attendees' sought instructions with respect to the negotiations, in each case provided those persons are subject to the same obligations of confidentiality and privilege as those persons actually in attendance.

This Settlement Proposal provides a brief description of each of the settled issues, as applicable, together with references to the evidence. The Parties agree that references to the evidence in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the responses to interrogatories, all other components of the record up to and including the date hereof, and the additional information included by the Parties in this Settlement Proposal and the attachments and appendices to this document.

Included with the Settlement Proposal are attachments that provide further support for the proposed settlement, including responses to Pre-Settlement Clarification questions (Clarification Responses). The Parties acknowledge that the attachments were prepared by THI. The Parties have reviewed the attachments and are relying on the accuracy of the attachments and the underlying evidence in entering into this Settlement Proposal.

For ease of reference, this Settlement Proposal follows the format of the final approved Issues List.

According to section 6 of the Practice Direction on Settlement Conferences, the Parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. Any such adjustments are specifically set out in the text of the Settlement Proposal.

The Parties have settled the issues as a package, and none of the parts of this Settlement Proposal are severable. If the OEB does not accept this Settlement Proposal in its entirety, then there is no settlement (unless the Parties agree in writing that any part(s) of this Settlement Proposal that the OEB accepts may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

If the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all the Parties must agree with any revised Settlement Proposal as it relates to that issue, or take no position, prior to its resubmission to the OEB.

Unless stated otherwise, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not THI is a party to such proceeding, provided that no Party shall take a position that would result in the Settlement Proposal not applying in accordance with the terms contained herein.

Where, in this Settlement Proposal, the Parties accept the evidence of THI, or agree to any issue, term or condition, including a revised budget or forecast, then unless the Settlement Proposal expressly states to the contrary, the words “for the purpose of settlement of the issues herein” shall be deemed to qualify that acceptance or agreement.

SUMMARY

The Parties were able to reach agreement on all aspects of the Application with respect to capital costs, operations, maintenance & administration (OM&A) costs, revenue requirement-related issues, including the accuracy of the revenue requirement determination and the application of OEB policies and practices.

In reaching this Settlement Proposal, the Parties have been guided by the Filing Requirements for 2024 rates and the approved Issues List.

The Parties have described below, in detail, areas where they have settled an issue by agreeing to adjustments to the Application as updated.

This Settlement Proposal will, if accepted, result in a total bill increase of \$7.20, or 5.8% per month for the typical residential customer consuming 750 kWh per month.

The financial impact of the Settlement Proposal is to reduce the total revenue requirement requested of \$5,660,994 by \$217,110 to \$5,443,884.

A Revenue Requirement Work Form (RRWF) incorporating all terms that have been agreed to is filed with the Settlement Proposal. Through the settlement process, THI has agreed to certain adjustments to its original Application. The changes are described in the following sections.

THI has provided the following tables summarizing the Application and highlighting the changes to its Rate Base and Capital, Operating Expenses, and Revenue Requirement as between THI's Application as filed, the interrogatory process and this Settlement Proposal.

Table 1 – Summary of 2024 Revenue Requirement

Particular	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Long Term Debt (OEB Deemed Rate)	6.08%	4.58%	(1.50%)	4.58%	-
Short Term Debt	6.23%	6.23%	-	6.23%	-
Return on Equity	9.21%	9.21%	-	9.21%	-
Regulated Rate of Return	7.34%	6.50%	(0.84%)	6.50%	-
Controllable Expenses	3,277,729	3,277,729	-	3,217,729	(60,000)
Power Supply Expense	20,469,496	20,898,144	428,648	21,494,198	596,053
Total Eligible Distribution Expenses	23,747,225	24,175,873	428,648	24,711,926	596,053
Working Capital Allowance Rate	7.5%	7.5%	-	7.5%	-
Total Working Capital Allowance ("WCA")	1,781,042	1,813,190	32,149	1,853,394	40,204
Gross Fixed Asset (Avg)	32,036,650	32,036,650	-	31,932,816	(103,835)
Accumulated Depreciation (Avg)	(14,374,536)	(14,374,536)	-	(14,372,890)	1,646
Average Fixed Asset	17,662,114	17,662,114	-	17,559,926	(102,188)
Working Capital Allowance	1,781,042	1,813,190	32,149	1,853,394	40,204
Rate Base	19,443,156	19,475,305	32,149	19,413,320	(61,984)
Regulated Rate of Return	7.34%	6.50%	(0.84%)	6.50%	-
Regulated Return on Capital	1,426,270	1,265,505	(160,764)	1,261,478	(4,028)
Deemed Interest Expense	709,984	548,035	(161,949)	546,291	(1,744)
Deemed Return on Equity	716,286	717,470	1,184	715,187	(2,283)
OM&A	3,272,229	3,272,229	-	3,212,229	(60,000)
Depreciation Expense	906,281	906,281	-	902,988	(3,293)
Property Taxes	5,500	5,500	-	5,500	-
PILs (Grossed Up)	50,715	61,289	10,575	61,690	400
Revenue Offset	478,611	383,225	(95,386)	383,225	-
Base Revenue Requirement	5,182,383	5,127,579	(54,804)	5,060,659	(66,921)

Based on the foregoing, and the evidence and rationale provided below, the Parties accept this Settlement Proposal as appropriate and recommend its acceptance by the OEB. Table 2 below illustrates the updated bill impacts that would result from the acceptance of this Settlement Proposal.

Table 2 - Bill Impact Summary

Customer Class	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
Residential	kwh	\$5.59	18.2%	\$6.70	20.0%	\$7.25	15.4%	\$7.35	5.9%
GS<50	kwh	-\$3.20	-4.6%	\$0.81	1.1%	\$2.09	1.9%	\$2.13	0.7%
GS 50-499kW	kw	\$101.11	22.1%	\$196.91	43.1%	\$228.75	18.0%	\$264.44	3.9%
GS 500-1499kW	kw	-\$168.54	-6.6%	\$452.16	17.7%	\$712.64	7.7%	\$853.71	1.6%
GS 1500-4999 kW	kw	\$741.93	12.0%	\$2,504.60	40.3%	\$3,111.20	14.3%	\$3,652.95	2.5%
USL	kwh	\$5.44	1.1%	\$9.69	2.0%	\$10.98	2.1%	\$11.13	1.5%
Sentinel Lighting	kw	\$0.11	0.0%	\$0.12	0.0%	\$0.12	0.0%	\$0.12	0.0%
Street Lighting	kw	-\$274.62	-8.9%	-\$199.29	-6.5%	-\$176.09	-4.8%	-\$193.16	-2.0%

The chart below outlines the rates that comprise the Sub-Totals 'A', 'B', 'C', and Total Bill in Table 2 above:

Subtotal A	Sub-Total B - Distribution (includes Sub-Total A)	Sub-Total C - Delivery (including Sub-Total B)	Total Bill - Sub-Total C and Items below
Monthly Service Charge	Line Losses on Cost of Power	RTSR - Network	Wholesale Market Service Charge (WMSC)
Distribution Volumetric Rate	Total Deferral/Variance Account Rate Riders	RTSR - Connection and/or Line and Transformation Connection	Rural and Remote Rate Protection (RRRP)
Fixed Rate Riders	CBR Class B Rate Riders		Standard Supply Service Charge
Volumetric Rate Riders	GA Rate Riders		Ontario Electricity Support Program (OESP) if applicable
	Low Voltage Service Charge		Commodity
	Smart Meter Entity Charge (if applicable)		HST
	Additional Fixed Rate Riders		OER (if applicable)
	Additional Volumetric Rate Riders		

SETTEMENT PROPOSAL BY ISSUE NUMBER

1. Capital Spending and Rate Base

1.1 Are the proposed capital expenditures and in-service additions appropriate?

Full Settlement

The Parties agree to THI's proposed 2024 capital expenditures and 2024 net capital additions for the purpose of setting rates, subject to the following adjustments:

- a) THI's proposed net System Renewal and System Service in-service addition forecast for 2024 will be reduced by \$207,669 (10%) for the purposes of setting rates, to reflect the uncertainty that all the forecast development work will be required and completed in the test year.
- b) The Parties note that THI currently relies on staff knowledge of the asset conditions to select areas for replacement (i.e. there is no formal asset condition value or "health index"). As part of its next DSP, THI shall implement a formal process to assess asset condition or health index to target assets for replacement. THI shall also include a formal project/program prioritization and rating process to improve its Asset Management Process.

Table 3 - 2024 Capital Expenditures / In-Service Additions (\$000)

	Original Application April 30, 2024 ¹	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
System Access	149	149	-	149	-
System Renewal	1,161	1,161	-	1,000	(161)
System Service	749	749	-	645	(104)
General Plant	75	75	-	75	-
Total Net Expenditures	2,134	2,134	-	1,869	(208)

The Parties acknowledge THI's comprehensive business and investment planning efforts and accept the evidence of THI that the level of planned capital expenditures over the course of its Distribution System Plan and the rationale for planning and pacing choices are appropriate to

¹ THI's initial application and commitment responses included an error transcribing the Fixed Asset Continuity Schedule into the OEB's 4 capital expenditure categories presented in Chapter 2 Appendix 2-AB. The amounts shown are those included in THI's initial application and commitment submissions, totalling \$2.134M. During settlement it was discovered these amounts should have totalled \$2.076M, consistent with the Fixed Asset Continuity Schedule presented consistently in Chapter 2 Appendix 2-BA in both the initial application and commitment update.

maintain system reliability, service quality objectives and the reliable and safe operation of the distribution system.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 2 – Rate Base
- EXHIBIT 2 – Distribution System Plan

IR Responses

- 2-Staff-1

Clarification Questions

- Commitment 4: Fleet Costs, Commitment 13: 2023 Audited Financials

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

1.2 Are the proposed rate base and depreciation amounts appropriate?

Full Settlement

For the purpose of settlement, the Parties agree that THI's proposed 2024 rate base and depreciation amounts are appropriate subject to the following adjustments:

- a) The Parties agree to a 2024 rate base of \$19,413,320 for the purposes of setting rates, which reflects THI's actual in-service additions for 2023, the reductions in 2024 Capital Budget as set out under issue 1, and the working capital amount as updated to reflect the terms of this Settlement Proposal.
- b) The Parties agree to an updated depreciation expense of \$902,988, which reflects the update to the 2024 opening fixed assets based on THI's updated forecast in-service additions for 2023 and the updated 2024 Capital Budget. **Table 1 – Summary of 2024 Revenue Requirement** above further outlines the updated depreciation expense values.

Table 4 – 2024 Cost of Power

Particulars	Original Application 30-Apr-24	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
4705 -Power Purchased	12,965,815	12,952,884	-12,931	13,388,866	435,982
4707- Global Adjustment	4,807,940	5,103,638	295,698	5,219,445	115,806
4708-Charges-WMS	813,035	827,828	14,793	852,186	24,358
4714-Charges-NW	1,934,458	2,002,541	68,083	2,044,314	41,772
4716-Charges-CN	1,479,296	1,535,094	55,798	1,567,247	32,154
4730-Charges-RRRP	252,944	257,547	4,603	265,125	7,578
4750-Charges-LV	0	0	0	0	0
4751-IESO SME	43,005	42,334	-671	42,334	0
Ont. Electricity Rebate	-1,826,996	-1,823,722	3,274	-1,885,319	-61,597
Total Cost of Power	20,469,497	20,898,144	428,647	21,494,198	596,053

Table 5 – 2024 Working Capital

Particulars	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Controllable Expenses	3,277,729	3,277,729	-	3,217,729	(60,000)
Cost of Power	20,469,496	20,898,144	428,648	21,494,198	596,053
Working Capital Base	23,747,225	24,175,873	428,648	24,711,926	596,053
Working Capital Rate %	7.50%	7.50%	-	7.50%	-
Working Capital Allowance	1,781,042	1,813,190	32,149	1,853,394	40,204

Table 6 – 2024 Rate Base

Particulars	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Gross Fixed Assess (Average)	32,036,650	32,036,650	-	31,932,816	(103,835)
Accumulated Depreciation (Average)	(14,374,536)	(14,374,536)	-	(14,372,890)	1,646
Net Fixed Assets (Average)	17,662,114	17,662,114	-	17,559,926	(102,188)
Allowance for Working Capital	1,781,042	1,813,190	32,149	1,853,394	40,204
Total Rate Base	19,443,156	19,475,305	32,149	19,413,320	(61,984)

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 2 – Rate Base
- EXHIBIT 2 – Distribution System Plan

IR Responses

- 2-Staff-1

Clarification Questions

- Commitment 13: 2023 Audited Financials

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

2. OM&A

2.1 Are the proposed OM&A expenditures appropriate?

Full Settlement

The Parties have agreed that THI's proposed 2024 OM&A budget is appropriate, subject to a reduction of \$60,000, resulting in a 2024 Test Year Budget of \$3,212,229. In agreeing to the proposed budget, the Parties note that it represents an annual increase in OM&A expense from THI's 2013 Board Approved OM&A Budget to 2024 of 2.25%, which the parties submit compares favourably to an expected 2.91% annualized increase when considering the combined impact of the OEB's annual PCI and the forecast 24% increase in THI's customer base between 2013 and 2024. The Parties also note that THI benchmarking results under the PEG benchmarking model have improved, with THI moving from Cohort 4 in 2013 to Cohort 2 starting in 2022.

The Parties note that as part of THI's SWOT analysis under Opportunities (Ex.1 Appendix A 2024 Business Plan, page 5), THI indicates it has an opportunity to explore collaborations with other utilities in order to share costs and achieve greater operational efficiencies. By forming strategic partnerships and leveraging economies of scale, THI could potentially reduce expenses associated with various aspects of its operations, such as procurement, training, and shared services. Further to that evidence, THI agrees to report back at its next Cost of Service application on collaborations with other utilities and advise of the impact on operational efficiencies and expenses.

Table 7 - 2024 Test Year OM&A Expenses

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Operations	525,582	525,582	-	525,582	-
Maintenance	209,849	209,849	-	209,849	-
Billing and Collecting	813,409	813,409	-	813,409	-
Administration & General +LEAP	1,723,389	1,723,389	-	1,663,389	(60,000)
Total	3,272,229	3,272,229	-	3,212,229	(60,000)

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – OM&A

IR Responses

- 4-Staff-2, 4-Staff-3

Clarification Questions

- Commitment 2: Town Costs Incurred by Tillsonburg Hydro 2019-2023, Commitment 3: Regulatory One-Time Costs, Commitment 4: Fleet Costs, Commitment 5: OM&A, Commitment 6: Corporate Cost Allocation, Commitment 7: Regulatory Costs, Commitment 13: 2023 Audited Financials

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

Full Settlement

The Parties accept, for the purpose of the 2024 Test Year, THI's proposed shared services cost allocation methodology and quantum, as updated to reflect other elements of the Settlement Proposal.

The Parties note that under Issue 3.4 THI has made certain commitments to provide information with respect to its operating structure in connection with its affiliate The Corporation of the Town of Tillsonburg.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses

IR Responses

Clarification Questions

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

3. Cost of Capital, PILs, and Revenue Requirement

3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

Full Settlement

The Parties agree to THI's proposed cost of capital parameters as reflected below, which are based on, where appropriate, the OEB's cost of capital parameters for 2024 Cost of Service applications. The Parties specifically note that through its answer to commitments THI has updated the rate on its variable rate third party long term debt instrument to reflect the OEB's deemed long term debt rate of 4.58% for 2024 applications.

Table 8 - 2024 Cost of Capital Calculation

Particulars	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Debt					
Long-term Debt (weighted)	6.08%	4.58%	(1.50%)	4.58%	-
Short-term Debt	6.23%	6.23%	-	6.23%	-
Total Debt	6.09%	4.69%	-	4.69%	-
Equity					
Total Equity	9.21%	9.21%	-	9.21%	-
Total	7.34%	6.50%	(0.84%)	6.50%	-

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 5 – Cost of Capital and Capital Structure

IR Responses

- None

Clarification Questions

- Commitment 9: Long-term Debt Rate

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

3.2 Is the proposed PILs (or Tax) amount appropriate?

Full Settlement

The Parties accept THI's updated calculations of forecast PILs in this Settlement Proposal.

The Parties accept THI's proposal to not use accelerated CCA for the 2024 test year and to not use accelerated CCA in subsequent years given that the option to take accelerated CCA will be phased out entirely by 2028. As a result, there is no need to either smooth the impact of the phase out of accelerated CCA or to capture the impact of the phase out of accelerated CCA in the existing 1592 sub-account related to accelerated CCA; however, the Parties agree that THI will maintain the existing 1592 sub-account to capture any further changes in accelerated CCA related policy or changes in how THI applies accelerated CCA policy.

A summary of the updated PILs calculation is presented in Table 8 below.

Table 9 - 2024 Income Taxes

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Income Taxes (Not Grossed Up)	42,816	51,736	8,920	52,087	351
Income Taxes (Grossed up)	50,715	61,289	10,575	61,690	400

An updated Income Tax/PILs Model has been submitted in Live Excel format as part of this Settlement Proposal.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- None

Clarification Questions

- Commitment 8: 2023 Income Tax Return

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

3.3 Is the proposed Other Revenue forecast appropriate?

Full Settlement

The Parties agree that THI's other revenue forecast is appropriate. The Parties note in particular that THI has updated its other revenue forecast by removing interest associated with Deferral and Variance accounts, which had inadvertently been included in the original application.

A summary of the updated Revenue Offsets are presented in Table 9 below.

Table 10 - 2024 Revenue Offsets

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Miscellaneous Service Revenues	113,805	113,805	\$0	113,805	-
Late Payment Charges	26,412	26,412	\$0	26,412	-
Other Operating Revenues	13,410	13,556	\$146	13,556	-
Other Income and Deductions	324,984	229,452	(\$95,532)	229,452	-
Total	478,611	383,225	(95,386)	383,225	-

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- None

Clarification Questions

- Commitment 11: Other Revenue

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

3.4 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Full Settlement

The Parties accept the evidence of THI that all impacts of any changes to accounting standards, policies, estimates, and adjustments have been properly identified in the Application and the interrogatories and have been recorded and treated appropriately in the ratemaking process.

The Parties note that THI continues to operate as a “virtual” utility; THI has no employees, it relies entirely on The Corporation of the Town of Tillsonburg (“the Town”) for its human and other resources including executive and senior management, some of which is provided to the Town by ERTH Power Inc. through a services agreement. The intervening Parties expressed concern as to how under this structure THI is able to meet the various obligations, including certain MIFRS accounting standards, imposed on THI as a regulated distributor.

In order to address these concerns, the Parties have agreed that THI will file an independent study in its next Cost of Service that reviews its virtual utility operating structure to confirm that it is meeting its various obligations as a distributor of electricity regulated by the OEB. Without limiting the generality of the foregoing, it is anticipated that the study will address the following identified concerns:

- a) that the virtual utility model does not result in the rejection of alternatives that are materially more cost efficient;
- b) that the derivation of the costs provided to the THI virtual utility are appropriate and can be determined to be appropriate through clear and transparent information as to the Town’s costs, including how any markups are derived and applied;
- c) that, where appropriate, market price data for services provided to the virtual utility by its affiliate is obtained to confirm that the prices paid by the regulated entity to the Town are reasonable;
- d) that the accounting standards and regulatory requirements as applicable to the virtual utility and its affiliate are being properly adhered to and applied to affiliate transactions;
- e) that the “Shared Services” costs can be clearly distinguished in description and quantum from the Town’s other costs;
- f) that it can be clearly demonstrated that the Cost Allocation Model used to allocate costs from the Town to THI entity is being properly applied;
- g) that an independent verification of the data underpinning the Cost Allocation Model can and has been undertaken;
- h) that the fiduciary duties of the officers of the virtual utility and appropriate corporate governance over the virtual utility are being properly maintained within the virtual utility structure. Specifically, that the study will examine the question of conflict, real or potential, which may arise in the circumstances where senior municipal officers of

the Town (CEO, COO, CFO, etc.) share their time and act in the place of senior corporate officers of the virtual utility.

The Parties recognize that it remains open to THI to change its corporate structure prior to its next Cost of Service application. If THI elects to do so and files its next cost of service application as a non-virtual utility, then the Parties agree that to the extent THI elects to change its corporate structure the scope of the independent study may be adjusted to reflect that change.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- None

Clarification Questions

- Commitment 2: Town Costs Incurred by Tillsonburg Hydro 2019-2023, Commitment 6: Corporate Cost Allocation

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

3.5 Is the proposed calculation of the Revenue Requirement appropriate?

Full Settlement

The Parties agree that the methodology used by THI to calculate the Revenue Requirement is appropriate.

A summary of the adjusted Base Revenue Requirement of \$5,060,659 reflecting adjustments and settled issues is presented in Table 10 - 2024 Revenue Requirement Summary below.

Table 11 - 2024 Revenue Requirement Summary

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
OM&A Expenses	3,272,229	3,272,229	-	3,212,229	(60,000)
Amortization/Depreciation	906,281	906,281	-	902,988	(3,293)
Property Taxes	5,500	5,500	-	5,500	-
Income Taxes (Grossed up)	50,715	61,289	10,575	61,690	400
Return					
Deemed Interest Expense	709,984	548,035	(161,949)	546,291	(1,744)
Return on Deemed Equity	716,286	717,470	1,184	715,187	(2,283)
Service Revenue Requirement (before Other Revenue Offsets)	5,660,994	5,510,804	(150,190)	5,443,884	(66,921)
Revenue Offsets	478,611	383,225	(95,386)	383,225	-
Base Revenue Requirement	5,182,383	5,127,579	(54,804)	5,060,659	(66,921)
Gross Revenue Deficiency/Sufficiency	768,971	709,177	(59,794)	621,317	(87,860)

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 4 – Operating Expenses
- EXHIBIT 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

4. Load Forecast

4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

Full Settlement

The Parties agree that the updated load forecast provided in response to interrogatories and Pre ADR Clarification questions is appropriate for the purpose of setting rates.

Table 12 – 2024 Test Year Billing Determinants

Particulars	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
<u>kWh</u>					
Residential	61,627,888	58,654,995	(2,972,893)	60,942,976	2,287,981
GS<50	23,022,735	23,272,864	250,129	24,180,679	907,815
GS 50-499kW	51,946,339	56,798,561	4,852,222	58,349,939	1,551,378
GS 500-1499kW	19,312,053	21,166,791	1,854,738	21,530,389	363,598
GS 1500-4999 kW	17,727,224	16,892,922	(834,302)	17,014,843	121,921
USL	331,791	333,947	2,156	333,947	0
Sentinel Lighting	71,581	72,340	759	72,340	0
Street Lighting	619,623	644,748	25,125	644,748	0
	174,659,234	177,837,168	3,177,935	183,069,860	5,232,692
<u>kW</u>					
GS 50-499kW	162,219	178,666	16,447	179,251	584
GS 500-1499kW	57,274	62,710	5,435	63,787	1,077
GS >= 1500kW	42,760	40,957	(1,803)	41,252	296
Sentinel Lighting	195	197	2	197	-
Street Lighting	1,676	1,735	60	1,735	-
	264,125	284,265	20,141	286,223	1,957

Table 12 below details the number of customers and devices for the test year.

Table 12 – Number of Customers & Devices

Particulars	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Residential	7,835	7,690	(145)	7,690	-
GS<50	698	709	11	709	-
GS 50-499kW	72	77	5	77	-
GS 500-1499kW	5	7	2	7	-
GS 1500-4999 kW	2	2	0	2	-
USL	55	54	(1)	54	-
Sentinel Lighting	115	112	(3)	112	-
Street Lighting	1	1	-	1	-
Total	8,783	8,653	(130)	8,653	-

Evidence References

- EXHIBIT 3 – Load and Customer Forecast

IR Responses

- None

Clarification Questions

- Commitment 14: Load Forecast, Commitment 15: Load Forecast,

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5. Cost Allocation, Rate Design, and Other Charges

5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

Full Settlement

The Parties accept the results of THI's cost allocation methodology, THI's method of updating its load profiles for the purpose of the cost allocation study, and its proposed revenue-to-cost ratios, as updated through the interrogatory process and to reflect changes resulting from this Settlement Proposal.

Table 13 – Summary of 2024 Revenue-to-Cost Ratios

Customer Class	Application		Commitment Update		Settlement	
	Status Quo Revenue-to-Cost	Proposed Revenue-to-Cost	Status Quo Revenue-to-Cost	Proposed Revenue-to-Cost	Status Quo Revenue-to-Cost	Proposed Revenue-to-Cost
Residential	95.30%	96.34%	93.17%	95.96%	92.83%	95.97%
GS<50	139.45%	120.00%	140.36%	120.00%	142.99%	120.00%
GS 50-499kW	79.62%	96.34%	87.47%	95.96%	87.14%	95.97%
GS 500-1499kW	143.13%	120.00%	146.84%	120.00%	146.63%	120.00%
GS 1500-4999 kW	143.75%	120.00%	119.73%	119.73%	119.52%	119.52%
USL	88.09%	96.34%	125.93%	120.00%	125.26%	120.00%
Sentinel Lighting	45.45%	96.34%	59.59%	95.96%	59.41%	95.97%
Street Lighting	191.87%	120.00%	151.32%	120.00%	150.56%	120.00%

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 7 – Cost Allocation

IR Responses

- None

Clarification Questions

- Commitment 16: Demand Billing Determinants, Commitment 17: Cost Allocation,

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5.2 Is the proposed rate design, including fixed/variable splits, appropriate?

Full Settlement

The Parties accept THI's approach to rate design including the proposed fixed/variable splits.

Table 14 – Summary of 2024 Fixed to Variable Split

Particulars	Original Application April 30, 2024	Original Application April 30, 2024	Original Application April 30, 2024	Response to IRs August 27, 2024	Response to IRs August 27, 2024	Response to IRs August 27, 2024	Settlement Proposal October 11, 2024	Settlement Proposal October 11, 2024	Settlement Proposal October 11, 2024
Customer Class	Fixed Rate	Variable Rate	TOTAL % of Base Revenue Requirement	Fixed Rate	Variable Rate	TOTAL % of Base Revenue Requirement	Fixed Rate	Variable Rate	TOTAL % of Base Revenue Requirement
Residential	100.00%	0.00%	66.27%	100.00%	0.00%	66.29%	100.00%	0.00%	66.25%
GS<50	34.20%	65.80%	13.79%	34.90%	65.10%	13.88%	35.32%	64.68%	13.89%
GS 50-499kW	18.11%	81.89%	14.04%	21.32%	78.68%	12.88%	21.55%	78.45%	12.91%
GS 500-1499kW	75.98%	24.02%	2.43%	83.36%	16.64%	3.10%	84.44%	15.56%	3.10%
GS 1500-4999 kW	46.84%	53.16%	2.20%	40.05%	59.95%	2.60%	40.61%	59.39%	2.60%
USL	40.87%	59.13%	0.25%	47.63%	52.37%	0.21%	48.22%	51.78%	0.22%
Sentinel Lighting	15.60%	84.40%	0.47%	22.28%	77.72%	0.33%	22.58%	77.42%	0.33%
Street Lighting	83.65%	16.35%	0.55%	65.00%	35.00%	0.71%	65.83%	34.17%	0.71%

Table 15 – Proposed 2024 Distribution Rates

Customer Class	Variable Billing Unit	Rates					
		Application		Interrogatory Responses		Settlement	
		Fixed Monthly \$	\$/kWh or \$/kW	Fixed Monthly \$	\$/kWh or \$/kW	Fixed Monthly \$	\$/kWh or \$/kW
Residential	N/A	\$36.53	N/A	\$36.83	N/A	\$36.33	N/A
GS<50	kwh	\$29.18	\$0.02	\$29.18	\$0.0199	\$29.18	\$0.0188
GS 50-499kW	kw	\$151.80	\$3.67	\$151.80	\$3.1063	\$151.80	\$3.0558
GS 500-1499kW	kw	\$1,578.72	\$1.13	\$1,578.72	\$1.0220	\$1,578.72	\$0.9832
GS 1500-4999 kW	kw	\$2,222.57	\$2.02	\$2,222.57	\$2.5497	\$2,222.57	\$2.4908
USL	kwh	\$8.10	\$0.02	\$8.10	\$0.0173	\$8.10	\$0.0169
Sentinel Lighting	kw	\$2.77	\$106.08	\$2.77	\$65.8221	\$2.77	\$64.6715
Street Lighting	kw	\$1,969.13	\$2.76	\$1,969.13	\$7.3328	\$1,969.13	\$7.0678

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- None

Clarification Questions

- Commitment 17: Cost Allocation

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5.3 Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?

Full Settlement

The Parties accept that the RTSR rates as updated and presented in Table 14 below are appropriate. THI is not an embedded distributor and, as a result, has no Low Voltage rates.

Table 16 - 2024 RTSR Network and Connection Rates Charges

		Original Application April 30, 2024	Response to IRs August 27, 2024	Settlement Proposal October 11, 2024
<u>Transmission - Network</u>				
<u>Class Name</u>	<u>Per</u>	<u>Rate \$</u>	<u>Rate \$</u>	<u>Rate \$</u>
Residential	kWh	0.0102	0.0103	0.0103
GS<50	kWh	0.0093	0.0094	0.0094
GS 50-499kW	kW	3.5913	3.6283	3.6283
GS 500-1499kW	kW	4.7059	4.7544	4.7544
GS 1500-4999 kW	kW	4.7059	4.7544	4.7544
USL	kWh	0.0093	0.0094	0.0094
Sentinel Lighting	kW	2.9640	2.9946	2.9946
Street Lighting	kW	2.9493	2.9797	2.9797
<u>Transmission - Connection</u>				
<u>Class Name</u>	<u>Per</u>			
Residential	kWh	0.0078	0.0079	0.0079
GS<50	kWh	0.0070	0.0071	0.0071
GS 50-499kW	kW	2.7035	2.7393	2.7393
GS 500-1499kW	kW	3.6844	3.7331	3.7331
GS 1500-4999 kW	kW	3.6844	3.7331	3.7331
USL	kWh	0.0070	0.0071	0.0071
Sentinel Lighting	kW	2.2396	2.2692	2.2692
Street Lighting	kW	2.2211	2.2505	2.2505

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- None

Clarification Questions

- Commitment 18: Retail Transmission Service Rates and Low Voltage Rates

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5.4 Are the Proposed Loss Factors Appropriate?

Full Settlement

The Parties accept the 2024 forecast loss factors as appropriate for the purpose of setting rates.

Table 17 - 2024 Loss Factors

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IRs
Supply Facilities Loss Factor	1.0045	1.0045	-	1.0045	-
Distribution Loss Factor - Secondary Metered Customer < 5,000 kW	1.0298	1.0298	-	1.0298	-
Distribution Loss Factor - Primary Metered Customer < 5,000 kW	1.0195	1.0195	-	1.0195	-
Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0344	1.0344	-	1.0344	-
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.0241	1.0241	-	1.0241	-

Evidence References

- EXHIBIT 8 – Rate Design

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5.5 Are the Specific Service Charges and Retail Service Charges appropriate?

Full Settlement

The Parties accept that THI's proposed Specific Service Charges and Retail Service Charges are appropriate.

Evidence References

- EXHIBIT 8 - Rate Design

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

5.6 Are rate mitigation proposals required and appropriate?

Full Settlement

The Parties agree that, within the context of the Settlement Proposal, no rate mitigation is required.

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 8 - Rate Design

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

6. Deferral and Variance Accounts

6.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

Full Settlement

The Parties agree that THI's proposals for deferral and variance accounts, including the balances (as presented in Table 18 below) are appropriate, including the proposed disposition of those accounts on a final basis, subject to the following adjustments:

- a) THI agrees to forecast the Pole Attachment Revenue Variance Account balance to April 30, 2024, and to dispose of the account on a final basis, subject to future use to reflect further changes in pole attachment rates in 2025 and beyond;
- b) The Parties agrees that THI can dispose of the OEB Cost Assessment Variance Account balance to April 30, 2024 on a final basis, which will allow THI to close the account;
- c) The Parties agree to the adjustment in response to the Pre-ADR clarification 6-Staff-1 regarding Account 1592, Sub-Account CCA Changes. The Adjustment to the accelerated CCA for the years 2019 to 2023 is based on the effective tax rate as approved in the previous Cost of Service application. As a result, the amount in this Sub-Account is now NIL. As noted under issue 3.2, while THI is not claiming accelerated CCA in 2024 such that the account will not be needed to reflect the phase out of accelerated CCA, the sub account will remain open to account for any future changes to CCA rules.
- d) The Parties agree that THI will write off the amounts tracked in the Customer Choice Deferral Account, the Green Button Deferral Account, and the LRAM Variance Account, and will close the Customer Choice Deferral Account and the Green Button Deferral Account going forward.
- e) The Parties agree to a disposition period of 24 months for the deferral and variance accounts being cleared in this proceeding. All rate riders will have an effective date which corresponds with the soonest practical implementation of distribution rates on receipt of the OEB's Decision and Order. The Parties are operating under the assumption this can be achieved for December 1, 2024. Provided this is the case, rate riders will be effective to November 30, 2026. To the degree rates are implemented at a later date, the effective date will expire 24 months from the implementation date, less one day.

Table 18 - DVA Balances for Disposition: Summary

	Original Application April 30, 2024	Response to IRs August 27, 2024	Variance over Original Application	Settlement Proposal October 11, 2024	Variance over IR's
Group 1					
Group 1 (excluding Account 1589)	713,245	713,245	-	713,245	-
Account 1589 RSVA - Global Adjustment	590,305	590,305	-	590,305	-
Total Group 1	1,303,550	1,303,550	-	1,303,550	-
Group 2					
Pole Attachment Revenue Variance	(97,058)	(97,058)	-	(112,584)	(15,526)
Other Reg Assets, OEB Cost Assessment	-	83,216	83,216	83,216	-
Customer Choice Initiative Costs	-	6,160	6,160	-	(6,160)
PILS and Tax – Subaccount CCA Changes	(225,527)	(264,969)	(39,442)	-	264,969
Green Button Initiative Costs	-	37,334	37,334	-	(37,334)
LRAMVA	23,245	23,606	361	-	(23,606)
Total Group 2	(299,340)	(211,711)	87,629	(29,368)	205,948
Net Deferral Account Recovery	1,004,210	1,091,840	87,629	1,274,182	182,343

Table 19 – DVA Balances Sought for Disposition: Detail

Account Name	Account #	Principal	Interest to Dec-31 2022	Interest Jan-1 2023 to Apr-30 2024	Total Claim
Smart Metering Entity Charge Variance Account	1551	-\$53,768	-\$1,764	-\$3,697	-\$59,229
RSVA - Wholesale Market Service Charge Variance WMS – Sub-account CBR Class B	1580	\$14,291	-\$35,630	\$983	-\$20,356
RSVA - Retail Transmission Network Charge	1580	-\$30,149	\$3,018	-\$2,073	-\$29,204
RSVA - Retail Transmission Connection Charge	1584	\$201,669	-\$7,687	\$13,865	\$207,847
RSVA - Power (excluding Global Adjustment)	1586	\$85,749	\$2,453	\$5,895	\$94,097
RSVA - Global Adjustment	1588	\$410,700	\$81,154	\$28,236	\$520,089
RSVA - Global Adjustment	1589	\$573,368	-\$22,482	\$39,419	\$590,305
Total Group 1 Disposition		\$1,201,860	\$19,062	\$82,628	\$1,303,550
Pole Attachment Revenue Variance	1508	-\$104,181	-\$2,011	-\$6,393	-\$112,585
OEB Assessment Cost Variance	1508	\$76,142	\$2,685	\$4,389	\$83,216
Total Group 2 Disposition		-\$28,039	\$674	-\$2,004	-\$29,368
Total Disposition: Group 1 & Group 2		\$1,173,822	\$19,737	\$80,624	\$1,274,182

Table 20 – Group 2 DVA Proposed for Continuation / Discontinuation as at May 1, 2024

Account Name	Account #	Continue/Discontinue
Pole Attachment Revenue Variance	1508	Continue
OEB Assessment Cost Variance	1508	Discontinue
PILs and Tax Changes, Sub-Account, CCA Changes	1592	Continue
Customer Choice Initiative Costs	1508	Discontinue
Green Button Initiative Costs	1508	Discontinue
LRAM Variance Account	1568	Continue

Table 21 – Rate Rider Calculation for Group 1 DVAs Excluding Account 1589 Global Adjustment

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
Residential	kWh	60,942,976	\$212,489	0.0017
GS<50	kWh	24,180,679	\$101,045	0.0021
GS 50-499kW	kW	179,251	\$255,519	0.7127
GS 500-1499kW	kW	63,787	\$94,283	0.7390
GS 1500-4999 kW	kW	41,252	\$74,509	0.9031
USL	kWh	333,947	\$1,462	0.0022
Sentinel Lighting	kW	197	\$317	0.8027
Street Lighting	kW	1,735	\$2,823	0.8135
Total			\$742,449	

Table 22 – Rate Rider Calculation for Account 1580, Sub-Account CBR Class B

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
Residential	kWh	60,942,976	-\$9,673	-0.0001
GS<50	kWh	24,180,679	-\$3,838	-0.0001
GS 50-499kW	kW	179,251	-\$9,262	-0.0258
GS 500-1499kW	kW	63,787	-\$3,417	-0.0268
GS 1500-4999 kW	kW	41,252	-\$2,701	-0.0327
USL	kWh	333,947	-\$53	-0.0001
Sentinel Lighting	kW	197	-\$11	-0.0291
Street Lighting	kW	1,735	-\$102	-0.0295
Total			-\$29,058	

Table 23 – Rate Rider Calculation for RSVA Global Adjustment (Class B, Non-RPP, Non-WMP)

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
Residential	kWh	1,046,922	\$13,680	0.0065
GS<50	kWh	4,328,046	\$56,552	0.0065
GS 50-499kW	kWh	34,592,694	\$452,005	0.0065
GS 500-1499kW	kWh	3,001,350	\$39,217	0.0065
GS 1500-4999 kW	kWh	898,448	\$11,740	0.0065
USL	kWh	0	\$0	0.0000
Sentinel Lighting	kWh	0	\$0	0.0000
Street Lighting	kWh	644,748	\$8,425	0.0065
Total			\$581,618	

Table 24 – Rate Rider Calculation for Group 2 Accounts

Rate Class	Units	kW / kWh / # of Customers	Allocated Group 1 Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts
Residential	# of Customers	7,690	-\$46,887	-0.25
GS<50	kWh	24,180,679	-\$4,647	-0.0001
GS 50-499kW	kW	179,251	\$11,990	0.0334
GS 500-1499kW	kW	63,787	\$6,293	0.0493
GS 1500-4999 kW	kW	41,252	\$4,812	0.0583
USL	kWh	333,947	-\$90	-0.0001
Sentinel Lighting	kW	197	-\$334	-0.8459
Street Lighting	kW	1,735	-\$505	-0.1456
Total			-\$29,368	

Evidence References

- EXHIBIT 1 – Administrative Documents
- EXHIBIT 9 – Deferral and Variance Accounts

IR Responses

- None

Clarification Questions

- Commitment 19: Deferral and Variance Accounts, Commitment 12: Pole Attachment Revenue, Commitment 10: DVA Balance

Pre-ADR clarification 6-Staff-1

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

7. Other

7.1 Is the proposed effective date appropriate?

Full Settlement

The Parties agree that THI's new rates should be effective on the date that they are implemented. By way of example, THI's new rates would be implemented and effective as of November 1, 2024 were it to receive approval of the settlement proposal on or before November 15, 2024; if approval of the settlement proposal was to be provided after November 15, 2024 but on or before December 15, 2024 then rates would be implemented and effective on December 1, 2024.

Evidence References

- EXHIBIT 1 – Administrative Documents

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None

7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

Full Settlement

The Parties accept that THI's has responded appropriately to all outstanding OEB directions.

Evidence References

- EXHIBIT 1 – Administrative Documents

IR Responses

- None

Clarification Questions

- None

Supporting Parties

- VECC, EP

Parties Taking No Position

- None