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November 16, 2020

Delivered by Email and RESS

Ms. Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: OEB File No. EB-2020-0059
Waterloo North Hydro Inc. ("WNH") 2021 Cost of Service Application
Settlement Proposal**

Pursuant to Procedural Order No. 2, please find enclosed WNH's Settlement Proposal.

Filed concurrently with the Settlement Proposal are WNH's Responses to Pre-Settlement Conference Clarification Questions.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

A handwritten signature in black ink, appearing to read 'Flora Ho', is written over a light blue horizontal line.

Flora Ho
Encl.

cc: Alyson Conrad, WNH
Albert Singh, WNH
Rene Gaten, WNH
Intervenors on record for EB-2020-0059

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 Waterloo
North Hydro Inc. for an order approving just and reasonable
rates and other charges for electricity distribution beginning
January 1, 2021.

WATERLOO NORTH HYDRO INC.

SETTLEMENT PROPOSAL

NOVEMBER 16, 2020

Waterloo North Hydro Inc. EB-2020-0059 Settlement Proposal

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LIVE EXCEL MODELS

In addition to the Appendices listed above, the following live excel models have been filed together with and form an integral part of this Settlement Proposal:

Waterloo_Settlement_2020-Benchmarking-Spreadsheet-Forecast-Model_2021_COS_20201116
Waterloo_Settlement_Chapter2_Appendices_2021_COS_20201116
Wtaerloo_Settlement_Cost_Allocation_Model_2021_COS_20201116
Waterloo_Settlement_Deferral_and_Variance_Account_Workform_2021_COS_20201116
Waterloo_Settlement_Draft_Rate_Order_2021_COS_20201116
Waterloo_Settlement_Load_Forecast_2021_COS_20201116
Waterloo_Settlement_Load_Profile_Model_2021_COS_20201116
Waterloo_Settlement_LRAMVA_Workform_2021_COS_20201116
Waterloo_Settlement_PILs_Workform_2021_COS_20201116
Waterloo_Settlement_Rev_Reqt_Workform_2021_COS_20201116
Waterloo_Settlement_Tariff_Schedule_and_Bill_Impact_Model_2021_COS_20201116
Waterloo_Settlement_RTISR_Workform_2021_COS_20201116

**Waterloo North Hydro Inc.
EB-2020-0059
Settlement Proposal**

Filed with OEB: November 16, 2020

Waterloo North Hydro Inc. (the “Applicant” or “WNH”) filed a Cost of Service application with the Ontario Energy Board (the “OEB”) on June 30, 2020 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 WNH charges for electricity distribution and other charges, to be effective January 1, 2021 (OEB Docket Number EB-2020-0059) (the “Application”).

The OEB issued and published a Notice of Hearing dated July 20, 2020, and Procedural Order No. 1 on August 24, 2020, the latter of which required the parties to the proceeding to develop a proposed Issues List by October 8, 2020 and scheduled a Settlement Conference for October 14, 15, and 16, 2020.

WNH filed its Interrogatory Responses with the OEB on September 28, 2020, pursuant to which WNH updated several models and submitted them to the OEB as Excel documents. On October 8, 2020, following the Interrogatories, Ontario Energy Board staff (“OEB Staff”) submitted a proposed Issues List as agreed to by the parties. On October 9, 2020, the OEB issued its Decision on the proposed Issues List, approving the list submitted by OEB Staff (the “Issues List”). This Settlement Proposal is filed with the OEB in connection with the Application and is organized in accordance with the Issues List.

A Settlement Conference was convened on October 14, 2020 and continued to October 15, 2020, in accordance with the OEB’s *Rules of Practice and Procedure* (the “Rules”) and the OEB’s *Practice Direction on Settlement Conferences* (the “Practice Direction”).

Jim Faught acted as facilitator for the Settlement Conference which lasted for two days.

WNH and the following Intervenors (the “Intervenors”), participated in the Settlement Conference:

Consumers Council of Canada (“CCC”);
School Energy Coalition (“SEC”);
Energy Probe Research Foundation (“Energy Probe”);
Environmental Defence (“ED”);
Hydro One Networks Inc. (“Hydro One”); and
Vulnerable Energy Consumers Coalition (“VECC”).

WNH and the Intervenors are collectively referred to below as the “Parties”.

OEB staff also participated in the Settlement Conference. The role adopted by OEB staff is set out in page 5 of the Practice Direction. 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 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. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Agreement, 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 this Settlement Conference is privileged and confidential in accordance with the Practice Direction. 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 Agreement, the Parties have interpreted “confidential” to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference 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” is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were a) any persons or entities that the Parties engage to assist them with the Settlement Conference, and b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

This Settlement Proposal provides a brief description of each of the settled and partially 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 (a) additional information included by the Parties in this Settlement Proposal; (b) the Appendices to this document; and (c) the evidence filed concurrently with this Settlement Proposal titled “Responses to Pre-Settlement Clarification Questions” (“Clarification Responses”). The supporting Parties for each settled and partially settled issue, as applicable, agree that the evidence in respect of that settled or partially settled issue, as applicable, is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate evidentiary record to support acceptance by the OEB of this Settlement Proposal.

There are Appendices to this Settlement Proposal which provide further support for the proposed settlement. The Parties acknowledge that the Appendices were prepared by WNH. While the

Intervenors have reviewed the Appendices, the Intervenors are relying on the accuracy of those Appendices and the underlying evidence in entering into this Settlement Proposal.

Outlined below are the final positions of the Parties following the Settlement Conference. For ease of reference, this Settlement Proposal follows the format of the final approved issues list for the Application attached to the Issues List Decision dated October 9, 2020.

The Parties are pleased to advise the OEB that they have reached a complete agreement with respect to the settlement of all of the issues in this proceeding. Specifically:

“Complete Settlement” means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, the Parties will not adduce any evidence or argument during the oral hearing in respect of these issues.	# issues settled: All
“Partial Settlement” means an issue for which there is partial settlement, as WNH and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties who take any position on the issue will only adduce evidence and argument during the hearing on those portions of the issues not addressed in this Settlement Proposal.	# issues partially settled: None
“No Settlement” means an issue for which no settlement was reached. WNH and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue.	# issues not settled: None

According to the Practice Direction (p. 3), 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. These 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 does accept may continue as a valid settlement without inclusion of any part(s) that the OEB does not accept).

In the event that 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 of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, 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 Parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not WNH is a party to such proceeding.

Where in this Agreement, the Parties “Accept” the evidence of WNH, or the Parties or any of them “agree” to a revised term or condition, including a revised budget or forecast, then unless the Agreement 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

In reaching this complete settlement, the Parties have been guided by the Filing Requirements for 2021 rates, the approved Issues List attached as Schedule A to the OEB's Issues List Decision of October 9, 2020 and the Report of the OEB titled *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 ("RRFE").

This Settlement Proposal reflects a complete settlement of the issues in this proceeding.

WNH has made changes to the Revenue Requirement as depicted below in Table A.

Table A: Revenue Requirement Summary

Description	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Cost of Capital							
Regulated Return on Capital	\$ 13,310,227	\$ 13,268,649	(41,578)	\$ 13,145,336	(123,313)	\$ 12,844,967	(300,369)
Regulated Rate of Return	5.44%	5.44%	0.00%	5.44%	0.00%	5.27%	-0.17%
Rate Base and Capital Expenditures							
Rate Base	\$ 244,685,394	\$ 243,921,059	(764,335)	\$ 241,654,168	(2,266,891)	\$ 243,626,447	1,972,279
Net Fixed Assets	\$ 228,555,889	\$ 227,656,362	(899,527)	\$ 227,656,362	-	\$ 229,452,197	1,795,835
Working Capital Base	\$ 215,060,066	\$ 216,862,634	1,802,568	\$ 186,637,423	(30,225,211)	\$ 188,990,003	2,352,580
Working Capital Allowance	\$ 16,129,505	\$ 16,264,698	135,193	\$ 13,997,807	(2,266,891)	\$ 14,174,250	176,443
Amortization	\$ 11,100,527	\$ 11,048,476	(52,051)	\$ 11,048,476	-	\$ 10,745,324	(303,152)
Operating Expenses							
Taxes/PILs (Grossed Up)	\$ 889,324	\$ 782,126	(107,198)	\$ 754,272	(27,854)	\$ 631,833	(122,439)
OM&A (Including Property Taxes and LEAP)	\$ 16,248,677	\$ 16,331,021	82,344	\$ 16,326,021	(5,000)	\$ 15,600,836	(725,185)
Revenue Requirement							
Service Revenue Requirement	\$ 41,548,755	\$ 41,430,271	(118,484)	\$ 41,274,104	(156,167)	\$ 39,822,959	(1,451,145)
Other Revenues	\$ 2,250,668	\$ 2,262,317	11,649	\$ 2,262,317	-	\$ 2,289,620	27,303
Base Revenue Requirement	\$ 39,298,087	\$ 39,167,954	(130,133)	\$ 39,011,787	(156,167)	\$ 37,533,339	(1,478,448)
Grossed Up Revenue Deficiency	\$ 2,624,364	\$ 2,417,050	(207,314)	\$ 2,260,883	(156,167)	\$ 782,864	(1,478,019)

The Bill Impacts as a result of this Settlement Agreement is summarized in Table B.

Table B: Summary of Bill Impacts

Rate Class	Usage		Distribution (Fixed and Volumetric)				Total Bill (Including HST)			
	kWh	kW	Current 2020	Proposed 2021	\$ Change	% Impact	Current 2020	Proposed 2021	\$ Change	% Impact
Residential	750		\$ 32.05	\$ 32.73	\$ 0.68	2.12%	\$ 117.63	\$ 117.47	-\$ 0.16	-0.14%
Residential	299		\$ 32.05	\$ 32.73	\$ 0.68	2.12%	\$ 62.67	\$ 62.48	-\$ 0.19	-0.30%
GS < 50 kW	2,000		\$ 67.31	\$ 68.51	\$ 1.20	1.78%	\$ 297.11	\$ 296.88	-\$ 0.23	-0.08%
GS > 50 kW	100,000	250	\$ 1,461.91	\$ 1,492.24	\$ 30.33	2.07%	\$ 16,064.13	\$ 16,051.12	-\$ 13.01	-0.08%
Large User	8,000,000	14,500	\$ 68,854.46	\$ 70,324.76	\$ 1,470.30	2.14%	\$ 1,187,477.63	\$ 1,184,460.76	-\$ 3,016.87	-0.25%
Unmetered Scattered Load	150		\$ 13.29	\$ 13.41	\$ 0.12	0.90%	\$ 29.01	\$ 28.79	-\$ 0.22	-0.76%
Street Lighting	50		\$ 494.94	\$ 505.48	\$ 10.54	2.13%	\$ 746.37	\$ 742.19	-\$ 4.18	-0.56%
Embedded Distributor	2,615,000	6,000	\$ 126.60	\$ 129.00	\$ 2.40	1.90%	\$ 338,670.34	\$ 337,327.09	-\$ 1,343.25	-0.40%

The impact of the Settlement Agreement with regards to capital expenditures and OM&A expenses results in an estimated efficiency assessment of 4.6% above predicted costs using the PEG forecasting model provided by the OEB as can be seen in Table C. This assessment was calculated by WNH, and has not been reviewed by the Intervenor.

Table C: Summary of Cost Benchmarking Results

Cost Benchmarking Summary	2018 Actual	2019 Actual	2020 Bridge	2021 Test
Actual Total Cost	47,080,286	48,188,974	49,710,876	50,508,997
Predicted Total Cost	42,726,853	44,443,692	46,262,784	48,215,327
Difference	4,353,433	3,745,282	3,448,092	2,293,670
Percentage Difference (Cost Performance)	9.7%	8.1%	7.2%	4.6%
Three-year Average Performance			8.3%	6.6%
Stretch Factor Cohort				
Annual Result	3	3	3	3
Three-Year Average			3	3

There has been an increase in benchmarking efficiency from the 2016 Actual to the 2021 Test Year of 5.2%.

The Parties believe that no oral hearing is required if this Settlement Proposal is accepted.

Based on the foregoing, and the evidence and rationale provided below, the Parties agree that this Settlement Proposal is appropriate and recommend its acceptance by the OEB. Refer to Appendix A for the Schedule of Draft Tariff of Rates Charges resulting if this settlement is accepted by the OEB.

This Settlement Proposal reflects the Parties' agreement on an effective date for new rates of January 1, 2021.

This Settlement Proposal has incorporated the OEB's updated cost of capital parameters issued on November 9, 2020 for rates effective January 1, 2021 into its calculations. WNH has filed a draft rate order enclosed as Appendix A together with underlying supporting materials including a full set of models with the updated cost of capital parameters.

1.0 Planning

1.1 Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriate and adequately explained, giving due consideration to:

- *customer feedback and preferences*
- *productivity*
- *benchmarking of costs*
- *reliability and service quality*
- *impact on distribution rates*

- *trade-offs with OM&A spending*
- *government-mandated obligations*
- *the objectives of WNH and its customers*
- *the distribution system plan*
- *the business plan*

Complete Settlement: WNH agrees to reduce its test year capital expenditures by \$550,000 (based on the Clarification Responses as a starting point). This would result in WNH adjusting its Net Capital Expenditures to \$17,061,248. This amount can be seen in Appendix B – Capital Expenditures Summary to this Settlement Proposal.

Table 1.1A below is a summary of capital expenditures for the test year and the forecast period. The total test year capital expenditures are set out in the Table 1.1B below, and is more fully justified in the Applicant’s Distribution System Plan. The Applicant confirms that this level of spending is sufficient to maintain a safe and reliable distribution system.

WNH agrees to, in its distribution system planning from 2022-2025, consider non-wires alternatives for capacity constraint projects that WNH determines may have a material impact on one or more of the following: reducing line losses, improving reliability or reducing costs. When WNH considers non-wires solutions it shall do so early enough to allow for cost-effective solutions that require a longer lead time (e.g. opportunities that are only cost-effective at the time of new construction of the applicable distribution infrastructure), including in relation to the “East Side Development Lands.”

Table 1.1A
Summary of Capital Expenditures

OEB Investment Category	Test Year	Forecast Period			
	2021	2022	2023	2024	2025
	(\$ '000)				
	Budget	Forecast	Forecast	Forecast	Forecast
System Access	5,840	6,166	5,959	6,448	6,592
System Renewal	8,947	9,572	9,498	9,643	9,851
System Service	2,194	1,346	1,313	1,436	1,412
General Plant	2,776	3,861	3,865	2,676	2,372
Total Expenditure	19,757	20,945	20,636	20,203	20,227
Capital Contributions	(2,695)	(2,710)	(2,536)	(2,819)	(2,876)
Net Capital Expenditures	17,061	18,235	18,100	17,384	17,352
System O&M	7,903	8,061	8,222	8,386	8,554

Table 1.1B

2021 Test Year Capital Expenditures

2021 Test Year								
		Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Capital Expenditures	Gross Capital Expenditures	\$ 19,048,512	\$ 20,306,742	\$ 1,258,230	\$ 20,306,742	\$ -	\$ 19,756,742	-\$ 550,000
	Net Capital Expenditures	\$ 16,406,118	\$ 17,611,248	\$ 1,205,130	\$ 17,611,248	\$ -	\$ 17,061,248	-\$ 550,000
OM&A	Incl. Property Tax & LEAP	\$ 16,248,677	\$ 16,331,021	\$ 82,344	\$ 16,326,021	-\$ 5,000	\$ 15,600,836	-\$ 725,185

Evidence:

Application:

Exhibit 1 Sections 2.1.2, 2.1.3, 2.1.6, 2.1.7, Appendix 2-AC, Attachment 1-10,
Exhibit 2 Section 2.2.2.1, 2.2.2.2, 2.2.2.8, Attachment 2-2 in its entirety including
Attachments

IRRs: 1-Staff-3, 1-Staff-4, 1-Staff-5, 2-Staff-8, 2-Staff-9, 2-Staff-10, 2-Staff-11, 2-Staff-12, 2-Staff-13, 2-Staff-14, 2-Staff-15, 2-Staff-16, 2-Staff-17, 2-Staff-18, 2-Staff-19, 2-Staff-20, 2-Staff-21, 2-Staff-22, 2-Staff-23, 2-Staff-24, 2-Staff-25, 2-Staff-26, 2-Staff-27, 2-Staff-28, 2-Staff-29, 2-Staff-30, 1-CCC-1, 1-CCC-2, 1-CCC-9, 2-CCC-26, 1-EP-6, 2-EP-7, 2-EP-8, 2-EP-9, 2-EP-10, 2-EP-11, 2-EP-12, 2-EP-13, 2-EP-14, 2-EP-15, 2-ED-8, 2-ED-9, 1-SEC-6, 1-SEC-24, 2-SEC-27, 1-VECC-3, 1-VECC-6, 2-VECC-8, 2-VECC-9, 2-VECC-10, 2-VECC-11, 2-VECC-12, 2-VECC-13, 2-VECC-14, 2-VECC-15, 2-VECC-16, 2-VECC-17, 2-VECC-18, 2-VECC-19

Appendices to this Settlement Proposal:

Appendix B – OEB Appendix 2-AB – Capital Expenditure Summary

Appendix C – OEB Appendix 2-BA – 2021 Fixed Asset Continuity Schedule

Settlement Models:

Waterloo_Settlement_2020_Filing_Requirements_Chapter2_Appendices_2021_C
OS_20201022

Clarification Responses:

2-Staff-95, 2-Staff-96, 2-Staff-97, 2-Staff-98, SEC-41, SEC-42, SEC-44, SEC-53,
SEC-59, SEC-60, SEC-71, SEC-75

Supporting Parties: CCC, SEC, Energy Probe, ED, VECC

Parties Taking No Position: Hydro One

1.2 OM&A

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- *customer feedback and preferences*
- *productivity*
- *benchmarking of costs*
- *reliability and service quality*
- *impact on distribution rates*
- *trade-offs with capital spending*
- *government-mandated obligations*
- *the objectives of WNH and its customers*
- *the distribution system plan*
- *the business plan*

Complete Settlement: WNH agrees to the following adjustments:

- Reduce its proposed OM&A expenses in the Test Year (based on the Clarification Responses as a starting point) by \$775,000 to \$15,031,401; and
- Remove the OM&A credits associated with the following Specific Service Charges, which results in an OM&A budget increase of \$49,815 to \$15,081,216:
 - Disconnection/Reconnection at Meter – During Regular Hours;
 - Disconnection/Reconnection at Meter – After Regular Hours;
 - Disconnection/Reconnection at Pole – During Regular Hours; and
 - Disconnection/Reconnection at Pole – After Regular Hours.

The revenue associated with the above noted Specific Service Charges will instead be recorded as Other Revenue (see issue 2.1 below).

Based on the foregoing and the evidence filed by WNH, the Parties taking a position on this issue accept the revised level of planned OM&A expenditures, and accept the rationale for planning and pricing choices.

WNH's OM&A expenses are summarized in Table 1.2A below.

As shown in Table 1.2A below, Total 2021 Settlement Test Year OM&A Expenses have increased by 18.0% compared to 2016 Actuals, and increased by 4.3% compared to 2019 Actuals. Table 1.2B below is a Summary of OM&A expenses with variance. The Applicant confirms that this level of spending is sufficient to maintain a safe and reliable distribution system.

**Table 1.2A
Appendix 2-JA
Summary of OM&A Expenses**

	2016 Actuals	2019 Actuals	2020 Bridge Year
		(a)	
Operations	\$ 5,818,874	\$ 6,269,001	\$ 6,056,220
Maintenance	\$ 1,543,946	\$ 1,497,703	\$ 1,870,346
Sub Total	\$ 7,362,820	\$ 7,766,704	\$ 7,926,566
% Change (Test Year vs Last Rebasing Year Actual)			
Billing and Collecting	\$ 2,728,245	\$ 2,966,160	\$ 3,014,171
Community Relations	\$ 104,616	\$ 244,189	\$ 348,581
Administrative and General	\$ 2,584,121	\$ 3,482,548	\$ 3,786,136
Sub Total	\$ 5,416,982	\$ 6,692,897	\$ 7,148,888
% Change (Test Year vs Last Rebasing Year Actual)			
Total (Excluding Property Tax and LEAP)	\$ 12,779,802	\$ 14,459,601	\$ 15,075,454
% Change (Test Year vs Last Rebasing Year Actual)			

Table 1.2B Summary of OM&A Expenses with Variance

	2016 Actuals	2021 Application	2021 Interrogatories	Variance	2021 Clarification Responses	Variance	2021 Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Operations	\$ 5,818,874	\$ 6,310,421	\$ 6,343,243	\$ 32,822	\$ 6,343,243	\$ -	\$ 6,010,382	-\$ 332,861
Maintenance	\$ 1,543,946	\$ 1,903,411	\$ 1,908,962	\$ 5,551	\$ 1,908,962	\$ -	\$ 1,892,330	-\$ 16,632
Sub Total	\$ 7,362,820	\$ 8,213,832	\$ 8,252,205	\$ 38,373	\$ 8,252,205	\$ -	\$ 7,902,712	-\$ 349,493
% Change (Test Year vs Last Rebasing Year Actual)		11.6%	12.1%		12.1%		7.3%	
Billing and Collecting	\$ 2,728,245	\$ 3,137,007	\$ 3,149,683	\$ 12,676	\$ 3,149,683	\$ -	\$ 3,110,979	-\$ 38,704
Community Relations	\$ 104,616	\$ 508,564	\$ 511,540	\$ 2,976	\$ 511,540	\$ -	\$ 389,058	-\$ 122,482
Administrative and General	\$ 2,584,121	\$ 3,869,654	\$ 3,897,973	\$ 28,319	\$ 3,892,973	-\$ 5,000	\$ 3,678,467	-\$ 214,506
Sub Total	\$ 5,416,982	\$ 7,515,225	\$ 7,559,196	\$ 43,971	\$ 7,554,196	-\$ 5,000	\$ 7,178,504	-\$ 375,692
% Change (Test Year vs Last Rebasing Year Actual)		38.7%	39.5%		39.5%		32.5%	
Total (Excluding Property Tax and LEAP)	\$ 12,779,802	\$ 15,729,057	\$ 15,811,401	\$ 82,344	\$ 15,806,401	-\$ 5,000	\$ 15,081,216	-\$ 725,185
% Change (Test Year vs Last Rebasing Year Actual)		23.1%	23.7%		23.7%		18.0%	

Evidence:

Application:

Exhibit 1 Sections 2.1.2, 2.1.3, 2.1.6, 2.1.7, Appendix 2-AC, Attachment 1-10, Exhibit 2 Sections 2.4.1, 2.4.2, 2.4.3, 2.4.3.4, 2.4.3.5

IRRs:

4-Staff-40, 4-Staff-41, 4-Staff-42, 4-Staff-43, 4-Staff-44, 4-Staff-45, 4-Staff-46, 4-Staff-47, 4-Staff-48, 4-Staff-49, 4-Staff-50, 4-Staff-51, 4-Staff-52, 4-Staff-53, 4-Staff-54, 4-Staff-57, 1-CCC-1, 1-CCC-2, 1-CCC-6, 1-CCC-10, 1-CCC-12, 1-CCC-13, 1-

CCC-16, 1-CCC-18, 4-CCC-28, 4-CCC-30, 4-CCC-31, 4-CCC-32, 4-CCC-33, 2-EP-15, 4-EP-19, 1-SEC-8, 1-SEC-13, 4-SEC-31, 4-SEC-32, 4-SEC-33, 4-SEC-34, 4-VECC-36, 4-VECC-37, 4-VECC-38, 4-VECC-39, 4-VECC-40, 4-VECC-41, 4-VECC-44, 4-VECC-45, 4-VECC-48

Appendices to this Settlement Proposal:
None

Settlement Models:
Waterloo_Settlement_2020_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022

Clarification Responses:
4-Staff-100, 4-Staff-101, 4-Staff-103, SEC-46, SEC-47, SEC-49, SEC-53, SEC-54, SEC-57, SEC-60, SEC-65

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

2.0 Revenue Requirement

2.1 *Are all elements of the revenue requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?*

Complete Settlement: The Parties taking a position on this issue accept that the Base Revenue Requirement is reasonable and has been appropriately determined in accordance with OEB policies and practices. Specifically:

- a) *Rate Base:* Subject to the adjustments expressly noted in this Settlement Proposal, the Parties taking a position on this issue accept that the rate base calculations are reasonable and have been appropriately determined in accordance with OEB policies and practices.
- b) *Working Capital:* WNH agrees to update the Cost of Power calculation to include the Ontario Electricity Rebate of 33.2% effective November 1, 2020. WNH also agrees to update RPP & Non-RPP rates effective November 1, 2020. The Parties taking a position on this issue accept that the working capital calculations, as updated to reflect this Settlement Proposal have been appropriately determined in accordance with OEB policies and practices.
- c) *Cost of Capital:* The Parties taking a position on this issue accept that the cost of capital calculations, as updated to reflect this Settlement Proposal, have been appropriately determined in accordance with OEB policies and practices.
- d) *Other Revenue:* WNH agrees that the revenues recovered associated with following Specific Service Charges:

- Disconnection/Reconnection at Meter- During Regular Hours;
- Disconnection/Reconnection at Meter – After Regular Hours;
- Disconnection/Reconnection at Pole – During Regular Hours; and
- Disconnection/Reconnection at Pole – After Regular Hours

should be recorded as Other Revenues rather than treating them as OM&A offsets (see the corresponding change to issue 1.2 above). As a result, Other Revenue will increase by \$49,815. The Parties taking a position on this issue accept that the other revenue calculations, as updated to reflect this Settlement Proposal, have been appropriately determined in accordance with OEB policies and practices. The updates to Other Revenues and OM&A reflecting this Settlement Proposal are provided as part of the supporting material in file named:

Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022 at Appendix 2-H Operating Revenue.

- e) *Depreciation:* WNH agrees to adopt the half-year rule for regulatory purposes for the 2021 test year as it is consistent with OEB policy and WNH will apply this approach retroactively to the last rebasing year. The effect of applying the half-year rule in the Test Year is \$330,184 less \$34,290 in prior year restatement for a net reduction of \$295,894 to depreciation expense. This adjustment is exclusive of depreciation adjustments as a result of capital expenditure reductions agreed to above. The updates to the depreciation reflecting this Settlement Proposal is provided as part of the supporting material in file named:
Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201109 App. 2-BA & App. 2-C.

The Parties taking a position on this issue accept that the depreciation calculations,

as updated to reflect this Settlement Proposal, have been appropriately determined in accordance with OEB policies and practices. The updates to depreciation reflecting this Settlement Proposal is provided as part of the supporting material in file named:

Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022.

- f) *Taxes:* WNH agrees to use the unsmoothed accelerated depreciation approach (AIIP) in its PILs calculations and to use sub-account Account 1592 – PILs and Tax Variances – CCA Changes Sub-account – Incentive Phase Out to account for the lost revenue during the eventual phase out of the Accelerated Investment Incentive anticipated to begin after 2023 and to track eventual increase in tax expenses as part of the phase out. The balance in this variance account is to be disposed of at WNH's next Cost of Service filing in accordance with the OEB's rules and accounting guidance. The Parties taking a position on this issue accept that the PILs calculations, as updated to reflect this Settlement Proposal, have been appropriately determined in accordance with OEB policies and practices. The PILs workform reflecting this Settlement Proposal is provided as part of the supporting material in file named:

Waterloo_Settlement_PILs_Workform_2021_COS_20201022.

Evidence:

Application:

Exhibit 1 Section 2.1.6, Exhibit 2 Sections 2.2.1, 2.2.1.3, Exhibit 3 Section 2.3.3, Exhibit 4 Sections 2.4.4, 2.4.5, Exhibit 5 Section 2.5.2

IRRs:

1-Staff-1, 2-Staff-28, 3-Staff-37, 3-Staff-38, 3-Staff-39, 4-Staff-41, 4-Staff-58, 4-Staff-59, 4-Staff-60, 4-Staff-61, 5-Staff-62, 8-Staff-76, 9-Staff-87, 6-EP-20, 1-SEC-26, 4-SEC-35, 4-SEC-36, 2-VECC-20, 3-VECC-33, 3-VECC-35, 5-VECC-50, 5-VECC-52

Appendices to this Settlement Proposal:

Appendix D – Revenue Requirement Workform

Settlement Models:

Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022

Waterloo_Settlement_PILs_Workform_2021_COS_20201022

Waterloo_Settlement_Rev_Reqt_Workform_2021_COS_20201022

Clarification Responses:

4-Staff-105, 4-Staff-106, 4-Staff-107, SEC-72, SEC-73, VECC-64, VECC-65

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

2.2 *Has the revenue requirement been accurately determined based on these elements?*

Complete Settlement: The Parties taking a position on this issue accept that the proposed Revenue Requirement has been accurately determined based on the elements in 2.1 of this Settlement Proposal.

The elements of Revenue Requirement are detailed in Tables 2.2A to 2.2I below.

Table 2.2A
Revenue Requirement

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Revenue Requirement							
OM&A (Excluding Property Tax and LEAP)	\$ 15,729,057	\$ 15,811,401	\$ 82,344	\$ 15,806,401	-\$ 5,000	\$ 15,081,215	-\$ 725,186
Taxes other than income	\$ 471,620	\$ 471,620	\$ -	\$ 471,620	\$ -	\$ 471,620	\$ -
LEAP	\$ 48,000	\$ 48,000	\$ -	\$ 48,000	\$ -	\$ 48,000	\$ -
Depreciation and Amortization	\$ 11,100,527	\$ 11,048,476	-\$ 52,051	\$ 11,048,476	\$ -	\$ 10,745,324	-\$ 303,152
Total	\$ 27,349,204	\$ 27,379,497	\$ 30,293	\$ 27,374,497	-\$ 5,000	\$ 26,346,159	-\$ 1,028,338
Regulated Return on Capital	\$ 13,310,227	\$ 13,268,649	-\$ 41,578	\$ 13,145,336	-\$ 123,313	\$ 12,844,967	-\$ 300,369
Income Taxes Grossed Up	\$ 889,324	\$ 782,126	-\$ 107,198	\$ 754,272	-\$ 27,854	\$ 631,833	-\$ 122,439
Service Revenue Requirement	\$ 41,548,755	\$ 41,430,272	-\$ 118,483	\$ 41,274,105	-\$ 156,167	\$ 39,822,959	-\$ 1,451,146
Other Revenues	\$ 2,250,668	\$ 2,262,317	\$ 11,649	\$ 2,262,317	\$ -	\$ 2,289,620	\$ 27,303
Base Revenue Requirement	\$ 39,298,087	\$ 39,167,955	-\$ 130,132	\$ 39,011,788	-\$ 156,167	\$ 37,533,339	-\$ 1,478,449
Distribution Revenue at current rates	\$ 36,673,723	\$ 36,750,904	\$ 77,181	\$ 36,750,904	\$ -	\$ 36,750,475	-\$ 429
Grossed Up Revenue Deficiency	\$ 2,624,364	\$ 2,417,051	-\$ 207,313	\$ 2,260,884	-\$ 156,167	\$ 782,864	-\$ 1,478,020

Table 2.2B
Rate Base

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Average Gross Capital	\$ 421,683,876	\$ 420,647,841	-\$ 1,036,035	\$ 420,647,841	\$ -	\$ 420,522,841	-\$ 125,000
Average Accumulated Depreciation	\$ 193,127,987	\$ 192,991,479	-\$ 136,508	\$ 192,991,479	\$ -	\$ 191,070,644	-\$ 1,920,835
Average Net Book Value	\$ 228,555,889	\$ 227,656,362	-\$ 899,527	\$ 227,656,362	\$ -	\$ 229,452,197	\$ 1,795,835
Working Capital Base	\$ 215,060,065	\$ 216,862,634	\$ 1,802,569	\$ 186,637,423	-\$ 30,225,211	\$ 188,990,002	\$ 2,352,579
Working Capital Allowance %	7.5%	7.5%	-	7.5%	-	7.5%	-
Working Capital \$	\$ 16,129,505	\$ 16,264,698	\$ 135,193	\$ 13,997,807	-\$ 2,266,891	\$ 14,174,250	\$ 176,443
Rate Base	\$ 244,685,394	\$ 243,921,060	-\$ 764,334	\$ 241,654,169	-\$ 2,266,891	\$ 243,626,447	\$ 1,972,278

**Table 2.2C
Cost of Power**

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Power Purchased	100,899,496	101,600,516	701,020	101,600,516	-	105,927,094	4,326,578
Global Adjustment Charges	79,267,099	79,698,707	431,608	79,698,707	-	80,953,707	1,255,000
Wholesale Market Services Charge	5,219,756	5,716,635	496,879	5,716,635	-	5,716,443	(192)
Wholesale Market Services - Network	9,788,482	9,850,637	62,155	9,850,637	-	9,850,307	(330)
Wholesale Market Services - Connection	3,519,327	3,542,221	22,894	3,542,221	-	3,542,108	(113)
Low Voltage Charge	447,000	447,000	-	447,000	-	447,000	-
Smart Metering Entity Charge	394,716	394,716	-	394,716	-	394,716	-
OER Credit	(29,924,279)	(30,219,920)	(295,641)	(30,220,211)	(291)	(32,777,142)	(2,556,931)
Total Cost of Power	169,611,597	171,030,512	1,418,915	171,030,221	(291)	174,054,233	3,024,012

**Table 2.2D
Working Capital Allowance Calculation**

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Distribution Expenses							
Operations	6,310,421	6,343,243	32,822	6,343,243	-	6,010,382	(332,861)
Maintenance	1,903,411	1,908,962	5,551	1,908,962	-	1,892,330	(16,632)
Billing and Customer Service	3,137,007	3,149,683	12,676	3,149,683	-	3,110,979	(38,704)
Community Relations	508,564	511,540	2,976	511,540	-	389,058	(122,482)
Administration	3,869,654	3,897,973	28,319	3,892,973	(5,000)	3,678,467	(214,506)
Donations - LEAP	48,000	48,000	-	48,000	-	48,000	-
Property Taxes	471,620	471,620	-	471,620	-	471,620	-
Less Allocated Depreciation in OM&A	(724,487)	(718,820)	5,667	(718,820)	-	(665,067)	53,753
Total Distribution Expenses	15,524,190	15,612,201	88,011	15,607,201	(5,000)	14,935,769	(671,432)
Power Supply Expenses	199,535,876	201,250,432	1,714,556	171,030,221	(30,220,211)	174,054,234	3,024,013
Total Expenses for Working Capital	215,060,066	216,862,633	1,802,567	186,637,422	(30,225,211)	188,990,003	2,352,581
Working Capital Factor	7.5%	7.5%	-	7.5%	-	7.5%	-
Total Working Capital Allowance	16,129,505	16,264,698	135,193	13,997,807	(2,266,891)	14,174,250	176,444

Table 2.2E
Cost of Capital

Capital Structure and Cost of Capital				
Test Year: 2021				
Particulars	Capitalization Ratio		Cost Rate	Return
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$136,430,810	3.33%	\$4,547,051
Short-term Debt	4.00%	\$9,745,058	1.75%	\$170,539
Total Debt	60.0%	\$146,175,868	3.23%	\$4,717,589
Equity				
Common Equity	40.00%	\$97,450,579	8.34%	\$8,127,378
Preferred Shares		\$ -		\$ -
Total Equity	40.0%	\$97,450,579	8.34%	\$8,127,378
Total	100.0%	\$243,626,447	5.27%	\$12,844,967

Table 2.2F
Amortization & Depreciation

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Amortization and Depreciation	\$ 11,100,527	\$ 11,048,476	(52,051)	\$ 11,048,476	-	10,745,324	(303,152)

Table 2.2G
Grossed Up PILs

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Taxes/PILs (Grossed Up)	\$ 889,324	\$ 782,126	-\$ 107,198	\$ 754,272	(27,854)	631,833	(122,439)

**Table 2.2H
Other Revenue**

2021 Test Year							
	Application	Interrogatories	Variance	Clarification Responses	Variance	Settlement	Variance
	(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Specific Service Charges	\$ 382,269	\$ 382,269	-	\$ 382,269	-	432,084	49,815
Late Payment Charges	\$ 144,453	\$ 144,453	-	\$ 144,453	-	144,453	-
Other Distribution/Operating Revenues	\$ 1,557,944	\$ 1,569,593	11,649	\$ 1,569,593	-	1,547,081	(22,512)
Other Income or Deductions	\$ 166,002	\$ 166,002	-	\$ 166,002	-	166,002	-
Total Other Revenues	\$ 2,250,668	\$ 2,262,317	\$ 11,649	\$ 2,262,317	\$ -	\$ 2,289,620	\$ 27,303

**Table 2.2I
OEB Appendix 2-R**

		Historical Years					5-Year Average
		2015	2016	2017	2018	2019	
	Losses Within Distributor's System						
A(1)	"Wholesale" kWh delivered to distributor (higher value)	1,486,984,762	1,495,245,071	1,454,001,207	1,517,720,865	1,482,652,460	1,487,320,873
A(2)	"Wholesale" kWh delivered to distributor (lower value)	1,481,567,368	1,489,683,679	1,449,106,654	1,512,240,290	1,477,078,874	1,481,935,373
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)	128,357,914	130,542,405	131,550,499	136,341,353	137,272,800	132,812,994
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	1,353,209,454	1,359,141,274	1,317,556,155	1,375,898,937	1,339,806,074	1,349,122,379
D	"Retail" kWh delivered by distributor	1,441,031,603	1,444,462,268	1,409,167,205	1,467,265,689	1,438,045,052	1,439,994,363
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	127,719,318	129,931,726	130,935,104	135,703,546	136,630,636	132,184,066
F	Net "Retail" kWh delivered by distributor = D - E	1,313,312,285	1,314,530,543	1,278,232,101	1,331,562,142	1,301,414,416	1,307,810,297
G	Loss Factor in Distributor's system = C / F	1.0304	1.0339	1.0308	1.0333	1.0295	1.0316
	Losses Upstream of Distributor's System						
H	Supply Facilities Loss Factor	1.0037	1.0037	1.0034	1.0036	1.0038	1.0036
	Total Losses						
I	Total Loss Factor = G x H	1.0341	1.0378	1.0342	1.0370	1.0334	1.0353

Evidence:

Application:

Exhibit 1 Section 2.1.6, Exhibit 2 Sections 2.2.1, 2.2.1.3, Exhibit 3 Section 2.3.3, Exhibit 4 Sections 2.4.4, 2.4.5, Exhibit 5 Section 2.5.2

IRRs:

1-Staff-1, 2-Staff-28, 3-Staff-37, 3-Staff-38, 3-Staff-39, 4-Staff-41, 4-Staff-58, 4-Staff-59, 4-Staff-60, 4-Staff-61, 5-Staff-62, 8-Staff-76, 9-Staff-87, 6-EP-20, 1-SEC-26, 4-SEC-35, 4-SEC-36, 2-VECC-20, 3-VECC-33, 3-VECC-35, 5-VECC-50, 5-VECC-52

Appendices to this Settlement Proposal:
Appendix D – Revenue Requirement Workform

Settlement Models:

Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022

Waterloo_Settlement_PILs_Workform_2021_COS_20201022

Waterloo_Settlement_Rev_Reqt_Workform_2021_COS_20201022

Waterloo_Settlement_Load_Forecast_2021_COS_20201022

Clarification Responses:

4-Staff-105, 4-Staff-106, 4-Staff-107, SEC-72, SEC-73, VECC-64, VECC-65

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

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

Complete Settlement: The Parties taking a position on this issue accept that the proposed shared services cost allocation methodology and quantum have been appropriately determined in accordance with OEB policies and practices.

Evidence:

Application:

Exhibit 4 Section 2.4.3.2

IRRs:

4-Staff-56

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20201022

Clarification Responses:

SEC-50

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

2.4 *Has Waterloo North Hydro appropriately considered measures to cost-effectively reduce distribution losses in its planning processes and included such measures where appropriate?*

Complete Settlement: The Parties taking a position on this issue agree that WNH has taken steps to reduce distribution losses.

As shown in the Figure 2.4A and 2.4B below, losses declined as a proportion of the summer peak from 2003 to 2013. Between 2015 and 2019 there is a stronger correlation between line losses and summer peak demand.

Figure 2.4A
Line Losses vs Summer Peak Demand

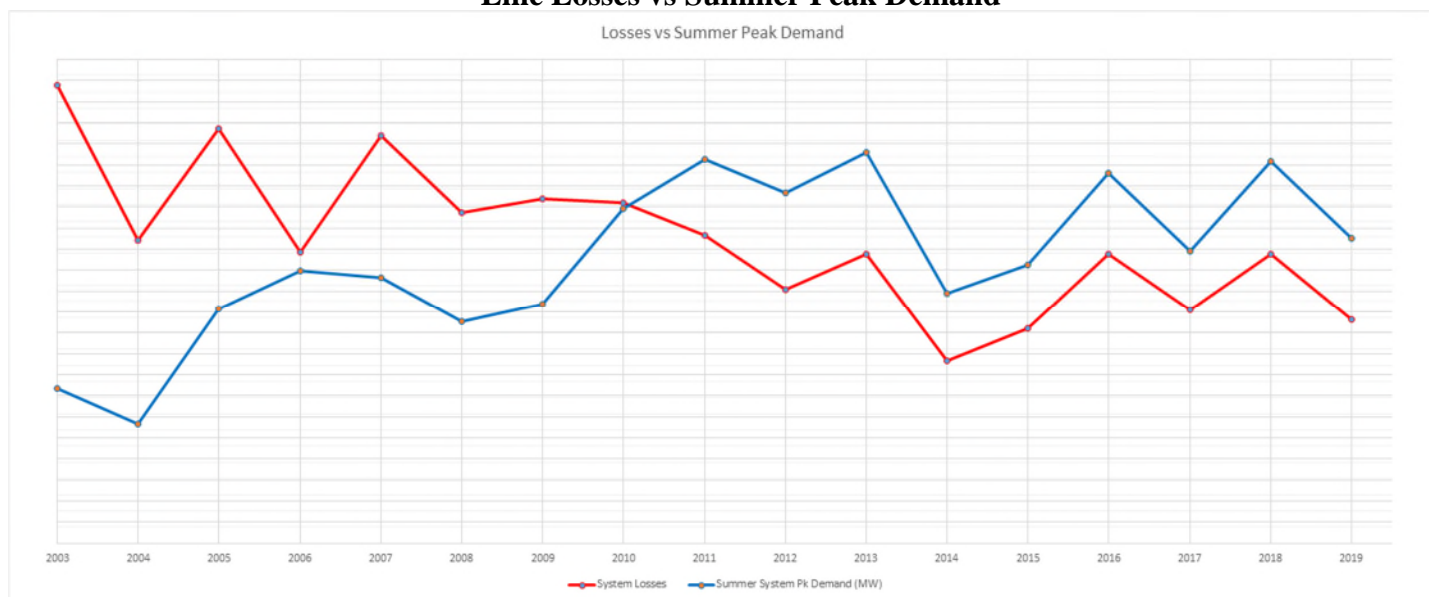
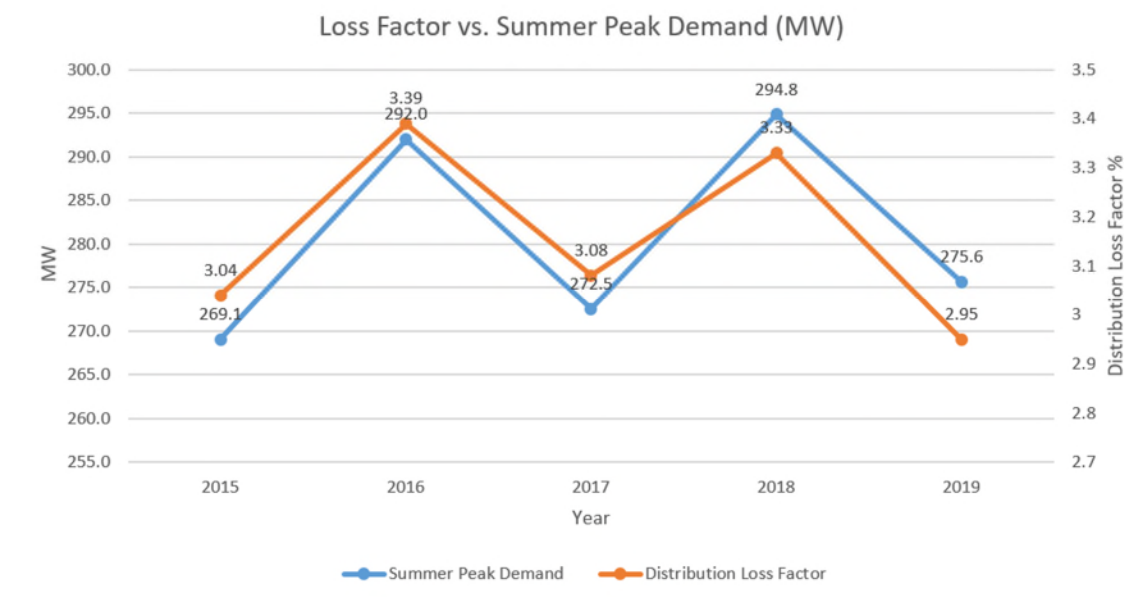


Figure 2.4B
Loss Factor vs Summer Peak Demand



WNH agrees to target distribution line losses of below 3.16% (being the 5-year historical average of distribution losses for WNH), subject to variation in distribution losses due to factors outside of WNH's control, such as peak demand that varies from the 5-year historical average.

WNH agrees to prepare a plan over the course of 2020-2021 to reduce distribution losses as much as reasonably possible through cost-effective measures. WNH shall file the plan with the OEB when complete. In 2022-2025, WNH shall implement as many of the cost-effective measures set out in its plan as reasonably possible (e.g. any changes to planning and procurement processes to better mitigate losses, investments that can be made within current budgets, operational measures, etc.). All other cost-effective measures will be incorporated into WNH's next rebasing application and DSP.

For clarity, cost-effective measures to reduce line losses will be prioritized as against other capital projects in accordance with the prioritization processes outlined in the DSP to ensure that all utility priorities are best achieved and overall capital expenditures are maintained at a reasonable level.

Evidence:

Application:

Exhibit 1 Section 2.1.2, Exhibit 2 Attachment 2-2, 1.3.6, 2.1.3.2, 2.3.3.3, Exhibit 8 Section 2.8.9

IRRs:

3-Staff-34, 8-Staff-76, 2-ED-1, 2-ED-2, 2-ED-3, 2-ED-4, 2-ED-5

Appendices to this Settlement Proposal:
None

Settlement Models:
Waterloo_Settlement_2021_Filing_Requirements_Chapter2_Appendices_2021_COS_20
201022

Clarification Responses:
SEC-62, SEC-63, ED-1 Pre-ADR

Supporting Parties: CCC, SEC, Energy Probe, VECC, ED

Parties Taking No Position: Hydro One

3.0 Load Forecast, Cost Allocation and Rate Design

3.1 *Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the energy and demand requirements of Waterloo North Hydro's customers?*

Complete Settlement: The Parties taking a position on this issue accept that the customer forecast, load forecast, loss factors, CDM adjustments and the resulting billing determinants are an appropriate forecast of the energy and demand requirements of Waterloo North Hydro's customers, consistent with OEB policies and practices.

The load forecast is reproduced below as Table 3.1A:

Table 3.1A
Load Forecast

2021 Test Year								
Rate Class	Application		Interrogatories		Clarification Responses		Settlement	
	kWh	kW	kWh	kW	kWh	kW	kWh	kW
Residential	395,056,934		398,063,895		398,063,895		398,047,339	
GS < 50 kW	195,573,807		197,062,409		197,062,409		197,054,213	
GS > 50 kW	687,924,696	1,741,685	691,376,687	1,750,425	691,376,687	1,750,425	691,357,681	1,750,377
GS > 50 kW - WMP	9,216,027	22,951	9,216,027	22,951	9,216,027	22,951	9,216,027	22,951
Large User	95,699,867	169,287	96,428,283	170,575	96,428,283	170,575	96,424,273	170,568
Street Lighting	3,347,727	9,302	3,347,727	9,302	3,347,727	9,302	3,347,727	9,302
Unmetered Scattered Load	2,947,114		2,947,114		2,947,114		2,947,114	
Embedded Distributor	41,857,714	103,033	41,857,714	103,033	41,857,714	103,033	41,857,714	103,033
Total	1,431,623,886	2,046,258	1,440,299,856	2,056,286	1,440,299,856	2,056,286	1,440,252,088	2,056,231

The customer forecast is reproduced below as Table 3.1B:

Table 3.1B
Customer Forecast

2021 Test Year				
Rate Class	Application	Interrogatories	Clarification Responses	Settlement
Residential	51,719	51,719	51,719	51,719
GS < 50 kW	5,989	5,989	5,989	5,989
GS > 50 kW	771	771	771	771
GS > 50 kW - WMP	3	3	3	3
Large User	1	1	1	1
Street Lighting	15,005	15,005	15,005	15,005
Unmetered Scattered Load	540	540	540	540
Embedded Distributor	1	1	1	1
Total	74,029	74,029	74,029	74,029

Persistent CDM has been included as a variable within the regression model used in the load forecast as filed in Waterloo_Settlement_Load_Forecast_2021_COS_20201022. As a result, WNH has not included CDM as a manual adjustment to the load forecast. Furthermore, WNH agrees to not seek LRAMVA for CDM savings in the 2021 Test Year and agrees to not claim LRAMVA related to any new savings from the years of 2019 and 2020.

Evidence:

Application:

Exhibit 3 Section 2.3.1, Waterloo_Appl_Load_Forecast_2021_COS_20200630, Waterloo_Appl_Load_Forecast_2021_COVID-19_20200630

IRRs:

1-Staff-1, 2-Staff-8, 3-Staff-31, 3-Staff-32, 3-Staff-33, 3-Staff-34, 3-Staff-35, 3-Staff-36, 3-EP-16, 3-EP-17, 3-EP-18, 3-VECC-22, 3-VECC-23, 3-VECC-24, 3-VECC-25, 3-VECC-26, 3-VECC-27, 3-VECC-28, 3-VECC-29, 3-VECC-30, 3-VECC-31, 3-VECC-32

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_Load_Forecast_2021_COS_20201022

Clarification Responses:

3-Staff-99, SEC-74, VECC-63

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

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

Complete Settlement: The Parties taking a position on this issue accept the results of the cost allocation.

The revenue-to-cost ratios are reproduced below in Table 3.2.

Table 3.2
Revenue to Cost Ratios

Rate Class	Cost Ratio from Cost Allocation Model - Line 75 Tab O1	Proposed Revenue to Cost Ratios	Board Target Low	Board Target High
	%	%	%	%
Residential	99.91%	99.91%	85	115
GS < 50 kW	99.37%	99.37%	80	120
GS > 50 kW	102.14%	102.14%	80	120
Large User	86.45%	86.45%	85	115
Street Lighting	81.52%	81.52%	80	120
Unmetered Scattered Load	106.71%	106.71%	80	120
Embedded Distributor	108.38%	108.38%	80	120

Evidence:

Application:

Exhibit 1 Section 2.1.6, Exhibit 7 Sections 2.7.1, 2.7.3

IRRs:

7-Staff-63, 7-Staff-64, 7-Staff-67, 7-EP-21, 7-ED-17, 7-VECC-53, 7-VECC-54, 7-VECC-55, 7-VECC-57

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_Cost_Allocation_Model_2021_COS_20201022

Clarification Responses:

SEC-51, VECC-66, VECC-67

Supporting Parties: CCC, SEC, Energy Probe, VECC, Hydro One

Parties Taking No Position: ED

3.3 *Are Waterloo North Hydro's proposals for rate design appropriate?*

Complete Settlement: Subject to the adjustments expressly noted in this Settlement Proposal, the Parties taking a position on this issue accept the WNH proposal for rate design.

WNH agrees to adjust its rate design proposal for all classes, except the residential class, such that the 2020 fixed rate will be maintained in 2021 if it is otherwise above the Minimum System plus PLCC level. This is shown in Table 3.3 below.

Subject to any potential changes in OEB policy with regards to rate design for each of the affected classes, WNH further agrees to not adjust any fixed charge that is above the Minimum System plus PLCC level for all classes except the residential class during the subsequent IRM period, and shall for those classes instead propose to the OEB to collect all IRM rate increases through the variable portion of the charges applicable to each affected class. For clarity, WNH is still eligible to obtain on hundred percent (100%) of the value of all IRM rate increases through the variable portion of the charges applicable to each affected class. The Parties acknowledge that WNH's ability to comply with this provision is dependent on adjustments to the relevant IRM model for each year to accommodate these changes.

For greater certainty, the above noted agreement would not apply to any potential future rate riders which may be established during the IRM period (which could be variable, fixed or a combination of the two depending on the OEB's policies and subject to an OEB order approving such a rate rider).

Table 3.3
2021 Proposed Distribution Charges

	2020 Distribution Rates Application	2021 Distribution Rates Application	2021 Distribution Rates Interrogatories	Variance	2021 Distribution Rates Clarification Responses	Variance	2021 Distribution Rates Settlement	Variance	Fixed/Variable Split
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)	
Residential									
Monthly Service Charge	\$ 32.05	\$ 34.34	\$ 34.16	(0.18)	\$ 34.02	(0.14)	\$ 32.73	(1.29)	100.00%
Distribution Volumetric per kWh								-	0.00%
Min. System with PLCC Adj.							\$ 22.47		
GS < 50 kW									
Monthly Service Charge	\$ 33.71	\$ 36.12	\$ 35.93	(0.19)	\$ 35.78	(0.15)	\$ 33.71	(2.07)	41.28%
Distribution Volumetric per kWh	\$ 0.0168	\$ 0.0180	\$ 0.0179	(0.0001)	\$ 0.0178	(0.0001)	\$ 0.0174	(0.0004)	58.72%
Min. System with PLCC Adj.							\$ 25.82		
GS > 50 kW									
Monthly Service Charge	\$ 125.96	\$ 134.98	\$ 134.24	(0.74)	\$ 133.71	(0.53)	\$ 125.96	(7.75)	11.20%
Distribution Volumetric per kW	\$ 5.3438	\$ 5.7042	\$ 5.6750	(0.0292)	\$ 5.6536	(0.0214)	\$ 5.4651	(0.1885)	88.80%
Min. System with PLCC Adj.							\$ 77.28		
Large User									
Monthly Service Charge	\$ 7,359.96	\$ 7,886.68	\$ 7,844.01	(42.67)	\$ 7,812.74	(31.27)	\$ 7,359.96	(452.78)	10.52%
Distribution Volumetric per kW	\$ 4.2410	\$ 4.5445	\$ 4.5199	(0.0246)	\$ 4.5019	(0.0180)	\$ 4.3424	(0.1595)	89.48%
Min. System with PLCC Adj.							\$ 402.08		
Street Lighting									
Monthly Service Charge	\$ 0.35	\$ 0.38	\$ 0.37	(0.01)	\$ 0.37	-	\$ 0.36	(0.01)	40.65%
Distribution Volumetric per kW	\$ 9.8917	\$ 10.5989	\$ 10.5422	(0.0567)	\$ 10.5002	(0.0420)	\$ 10.1024	(0.3978)	59.35%
Min. System with PLCC Adj.							\$ 6.57		
Unmetered Scattered Load									
Monthly Service Charge	\$ 11.20	\$ 11.88	\$ 11.94	0.06	\$ 11.89	(0.05)	\$ 11.20	(0.69)	62.58%
Distribution Volumetric per kWh	\$ 0.0139	\$ 0.0147	\$ 0.0148	0.0001	\$ 0.0148	-	\$ 0.0147	(0.0001)	37.42%
Min. System with PLCC Adj.							\$ 11.18		
Embedded Distributor									
Monthly Service Charge								-	0.00%
Distribution Volumetric per kWh	\$ 0.0211	\$ 0.0215	\$ 0.0225	0.0010	\$ 0.0224	(0.0001)	\$ 0.0215	(0.0009)	100.00%
Min. System with PLCC Adj.							\$ 113.79		

Evidence:

Application:

Exhibit 1 Section 2.1.6, Exhibit 8 Sections 2.8.1, 2.8.2

Waterloo_Appl_Tariff_Schedule_and_Bill_Impact_Model_20200630

IRRs:

8-Staff-68, 8-ED-6, 8-ED-7, 8-VECC-58

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_Rev_Reqt_Workform_2021_COS_20201022

Waterloo_Settlement_Tariff_Schedule_and_Bill_Impact_Model_2021_COS_20201022

Clarification Responses:

None

Supporting Parties: CCC, SEC, Energy Probe, VECC, Hydro One

Parties Taking No Position: ED

3.4 *Are the proposed Retail Transmission Service Rates and Low Voltage Service Rates appropriate?*

Complete Settlement: Subject to the settlement of issue 3.6 below, the Parties taking a position on this issue agree that the proposed Retail Transmission Service Rates and Low Voltage Service Rates are appropriate.

The Retail Transmission Service Rates have been reproduced below in Table 3.4A and Low Voltage Service Rates have been reproduced below in Table 3.4B.

Table 3.4A
Retail Transmission Service Rates (RTSR)

2021 Test Year								
	Unit	Proposed RTSR - Network Application	Proposed RTSR - Network Interrogatories	Variance	Proposed RTSR - Network Clarification Responses	Variance	Proposed RTSR - Network Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Residential	kWh	0.0071	0.0071	-	0.0071	-	0.0071	-
GS < 50 kW	kWh	0.0066	0.0066	-	0.0066	-	0.0066	-
GS > 50 to less than 1,000 kW	kW	2.7039	2.7044	0.0005	2.7044	-	2.7044	-
GS > 50 - Interval Metered (less than 1,000 kW)	kW	2.8720	2.8725	0.0005	2.8725	-	2.8725	-
GS > 50 - Interval Metered (1,000 to 4,999 kW)	kW	2.8681	2.8686	0.0005	2.8686	-	2.8686	-
Large User	kW	3.1797	3.1803	0.0006	3.1803	-	3.1803	-
Direct Market Participant	kW	2.8720	2.8725	0.0005	2.8725	-	2.8725	-
Unmetered Scattered Load	kWh	0.0066	0.0066	-	0.0066	-	0.0066	-
Street Lighting	kW	2.0393	2.0397	0.0004	2.0397	-	2.0397	-

2021 Test Year								
	Unit	Proposed RTSR - Connection Application	Proposed RTSR - Connection Interrogatories	Variance	Proposed RTSR - Connection Clarification Responses	Variance	Proposed RTSR - Connection Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Residential	kWh	0.0025	0.0025	-	0.0025	-	0.0025	-
GS < 50 kW	kWh	0.0023	0.0023	-	0.0023	-	0.0023	-
GS > 50 to less than 1,000 kW	kW	0.8817	0.8821	0.0004	0.8821	-	0.8821	-
GS > 50 - Interval Metered (less than 1,000 kW)	kW	1.1011	1.1016	0.0005	1.1016	-	1.1016	-
GS > 50 - Interval Metered (1,000 to 4,999 kW)	kW	1.1001	1.1006	0.0005	1.1006	-	1.1006	-
Large User	kW	1.1050	1.1055	0.0005	1.1055	-	1.1055	-
Direct Market Participant	kW	1.1011	1.1016	0.0005	1.1016	-	1.1016	-
Unmetered Scattered Load	kWh	0.0023	0.0023	-	0.0023	-	0.0023	-
Street Lighting	kW	0.6814	0.6817	0.0003	0.6817	-	0.6817	-

Table 3.4B
Low Voltage Service Rates (RTSR)

2021 Test Year								
	Unit	Low Voltage Application	Low Voltage Interrogatories	Variance	Low Voltage Clarification Responses	Variance	Low Voltage Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Residential	kWh	0.0004	0.0003	(0.0001)	0.0003	-	0.0003	-
General Service < 50 kW	kWh	0.0003	0.0003	-	0.0003	-	0.0003	-
General Service > 50 to 4999 kW	kW	0.1226	0.1329	0.0103	0.1322	(0.0007)	0.1322	-
Large User	kW	0.1537	0.1416	(0.0121)	0.1424	0.0008	0.1424	-
Direct Market Participant	kW	0.1226	0.1329	0.0103	0.1322	(0.0007)	0.1322	-
Street Lighting	kWh	0.0948	0.0873	(0.0075)	0.0878	0.0005	0.0878	-
Unmetered Scattered Load	kWh	0.0003	0.0003	-	0.0003	-	0.0003	-

Evidence:

Application:

Exhibit 1 Section 2.1.6, Exhibit 8 Sections 2.8.3, 2.8.7

IRRs:

8-Staff-69, 8-Staff-70, 8-Staff-71, 8-Staff-75, 9-HONI-1, 8-VECC-59

Appendices to this Settlement Proposal:

Appendix A – Draft Tariff of Rates and Charges

Settlement Models:

Waterloo_Settlement_Tariff_Schedule_and_Bill_Impact_Model_2021_COS_20201022

Clarification Responses:

4-Staff-104, VECC-70

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

3.5 *Are the proposed standby charges for customers who have load displacement generation or storage equal to or exceeding 50kW in the General Service > 50kW and Large Use rate class appropriate?*

Complete Settlement: WNH agrees to withdraw its request for a utility specific standby charge.

Nothing in this Settlement Proposal shall limit WNH's ability to create or apply standby charges in the future in compliance with future OEB policies, directions, or orders, or to apply for a utility specific standby charge in future proceedings. The settlement of this issue and the positions of the Parties are without prejudice to the rights of WNH to raise the same issue in any other proceeding.

Evidence:

Application:

Exhibit 1 Sections 2.1.4, 2.1.6, Exhibit 7 Section 2.7.1.1

IRRs:

1-Staff-7, 7-Staff-65, 7-Staff-66, 8-Staff-72, 1-CCC-11, 1-EP-3, 7-ED-17, 7-ED-18, 7-SEC-37, 8-SEC-38, 7-VECC-56

Appendices to this Settlement Proposal:

None

Settlement Models:

None

Clarification Responses:

1-Staff-94, SEC-56, SEC-58, VECC-68, VECC-69

Supporting Parties: CCC, SEC, Energy Probe, VECC, ED

Parties Taking No Position: Hydro One

3.6 *Is the proposed use of gross load billing for retail service transmission rates for customers who have load displacement generation in the General Service > 50kW and Large Use rate class appropriate?*

Complete Settlement: The Parties taking a position on this issue accept that the proposed use of gross load billing for retail service transmission rates for customers who have load displacement generation in the General Service > 50kW and Large Use rate class is appropriate. WNH agreed to and has adjusted the wording in its Tariff of Rates and Charges to reflect the various details of the IESO rules related to retail service transmission rates. WNH's draft Tariff of Rates and Charges can be found at Appendix A to this Settlement Proposal.

Evidence:

Application:

Exhibit 1 Section 2.1.4, Exhibit 8 Section 2.8.3

IRRs:

8-Staff-71, 8-VECC-59

Appendices to this Settlement Proposal:

Appendix A – Draft Tariff of Rates and Charges

Settlement Models:

Waterloo_Settlement_Tariff_Schedule_and_Bill_Impact_Model_2021_COS_20201022

Clarification Responses:

VECC-71

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

4.0 Accounting

4.1 *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?*

Complete Settlement: The Parties taking a position on this issue accept that, to the extent that the impacts of any changes in accounting standards, policies, estimates and adjustments have been reviewed during the proceeding, they have been properly identified and recorded, and the treatment of each of these impacts is appropriate.

Evidence:

Application:

Exhibit 1 Sections 2.1.4, 2.1.6, 2.1.9, Exhibit 4 Section 2.4.4

IRRs:

4-Staff-61, 4-SEC-35

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_Rev_Reqt_Workform_2021_COS_20201022

Clarification Responses:

None

Supporting Parties: Energy Probe, VECC, CCC, SEC

Parties Taking No Position: ED, Hydro One

4.2 *Are Waterloo North Hydro's proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for discontinuation of accounts, request for new accounts, and the continuation of existing accounts, appropriate?*

Complete Settlement: The Parties taking a position on this issue accept WNH's proposal for Group 2 deferral and variance accounts. Table 4.2 below sets out the Deferral and Variance Account balances. WNH agrees to refund 100% of the 2019 and 2020 AIIP impacts to customers, which is captured in Table 4.2 below.

The settlement of this issue includes approving the DVA allocation across rate classes consistent with WNH's interrogatory response 1-Staff-1.

The Parties taking a position on this issue accept WNH's proposal for Group 1 deferral and variance accounts, save and except Accounts 1588 and 1589. The Parties taking a position on this issue agree that there will be no disposition of Accounts 1588 and 1589 as proposed in the Application at this time. WNH agrees to cooperate with OEB Staff in the special purpose inspection of Accounts 1588 and 1589 with respect to the prior period adjustment of approximately \$2.6 million credit that is recorded in Account 1588 and refund to the IESO for the same amount arising from the RPP submissions and GA reconciliation accrual process. The inspection is to focus on the accuracy of the adjustment figure(s) and the debit/credit positions of the adjustment(s) instead of the GA reconciliation accrual process that was followed by WNH (the process is no longer used by WNH) but not in conformity with the Accounting Procedure Handbook and the Accounting Guidance issued in February 2019. The special purpose inspection is also to determine any impacts from the prior period adjustment of approximately \$2.6 million to the Account 1589 balance. Once the inspection is completed, WNH is to report back to the OEB for the result of the inspection and to make an application to the OEB for disposition of Accounts 1588 and 1589 in accordance with OEB policies and process.

Table 4.2
Deferral and Variance Account Balances

2021 Test Year								
Account Descriptions	Account Number	Total Disposition Application	Total Disposition Clarification Interrogatories	Variance	Total Disposition Clarification Responses	Variance	Total Disposition Settlement	Variance
		(a)	(b)	(c) = (b)-(a)	(d)	(e) = (d)-(b)	(f)	(g) = (f)-(d)
Group 1 Accounts								
LV Variance Account	1550	128,092	20,446	(107,646)	20,446	-	20,446	-
Smart Metering Entity Charge Variance Account	1551	(65,502)	4,080	69,582	4,080	-	4,080	-
RSVA - Wholesale Market Service Charge	1580	(696,383)	(457,338)	239,045	(457,338)	-	(457,338)	-
RSVA - Retail Transmission Network Charge	1584	417,651	257,293	(160,358)	257,293	-	257,293	-
RSVA - Retail Transmission Connection Charge	1586	259,647	(47,215)	(306,862)	(47,215)	-	(47,215)	-
RSVA - Power (excluding Global Adjustment)	1588	575,189	(2,901,279)	(3,476,468)	(2,901,279)	-		2,901,279
RSVA - GA	1589	56,343	405,631	349,288	398,160	(7,471)		(398,160)
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(16,614)	(50,801)	(34,187)	(50,801)	-	(50,801)	-
Total for Group 1 Accounts		658,423	(2,769,183)	(3,427,606)	(2,776,654)	(7,471)	(273,535)	2,503,119
Group 2 and Other Accounts								
Other Regulatory Assets - Sub-Account - OEB Fees	1508	205,089	202,719	(2,370)	202,719	-	202,719	-
Other Regulatory Assets - Sub-Account - Other - Wireline Attachments	1508	(529,269)	(528,155)	1,114	(528,155)	-	(528,155)	-
Other Regulatory Assets - Sub-Account - MS Disposition	1508	(498,793)	(496,910)	1,883	(496,910)	-	(496,910)	-
Other Regulatory Assets - Sub-Account - OPEB	1508	201,217	164,740	(36,477)	164,740	-	164,740	-
Retail Cost Variance Account - Retail	1518	(74,526)	(73,754)	772	(73,754)	-	(73,754)	-
Retail Cost Variance Account - STR	1548	(2,155)	(2,148)	7	(2,148)	-	(2,148)	-
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	1555	(26,528)		26,528		-		-
LRAM Variance Account	1568	1,418,944	1,397,284	(21,660)	1,397,284	-	1,404,911	7,627
Variance CGAAP	1576	34,187		(34,187)		-		-
PILs and Tax Variance for 2006 and Subsequent Years - Recover PILs	1592	(251,138)	(676,032)	(424,894)	(676,032)	-	(1,352,064)	(676,032)
Other Deferred Credits	2425	(2,621,628)		2,621,628		-		-
Total for Group 2 and Other Accounts		(2,144,600)	(12,256)	2,132,344	(12,256)	-	(680,661)	(668,405)
Total Deferral and Variance Account Balances		(1,486,177)	(2,781,439)	(1,295,262)	(2,788,910)	(7,471)	(954,196)	1,834,714

Evidence:

Application:

Exhibit 9 in its entirety,

Waterloo_Appl_Deferral_and_Variance_Account_Workform_2021_COS_20200630

IRRs:

1-Staff-1, 9-Staff-77, 9-Staff-78, 9-Staff-79, 9-Staff-80, 9-Staff-81, 9-Staff-82, 9-Staff-83, 9-Staff-84, 9-Staff-85, 9-Staff-86, 9-Staff-87, 9-Staff-88, 9-Staff-89, 9-Staff-90, 9-Staff-91, 9-Staff-92, 9-Staff-93, 1-HONI-1, 9-HONI-1, 9-HONI-2, 9-HONI-3, 9-VECC-61, 9-VECC-62

Appendices to this Settlement Proposal:

None

Settlement Models:

Waterloo_Settlement_DVA_Workform_2021_COS_20201022

Clarification Responses:

9-Staff-108, 9-Staff-109, 9-Staff-110, 9-Staff-111, 9-Staff-112, 9-Staff-113, SEC-52

Supporting Parties: CCC, SEC, Energy Probe, VECC, Hydro One

Parties Taking No Position: ED

5.0 Other

5.1 *Are the Specific Service Charges, Retail Service Charges and Pole Attachment Charge appropriate?*

Complete Settlement: The Parties taking a position on this issue accept the Applicant's proposed Specific Service Charges, Retail Service Charges and Pole Attachment Charge, as shown in the tariff sheet in Appendix A. The Retail Service Charge and the Pole Attachment Charge in the tariff sheet will be updated with 2021 values once they are made available by the Board.

Evidence:

Application:

Exhibit 1 Section 2.1.4, Exhibit 8 Section 2.8.6

IRRs:

3-Staff-37, 8-Staff-73, 8-Staff-74, 8-CCC-34, 3-VECC-34

Appendices to this Settlement Proposal:

Appendix A – Draft Tariff of Rates and Charges

Settlement Models:

Waterloo_Settlement_Tariff_Schedule_and_Bill_Impact_Model_2021_COS_20201022

Clarification Responses:

None

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

5.2 *Is the proposed effective date (i.e. January 1, 2021) for 2021 rates appropriate?*

Complete Settlement: The Parties taking a position on this issue agree that the proposed effective date of January 1, 2021 is appropriate.

Evidence:

Application:

Exhibit 1 Section 2.1.4

IRRs:

None

Appendices to this Settlement Proposal:

None

Settlement Models:

None

Clarification Responses:

None

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

5.3 *Has Waterloo North Hydro responded appropriately to the requirement to undertake a review of executive compensation incentive plans as outlined in the EB-2015-0108 Settlement Agreement?*

Complete Settlement: The Parties taking a position on this issue accept that WNH has responded appropriately to the requirement to undertake a review of executive compensation incentive plans is in compliance with the terms of the EB-2015-0108 Settlement Agreement.

Evidence:

Application:

Exhibit 1 Section 2.1.4

IRRs:

1-Staff-6, 1-SEC-10, 1-SEC-11

Appendices to this Settlement Proposal:

None

Settlement Models:

None

Clarification Responses:

4-Staff-102, SEC-66, SEC-67

Supporting Parties: CCC, SEC, Energy Probe, VECC

Parties Taking No Position: ED, Hydro One

Appendix A
Proposed Tariff of Rates and Charges
Effective Date January 1, 2021

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2020-0059

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate 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, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. All customers are single-phase. 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	\$	32.73
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$	(0.93)
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Low Voltage Service Rate	\$/kWh	0.0003
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0002)
Rate Rider for Account 1568 - LRAM Variance Account - effective until December 31, 2021	\$/kWh	0.0012
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0025

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2021

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

EB-2020-0059

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum 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 Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	33.71
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.57
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0002)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Rate Rider for Account 1568 - LRAM Variance Account - effective until December 31, 2021	\$/kWh	0.0005
Distribution Volumetric Rate	\$/kWh	0.0174
Low Voltage Service Rate	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0066
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0023

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021

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EB-2020-0059

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 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. Note that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply: General Service 50 to 999 kW non-interval metered; General Service 50 to 999 kW interval metered; and General Service 1,000 to 4,999 kW interval metered.

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.

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	125.96
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	0.0001
Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2021	\$/kWh	(0.0003)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Rate Rider for Account 1568 - LRAM Variance Account - effective until December 31, 2021	\$/kWh	0.0012
Distribution Volumetric Rate	\$/kW	5.4651
Low Voltage Service Rate	\$/kW	0.1322
 Retail Transmission Rate - Network Service Rate - (less than 1,000 kW)	 \$/kW	 2.7044
 Retail Transmission Rate - Network Service Rate - Interval Metered (less than 1,000 kW)	 \$/kW	 2.8725
 Retail Transmission Rate - Network Service Rate - Interval Metered (1,000 to 4,999 kW)	 \$/kW	 2.8686
Retail Transmission Rate - Line and Transformation Connection Service Rate - (less than 1,000 kW) (see Gross Load Billing Note)	\$/kW	0.8821
Retail Transmission Rate - Line and Trans. Connection Service Rate - Interval Metered (less than 1,000 kW) (see Gross Load Billing Note)	\$/kW	1.1016
Retail Transmission Rate - Line and Trans. Connection Service Rate - Interval Metered (1,000 to 4,999 kW) (see Gross Load Billing Note)	\$/kW	1.1006

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

GROSS LOAD BILLING NOTE

The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss adjusted demand supplied from the distribution system plus (b) the demand that is supplied by embedded generation installed after October 30, 1998, which have installed capacity of 2 MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for loss.

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2021
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EB-2020-0059

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes 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 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.

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2021

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	7,359.96
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0002)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Rate Rider for Account 1568 - LRAM Variance Account - effective until December 31, 2021	\$/kWh	(0.0001)
Distribution Volumetric Rate	\$/kW	4.3424
Low Voltage Service Rate	\$/kW	0.1424
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	3.1803
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered (see Gross Load Billing Note)	\$/kW	1.1055

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

GROSS LOAD BILLING NOTE

The Billing Demand for Line and Transformation Connection Services is defined as the Non-Coincident Peak demand (MW) in any hour of the month. The customer demand in any hour is the sum of (a) the loss adjusted demand supplied from the distribution system plus (b) the demand that is supplied by embedded generation installed after October 30, 1998, which have installed capacity of 2 MW or more for renewable generation and 1 MW or higher for non-renewable generation. The term renewable generation refers to a facility that generates electricity from the following sources: wind, solar, Biomass, Bio-oil, Bio-gas, landfill gas, or water. The demand supplied by embedded generation will not be adjusted for loss.

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

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EB-2020-0059

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/ documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. 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)	\$	11.20
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0002)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Distribution Volumetric Rate	\$/kWh	0.0147
Low Voltage Service Rate	\$/kWh	0.0003

Retail Transmission Rate - Network Service Rate	\$/kWh	0.0066
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Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0023
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MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
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EB-2020-0059

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board 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 device)	\$	0.36
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0003)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Distribution Volumetric Rate	\$/kW	10.1024
Low Voltage Service Rate	\$/kW	0.0878
 Retail Transmission Rate - Network Service Rate	 \$/kW	 2.0397
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.6817

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Waterloo North Hydro Inc.
TARIFF OF RATES AND CHARGES
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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	\$	5.40
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EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Ontario Energy Board that is provided electricity by means of this distributor's facilities. 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

Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2021	\$/kWh	(0.0003)
Rate Rider for Group 2 Accounts - effective until December 31, 2021	\$/kWh	(0.0014)
Distribution Volumetric Rate	\$/kW	0.0215

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2021

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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
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

Easement letter	\$	15.00
Returned cheque (plus bank charges)	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Income tax letter	\$	15.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

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	\$	65.00
Reconnection at meter - after regular hours	\$	185.00

Other

Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	45.48
Owner Requested Disconnection/Reconnection at Meter – During Regular Hours	\$	130.00
Owner Requested Disconnection/Reconnection at Meter – After Regular Hours	\$	335.00
Owner Requested Disconnection/Reconnection at Pole/Transformer – During Regular Hours	\$	310.00
Owner Requested Disconnection/Reconnection at Pole/Transformer – After Regular Hours	\$	685.00

Waterloo North Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2021

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EB-2020-0059

RETAIL SERVICE CHARGES (if applicable)

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.

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	\$	104.24
Monthly Fixed Charge, per retailer	\$	41.70
Monthly Variable Charge, per customer, per retailer	\$/cust.	1.04
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.62
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.62)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.52
Processing fee, per request, applied to the requesting party	\$	1.04
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)	\$	4.17
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)	\$	2.08

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	1.0353
Total Loss Factor - Secondary Metered Customer > 5,000 kW	1.0136
Total Loss Factor - Primary Metered Customer < 5,000 kW	1.025
Total Loss Factor - Primary Metered Customer > 5,000 kW	1.0036

Appendix B – OEB Appendix 2-AB Capital Expenditure Summary

See below for an updated Appendix 2-AB revised to reflect this Settlement Proposal.

Appendix 2-AB

**Table 2 - Capital Expenditure Summary from Chapter 5 Consolidated
Distribution System Plan Filing Requirements**

First year of Forecast Period:
2021

CATEGORY	Historical Period (previous plan ¹ & actual)															Forecast Period (planned)				
	2016			2017			2018			2019			2020			2021	2022	2023	2024	2025
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual ²	Var					
	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%	\$ '000		%					
System Access	11,172	17,628	57.8%	7,521	6,299	-16.3%	6,020	6,091	1.2%	5,947	6,243	5.0%	6,086	6,822	12.1%	5,840	6,166	5,959	6,448	6,592
System Renewal	7,360	7,801	6.0%	10,001	9,482	-5.2%	9,438	8,424	-10.8%	8,801	9,439	7.2%	8,976	8,440	-6.0%	8,947	9,572	9,498	9,643	9,851
System Service	2,406	1,742	-27.6%	1,680	567	-66.3%	1,725	1,822	5.6%	1,175	2,449	108.4%	1,176	1,763	50.0%	2,194	1,346	1,313	1,436	1,412
General Plant	1,869	2,288	22.4%	2,814	2,265	-19.5%	1,661	2,030	22.2%	1,670	1,810	8.4%	1,650	2,353	42.6%	2,776	3,861	3,865	2,676	2,372
TOTAL EXPENDITURE	22,807	29,460	29.2%	22,016	18,612	-15.5%	18,845	18,368	-2.5%	17,593	19,941	13.3%	17,887	19,378	8.3%	19,757	20,945	20,636	20,203	20,227
Capital Contributions	- 6,372	- 12,636	98.3%	- 2,352	- 4,579	94.7%	- 1,902	- 2,969	56.1%	- 1,902	- 2,111	11.0%	- 1,902	- 2,598	36.6%	- 2,695	- 2,710	- 2,536	- 2,819	- 2,876
Net Capital Expenditures	16,434	16,823	2.4%	19,664	14,033	-28.6%	16,943	15,399	-9.1%	15,691	17,830	13.6%	15,985	16,780	5.0%	17,061	18,235	18,100	17,384	17,352
System O&M	\$ 7,548	\$ 7,363	-2.5%		\$ 7,558	--		\$ 7,985	--		\$ 7,767	--		\$ 7,907	--	\$ 7,903	\$ 8,061	\$ 8,222	\$ 8,386	\$ 8,554

Notes to the Table:

1. Historical "previous plan" data is not required unless a plan has previously been filed. However, use the last OEB-approved, at least on a Total (Capital) Expenditure basis for the last cost of service rebasing year, and the applicant should include their planned budget in each subsequent historical year up to and including the Bridge Year.
2. Indicate the number of months of 'actual' data included in the last year of the Historical Period (normally a 'bridge' year):

Explanatory Notes on Variances (complete only if applicable)
Notes on shifts in forecast vs. historical budgets by category
Notes on year over year Plan vs. Actual variances for Total Expenditures
Notes on Plan vs. Actual variance trends for individual expenditure categories

Appendix C – OEB Appendix 2-BA 2021 Fixed Asset Continuity Schedule

See below for an updated Appendix 2-BA revised to reflect this Settlement Proposal.

Appendix 2-BA
Fixed Asset Continuity Schedule ¹

Accounting Standard MIFRS
Year 2021

CCA Class ²	OEB Account ³	Description ³	Cost				Accumulated Depreciation				
			Opening Balance	Additions ⁴	Disposals ⁵	Closing Balance	Opening Balance	Additions	Disposals ⁶	Closing Balance	Net Book Value
	1609	Capital Contributions Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	1611	Computer Software (Formally known as Account 1925)	\$ 9,686,435	\$ 611,532	\$ -	\$ 10,297,968	\$ 7,558,452	\$ 650,446	\$ -	\$ 8,208,898	\$ 2,089,069
12	1611	Computer Software (Formally known as Account 1925) - CIS/ERP	\$ 1,884,075	\$ -	\$ -	\$ 1,884,075	\$ 614,291	\$ 188,408	\$ -	\$ 802,699	\$ 1,081,377
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 1,179,544	\$ 85,149	\$ -	\$ 1,264,693	\$ -	\$ -	\$ -	\$ -	\$ 1,264,693
N/A	1805	Land	\$ 2,300,541	\$ -	\$ -	\$ 2,300,541	\$ -	\$ -	\$ -	\$ -	\$ 2,300,541
47	1808	Buildings - MS	\$ 278,998	\$ 9,059	\$ -	\$ 288,057	\$ 171,488	\$ 5,436	\$ -	\$ 176,924	\$ 111,133
47	1808	Buildings - TS	\$ 5,064,514	\$ 141,129	\$ -	\$ 5,205,643	\$ 1,431,561	\$ 82,344	\$ -	\$ 1,513,905	\$ 3,691,738
47	1808	Buildings & Fixtures - Service Centre	\$ 20,511,527	\$ -	\$ -	\$ 20,511,527	\$ 3,618,200	\$ 403,647	\$ -	\$ 4,021,848	\$ 16,489,679
47	1808	Service Centre - Parking Lot & Fence	\$ 816,364	\$ -	\$ -	\$ 816,364	\$ 283,801	\$ 34,377	\$ -	\$ 318,179	\$ 498,185
47	1808	Service Centre - HVAC	\$ 4,273,493	\$ -	\$ -	\$ 4,273,493	\$ 2,520,940	\$ 316,220	\$ -	\$ 2,837,160	\$ 1,436,333
47	1808	Service Centre - Roof	\$ 613,985	\$ -	\$ -	\$ 613,985	\$ 279,935	\$ 33,345	\$ -	\$ 313,280	\$ 300,705
47	1808	Service Centre - Automation	\$ 50,290	\$ -	\$ -	\$ 50,290	\$ 28,246	\$ 3,481	\$ -	\$ 31,727	\$ 18,563
47	1808	Operation Centre - Workshop	\$ 61,364	\$ -	\$ -	\$ 61,364	\$ 57,241	\$ 150	\$ -	\$ 57,391	\$ 3,973
13	1810	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ 16,071,562	\$ 975,361	\$ -	\$ 17,046,923	\$ 11,891,015	\$ 466,003	\$ -	\$ 12,357,018	\$ 4,689,905
47	1815	TSE Auxiliary equipment	\$ 2,632,161	\$ -	\$ -	\$ 2,632,161	\$ 801,413	\$ 91,421	\$ -	\$ 892,835	\$ 1,739,326
47	1815	TSE - P&C equipment	\$ 4,049,798	\$ -	\$ -	\$ 4,049,798	\$ 2,311,144	\$ 285,613	\$ -	\$ 2,596,756	\$ 1,453,042
47	1815	TSE - Power transformer	\$ 12,425,189	\$ -	\$ -	\$ 12,425,189	\$ 3,684,091	\$ 245,883	\$ -	\$ 3,929,974	\$ 8,495,215
47	1820	Distribution Station Equipment <50 kV	\$ 5,287,844	\$ 97,391	\$ -	\$ 5,385,235	\$ 3,305,310	\$ 85,131	\$ -	\$ 3,390,441	\$ 1,994,793
47	1825	Storage Battery Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 92,398,902	\$ 4,195,470	\$ -	\$ 96,594,372	\$ 33,269,750	\$ 1,725,393	\$ -	\$ 34,995,144	\$ 61,599,228
47	1835	Overhead Conductors & Devices	\$ 48,213,351	\$ 2,161,465	\$ -	\$ 50,374,815	\$ 15,095,054	\$ 929,143	\$ -	\$ 16,024,196	\$ 34,350,619
47	1835	OH Manual line switches	\$ 1,637,997	\$ -	\$ -	\$ 1,637,997	\$ 288,353	\$ 54,600	\$ -	\$ 342,953	\$ 1,295,045
47	1835	OH SCADA control equipment	\$ 2,783,596	\$ -	\$ -	\$ 2,783,596	\$ 1,012,969	\$ 185,573	\$ -	\$ 1,198,542	\$ 1,585,054
47	1840	Underground Conduit	\$ 27,222,220	\$ 1,022,411	\$ -	\$ 28,244,632	\$ 10,202,277	\$ 431,839	\$ -	\$ 10,634,116	\$ 17,610,516
47	1845	Underground Conductors & Devices	\$ 62,403,056	\$ 1,944,607	\$ -	\$ 64,347,663	\$ 26,301,887	\$ 1,449,614	\$ -	\$ 27,751,502	\$ 36,596,161
47	1850	Line Transformers - Overhead	\$ 37,798,450	\$ 2,276,049	\$ -	\$ 40,074,499	\$ 17,278,539	\$ 616,182	\$ -	\$ 17,894,720	\$ 22,179,778
47	1850	Line Transformers - Underground	\$ 35,678,569	\$ 2,543,660	\$ -	\$ 38,222,229	\$ 13,068,287	\$ 957,014	\$ -	\$ 14,025,301	\$ 24,196,928
47	1855	Services - Overhead	\$ 11,598,421	\$ 386,717	\$ -	\$ 11,985,138	\$ 5,897,355	\$ 175,995	\$ -	\$ 6,073,350	\$ 5,911,788
47	1855	Services - Underground	\$ 20,650,994	\$ 688,300	\$ -	\$ 21,339,294	\$ 8,923,392	\$ 308,661	\$ -	\$ 9,232,053	\$ 12,107,240
47	1860	Meters - Bidirectional	\$ 93,991	\$ -	\$ -	\$ 93,991	\$ 17,755	\$ 3,760	\$ -	\$ 21,515	\$ 72,476
47	1860	Meters - Commercial	\$ 2,859,089	\$ -	\$ -	\$ 2,859,089	\$ 2,287,532	\$ 125,850	\$ -	\$ 2,413,382	\$ 445,707
47	1860	Meters - Residential	\$ 2,490,142	\$ 330,339	\$ -	\$ 2,820,481	\$ 747,619	\$ 171,594	\$ -	\$ 919,213	\$ 1,901,268
47	1860	Meters C&I	\$ 2,897,480	\$ 334,260	\$ -	\$ 3,231,740	\$ 774,654	\$ 204,347	\$ -	\$ 979,001	\$ 2,252,739
47	1860	Meters (Smart Meters)	\$ 7,709,608	\$ -	\$ -	\$ 7,709,608	\$ 5,804,181	\$ 536,249	\$ -	\$ 6,340,430	\$ 1,369,178
47	1860	Meters (Wholesale)	\$ 1,091,045	\$ 6,089	\$ -	\$ 1,097,134	\$ 642,839	\$ 40,555	\$ -	\$ 683,394	\$ 413,740
N/A	1905	Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	1910	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	\$ 1,728,106	\$ 112,700	\$ -	\$ 1,840,806	\$ 1,542,685	\$ 55,545	\$ -	\$ 1,598,231	\$ 242,575
8	1915	Office Furniture & Equipment (5 years)	\$ 114,282	\$ -	\$ -	\$ 114,282	\$ 63,981	\$ 20,104	\$ -	\$ 84,085	\$ 30,197
10	1920	Computer Equipment - Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	1920	Computer Equip. -Hardware(Post Mar. 22/04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	1920	Computer Equip. -Hardware(Post Mar. 19/07)	\$ 5,230,684	\$ 224,935	\$ -	\$ 5,455,619	\$ 4,610,860	\$ 214,051	\$ -	\$ 4,824,911	\$ 630,708
10	1930	Transportation Equipment - car	\$ 37,162	\$ -	\$ -	\$ 37,162	\$ 37,162	\$ -	\$ -	\$ 37,162	\$ -
10	1930	Transportation Equipment - Other - trailers etc	\$ 913,265	\$ 47,162	\$ -	\$ 960,426	\$ 559,702	\$ 48,159	\$ -	\$ 607,861	\$ 352,565
10	1930	Transportation Equipment - small trucks	\$ 1,870,525	\$ 235,808	\$ -	\$ 2,106,333	\$ 1,500,787	\$ 77,246	\$ -	\$ 1,578,034	\$ 528,300
10	1930	Transportation Equipment - workplatform	\$ 6,995,128	\$ 660,262	\$ -	\$ 7,655,390	\$ 4,240,984	\$ 463,961	\$ -	\$ 4,704,945	\$ 2,950,445
10	1930	Transportation Equipment - Hybrid system	\$ -	\$ -	\$ -	\$ -	\$ 584	\$ -	\$ -	\$ 584	\$ 584
8	1935	Stores Equipment	\$ 697,911	\$ 130,000	\$ -	\$ 827,911	\$ 598,520	\$ 25,220	\$ -	\$ 623,740	\$ 204,172
8	1940	Tools, Shop & Garage Equipment	\$ 371,949	\$ 19,000	\$ -	\$ 390,949	\$ 327,808	\$ 9,016	\$ -	\$ 336,824	\$ 54,126
8	1940	Truck tools	\$ 1,352,421	\$ 19,000	\$ -	\$ 1,371,421	\$ 1,252,343	\$ 41,464	\$ -	\$ 1,293,808	\$ 77,614
8	1945	Measurement & Testing Equipment	\$ 1,038,278	\$ -	\$ -	\$ 1,038,278	\$ 972,157	\$ 15,154	\$ -	\$ 987,311	\$ 50,967
8	1950	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1955	Communications Equipment - phones	\$ 236,172	\$ -	\$ -	\$ 236,172	\$ 66,970	\$ 23,617	\$ -	\$ 90,588	\$ 145,584
8	1955	Communications Equipment - Radio wireless	\$ 222,164	\$ -	\$ -	\$ 222,164	\$ 199,243	\$ 6,549	\$ -	\$ 205,792	\$ 16,372
8	1955	Communications Equipment - Radio	\$ 177,491	\$ -	\$ -	\$ 177,491	\$ 173,773	\$ 2,387	\$ -	\$ 176,160	\$ 1,331
8	1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ 2,862,503	\$ 119,200	\$ -	\$ 2,981,703	\$ 2,632,293	\$ 41,736	\$ -	\$ 2,674,029	\$ 307,674
47	1970	Load Management Controls Customer Premises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 6,448,997	\$ 274,317	\$ -	\$ 6,723,314	\$ 4,111,665	\$ 292,179	\$ -	\$ 4,403,844	\$ 2,319,470
47	1985	Miscellaneous Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1990	Other Tangible Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	1995	Contributions & Grants	\$ 31,831,420	\$ -	\$ -	\$ 31,831,420	\$ 14,134,827	\$ 734,273	\$ -	\$ 14,869,100	\$ 16,962,320
47	2440	Deferred Revenue - 1808 ⁵	\$ 24,595	\$ -	\$ -	\$ 24,595	\$ 6,555	\$ 1,228	\$ -	\$ 7,783	\$ 16,812
47	2440	Deferred Revenue - 1830 ⁵	\$ 2,649,968	\$ 327,025	\$ -	\$ 2,976,993	\$ 221,693	\$ 62,522	\$ -	\$ 284,215	\$ 2,692,778
47	2440	Deferred Revenue - 1835 ⁵	\$ 1,506,917	\$ 184,895	\$ -	\$ 1,691,812	\$ 125,940	\$ 35,541	\$ -	\$ 161,481	\$ 1,530,331
47	2440	Deferred Revenue - 1840 ⁵	\$ 3,965,367	\$ 216,644	\$ -	\$ 4,182,011	\$ 341,861	\$ 81,474	\$ -	\$ 423,335	\$ 3,758,676
47	2440	Deferred Revenue - 1845 ⁵	\$ 9,695,930	\$ 566,316	\$ -	\$ 10,262,246	\$ 1,182,510	\$ 285,117	\$ -	\$ 1,467,627	\$ 8,794,619
47	2440	Deferred Revenue - 1850 ⁵	\$ 10,447,592	\$ 1,001,106	\$ -	\$ 11,448,698	\$ 1,055,574	\$ 288,109	\$ -	\$ 1,343,683	\$ 10,105,015
47	2440	Deferred Revenue - 1855 ⁵	\$ 2,671,737	\$ 357,948	\$ -	\$ 3,029,685	\$ 184,744	\$ 58,178	\$ -	\$ 242,921	\$ 2,786,764
47	2440	Deferred Revenue - 1860 ⁵	\$ 173,206	\$ 41,560	\$ -	\$ 214,766	\$ 28,220	\$ 12,932	\$ -	\$ 41,152	\$ 173,614
	2005	Property Under Finance Lease ⁷	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		Sub-Total	\$ 412,044,902	\$ 16,955,876	\$ -	\$ 429,000,779	\$ 185,777,998	\$ 10,585,290	\$ -	\$ 196,363,288	\$ 232,637,491
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		Total PP&E	\$ 412,044,902	\$ 16,955,876	\$ -	\$ 429,000,779	\$ 185,777,998	\$ 10,585,290	\$ -	\$ 196,363,288	\$ 232,637,491
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable ⁸					0				
		Total					\$ 10,585,290				

Less: Fully Allocated Depreciation

10	1930&1940	Transportation	\$ 639,847
8	1935	Stores Equipment	\$ 25,220
47	2440	Deferred Revenue	\$ 825,101
Net Depreciation			\$10,745,324

**Appendix D –
Revenue Requirement Workform**



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers



Version 1.00

Utility Name	Waterloo North Hydro Inc.
Service Territory	
Assigned EB Number	EB-2020-0059
Name and Title	Albert P. Singh, VP Finance & CFO
Phone Number	519-888-5542
Email Address	asingh@wnhydro.com
Test Year	2021
Bridge Year	2020
Last Rebasing Year	2016

The RRWF has been enhanced commencing with 2017 rate applications to provide estimated base distribution rates. The enhanced RRWF is not intended to replace a utility's formal rate generator model which should continue to be the source of the proposed rates as well as the final ones at the conclusion of the proceeding. The load forecasting addition made to this model is intended to be demonstrative only and does not replace the information filed in the utility's application. In an effort to minimize the incremental work required from utilities, the cost allocation and rate design additions to this model do in fact replace former appendices that were required to be filed as part of the cost of service (Chapter 2) filing requirements.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Reqt](#)

[10. Load Forecast](#)

[11. Cost Allocation](#)

[12. Residential Rate Design](#)

[13. Rate Design and Revenue Reconciliation](#)

[14. Tracking Sheet](#)

Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists
- (4) ***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
- (5) ***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.***



Revenue Requirement Workform (RRWF) for 2021 Filers

Data Input ⁽¹⁾

	Initial Application	(2)	Adjustments	Settlement Agreement	(6)	Adjustments	Per Board Decision
1 Rate Base							
Gross Fixed Assets (average)	\$421,683,875		(\$1,161,034)	(10) \$ 420,522,841	(22)		\$420,522,841
Accumulated Depreciation (average)	(\$193,127,986)	(5)	\$2,057,342	(10) (\$191,070,644)	(21, 22)		(\$191,070,644)
Allowance for Working Capital:							
Controllable Expenses	\$15,524,190		(\$588,421)	(11) \$ 14,935,769	(17, 19-20)		\$14,935,769
Cost of Power	\$199,535,876		(\$25,481,643)	(12) \$ 174,054,233	(17, 18, 23)		\$174,054,233
Working Capital Rate (%)	7.50%	(9)	\$0	7.50%	(9)		(9)
2 Utility Income							
Operating Revenues:							
Distribution Revenue at Current Rates	\$36,673,723		\$76,752	\$36,750,475	(13), (16, 1		
Distribution Revenue at Proposed Rates	\$39,298,087		(\$1,764,748)	\$37,533,339			
Other Revenue:							
Specific Service Charges	\$382,269		\$49,815	\$432,084	(19)		
Late Payment Charges	\$144,453		\$0	\$144,453			
Other Distribution Revenue	\$1,557,944		(\$10,863)	\$1,547,081	(14, 2		
Other Income and Deductions	\$166,002		\$0	\$166,002			
Total Revenue Offsets	\$2,250,668	(7)	\$38,952	\$2,289,620			
Operating Expenses:							
OM+A Expenses	\$15,777,057		(\$647,842)	(11, \$ 15,129,215			\$15,129,215
Depreciation/Amortization	\$11,100,527		(\$355,203)	(10, \$ 10,745,324			\$10,745,324
Property taxes	\$471,620		\$0	\$ 471,620			\$471,620
Other expenses							
3 Taxes/PILs							
Taxable Income:							
Adjustments required to arrive at taxable income	(\$5,676,173)	(3)	(\$412,836)	(\$6,089,009)	(15, 2		
Utility Income Taxes and Rates:							
Income taxes (not grossed up)	\$653,653		(\$189,256)	\$464,397	(15, 1		
Income taxes (grossed up)	\$889,324			\$631,833			
Federal tax (%)	15.00%		\$0	15.00%			
Provincial tax (%)	11.50%		\$0	11.50%			
Income Tax Credits	(\$51,964)		(\$23,807)	(\$75,771)	(15)		
4 Capitalization/Cost of Capital							
Capital Structure:							
Long-term debt Capitalization Ratio (%)	56.0%		\$0	56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)	\$0	4.0%	(8)		(8)
Common Equity Capitalization Ratio (%)	40.0%		\$0	40.0%			
Preferred Shares Capitalization Ratio (%)	0.0%		\$0	0.0%			
	100.0%			100.0%			
Cost of Capital							
Long-term debt Cost Rate (%)	3.43%		(\$0)	3.33%			
Short-term debt Cost Rate (%)	2.75%		(\$0)	1.75%			
Common Equity Cost Rate (%)	8.52%		(\$0)	8.34%			
Preferred Shares Cost Rate (%)	0.00%		\$0	0.00%			

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Select option from drop-down list by clicking on cell M12. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) The default Working Capital Allowance factor is **7.5%** (of Cost of Power plus controllable expenses), per the letter issued by the Board on June 3, 2015. Alternatively, a WCA factor based on lead-lag study, with supporting rationale could be provided.
- (10) - (16) Interrogatory Adjustments - Please refer to Waterloo_IRR_Req_Workform_2021_COS_20200928
- (17) Pre-settlement updates: 4-Staff-100 OM&A reduction, SEC-73 OER inclusion, related PILs adjustment
- (18) Settlement: VECC-63 correction to CDM activity variable in Load Forecast
- (19) Settlement: Reclassify disconnect/reconnect specific service charges from OM&A to Other Revenue
- (20) Settlement: Reduction to 2021 OM&A of \$775,000
- (21) Settlement: Change to half-year rule for depreciation (fixed assets & capital contributions/deferred revenue)
- (22) Settlement: Reduction to 2021 CAPEX of \$550,000
- (23) Settlement: OER & RPP rate update to Cost of Power



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Rate Base and Working Capital

Line No.	Rate Base Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) ⁽²⁾	\$421,683,875	(\$1,161,034)	\$420,522,841	\$ -	\$420,522,841
2	Accumulated Depreciation (average) ⁽²⁾	(\$193,127,986)	\$2,057,342	(\$191,070,644)	\$ -	(\$191,070,644)
3	Net Fixed Assets (average) ⁽²⁾	\$228,555,889	\$896,308	\$229,452,197	\$ -	\$229,452,197
4	Allowance for Working Capital ⁽¹⁾	\$16,129,505	(\$1,955,255)	\$14,174,250	#####	\$ -
5	Total Rate Base	\$244,685,394	(\$1,058,947)	\$243,626,447	#####	\$229,452,197

(1) Allowance for Working Capital - Derivation

6	Controllable Expenses	\$15,524,190	(\$588,421)	\$14,935,769	\$ -	\$14,935,769
7	Cost of Power	\$199,535,876	(\$25,481,643)	\$174,054,233	\$ -	\$174,054,233
8	Working Capital Base	\$215,060,066	(\$26,070,064)	\$188,990,002	\$ -	\$188,990,002
9	Working Capital Rate % ⁽¹⁾	7.50%	0.00%	7.50%	-7.50%	0.00%
10	Working Capital Allowance	\$16,129,505	(\$1,955,255)	\$14,174,250	#####	\$ -

Notes

(1) Some Applicants may have a unique rate as a result of a lead-lag study. The default rate for 2021 cost of service applications is 7.5%, per the letter issued by the Board on June 3, 2015.

(2) Average of opening and closing balances for the year.



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
	Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$39,298,087	(\$1,764,748)	\$37,533,339	\$ -	\$37,533,339
2	Other Revenue ⁽¹⁾	\$2,250,668	\$38,952	\$2,289,620	\$ -	\$2,289,620
3	Total Operating Revenues	\$41,548,755	(\$1,725,796)	\$39,822,959	\$ -	\$39,822,959
	Operating Expenses:					
4	OM+A Expenses	\$15,777,057	(\$647,842)	\$15,129,215	\$ -	\$15,129,215
5	Depreciation/Amortization	\$11,100,527	(\$355,203)	\$10,745,324	\$ -	\$10,745,324
6	Property taxes	\$471,620	\$ -	\$471,620	\$ -	\$471,620
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$27,349,204	(\$1,003,045)	\$26,346,159	\$ -	\$26,346,159
10	Deemed Interest Expense	\$4,971,349	(\$253,760)	\$4,717,589	(\$55,738)	\$4,661,851
11	Total Expenses (lines 9 to 10)	\$32,320,553	(\$1,256,805)	\$31,063,748	(\$55,738)	\$31,008,010
12	Utility income before income taxes	\$9,228,202	(\$468,991)	\$8,759,211	\$55,738	\$8,814,949
13	Income taxes (grossed-up)	\$889,324	(\$257,491)	\$631,833	\$ -	\$631,833
14	Utility net income	\$8,338,878	(\$211,500)	\$8,127,378	\$55,738	\$8,183,116

Notes

Other Revenues / Revenue Offsets

⁽¹⁾	Specific Service Charges	\$382,269	\$49,815	\$432,084	\$432,084
	Late Payment Charges	\$144,453	\$ -	\$144,453	\$144,453
	Other Distribution Revenue	\$1,557,944	(\$10,863)	\$1,547,081	\$1,547,081
	Other Income and Deductions	\$166,002	\$ -	\$166,002	\$166,002
	Total Revenue Offsets	\$2,250,668	\$38,952	\$2,289,620	\$ -



Revenue Requirement Workform (RRWF) for 2021 Filers

Taxes/PILs

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$8,338,878	\$8,127,378	\$7,819,731
2	Adjustments required to arrive at taxable utility income	(\$5,676,173)	(\$6,089,009)	(\$6,089,009)
3	Taxable income	<u>\$2,662,705</u>	<u>\$2,038,369</u>	<u>\$1,730,722</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$653,653	\$464,397	\$464,397
6	Total taxes	<u>\$653,653</u>	<u>\$464,397</u>	<u>\$464,397</u>
7	Gross-up of Income Taxes	<u>\$235,671</u>	<u>\$167,436</u>	<u>\$167,436</u>
8	Grossed-up Income Taxes	<u>\$889,324</u>	<u>\$631,833</u>	<u>\$631,833</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$889,324</u>	<u>\$631,833</u>	<u>\$631,833</u>
10	Other tax Credits	(\$51,964)	(\$75,771)	(\$75,771)
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	<u>26.50%</u>	<u>26.50%</u>	<u>26.50%</u>

Notes

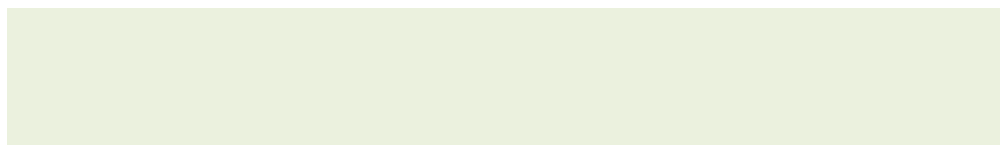


Revenue Requirement Workform (RRWF) for 2021 Filers

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return		
		Initial Application						
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$137,023,821	3.43%			\$4,702,195
2	Short-term Debt	4.00%		\$9,787,416	2.75%			\$269,154
3	Total Debt	60.00%		\$146,811,236	3.39%			\$4,971,349
	Equity							
4	Common Equity	40.00%		\$97,874,158	8.52%			\$8,338,878
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$97,874,158	8.52%			\$8,338,878
7	Total	100.00%		\$244,685,394	5.44%			\$13,310,227
		Settlement Agreement						
		(%)		(\$)		(%)		(\$)
	Debt							
1	Long-term Debt	56.00%		\$136,430,810	3.33%			\$4,547,051
2	Short-term Debt	4.00%		\$9,745,058	1.75%			\$170,539
3	Total Debt	60.00%		\$146,175,868	3.23%			\$4,717,589
	Equity							
4	Common Equity	40.00%		\$97,450,579	8.34%			\$8,127,378
5	Preferred Shares	0.00%		\$ -	0.00%			\$ -
6	Total Equity	40.00%		\$97,450,579	8.34%			\$8,127,378
7	Total	100.00%		\$243,626,447	5.27%			\$12,844,967
		Per Board Decision						
		(%)		(\$)		(%)		(\$)
	Debt							
8	Long-term Debt	56.00%		\$128,493,230	3.43%			\$4,409,454
9	Short-term Debt	4.00%		\$9,178,088	2.75%			\$252,397
10	Total Debt	60.00%		\$137,671,318	3.39%			\$4,661,851
	Equity							
11	Common Equity	40.00%		\$91,780,879	8.52%			\$7,819,731
12	Preferred Shares	0.00%		\$ -	0.00%			\$ -
13	Total Equity	40.00%		\$91,780,879	8.52%			\$7,819,731
14	Total	100.00%		\$229,452,197	5.44%			\$12,481,582

Notes





Revenue Requirement Workform (RRWF) for 2021 Filers

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Settlement Agreement		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,624,364		\$782,864		\$308,558
2	Distribution Revenue	\$36,673,723	\$36,673,723	\$36,750,475	\$36,750,475	\$36,750,475	\$37,224,781
3	Other Operating Revenue	\$2,250,668	\$2,250,668	\$2,289,620	\$2,289,620	\$2,289,620	\$2,289,620
	Offsets - net						
4	Total Revenue	\$38,924,391	\$41,548,755	\$39,040,095	\$39,822,959	\$39,040,095	\$39,822,959
5	Operating Expenses	\$27,349,204	\$27,349,204	\$26,346,159	\$26,346,159	\$26,346,159	\$26,346,159
6	Deemed Interest Expense	\$4,971,349	\$4,971,349	\$4,717,589	\$4,717,589	\$4,661,851	\$4,661,851
8	Total Cost and Expenses	\$32,320,553	\$32,320,553	\$31,063,748	\$31,063,748	\$31,008,010	\$31,008,010
9	Utility Income Before Income Taxes	\$6,603,838	\$9,228,202	\$7,976,347	\$8,759,211	\$8,032,085	\$8,814,949
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$5,676,173)	(\$5,676,173)	(\$6,089,009)	(\$6,089,009)	(\$6,089,009)	(\$6,089,009)
11	Taxable Income	\$927,665	\$3,552,029	\$1,887,338	\$2,670,202	\$1,943,076	\$2,725,940
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	\$245,831	\$941,288	\$500,145	\$707,604	\$514,915	\$722,374
14	Income Tax Credits	(\$51,964)	(\$51,964)	(\$75,771)	(\$75,771)	(\$75,771)	(\$75,771)
15	Utility Net Income	\$6,409,971	\$8,338,878	\$7,551,973	\$8,127,378	\$7,592,941	\$8,183,116
16	Utility Rate Base	\$244,685,394	\$244,685,394	\$243,626,447	\$243,626,447	\$229,452,197	\$229,452,197
17	Deemed Equity Portion of Rate Base	\$97,874,158	\$97,874,158	\$97,450,579	\$97,450,579	\$91,780,879	\$91,780,879
18	Income/(Equity Portion of Rate Base)	6.55%	8.52%	7.75%	8.34%	8.27%	8.92%
19	Target Return - Equity on Rate Base	8.52%	8.52%	8.34%	8.34%	8.52%	8.52%
20	Deficiency/Sufficiency in Return on Equity	-1.97%	0.00%	-0.59%	0.00%	-0.25%	0.40%
21	Indicated Rate of Return	4.65%	5.44%	5.04%	5.27%	5.34%	5.60%
22	Requested Rate of Return on Rate Base	5.44%	5.44%	5.27%	5.27%	5.44%	5.44%
23	Deficiency/Sufficiency in Rate of Return	-0.79%	0.00%	-0.24%	0.00%	-0.10%	0.16%
24	Target Return on Equity	\$8,338,878	\$8,338,878	\$8,127,378	\$8,127,378	\$7,819,731	\$7,819,731
25	Revenue Deficiency/(Sufficiency)	\$1,928,907	\$0	\$575,405	\$ -	\$226,790	\$363,385
26	Gross Revenue Deficiency/(Sufficiency)	\$2,624,364 ⁽¹⁾		\$782,864 ⁽¹⁾		\$308,558 ⁽¹⁾	

Notes:

⁽¹⁾ Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Revenue Requirement

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
1	OM&A Expenses	\$15,777,057	\$15,129,215	\$15,129,215
2	Amortization/Depreciation	\$11,100,527	\$10,745,324	\$10,745,324
3	Property Taxes	\$471,620	\$471,620	\$471,620
5	Income Taxes (Grossed up)	\$889,324	\$631,833	\$631,833
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$4,971,349	\$4,717,589	\$4,661,851
	Return on Deemed Equity	\$8,338,878	\$8,127,378	\$7,819,731
8	Service Revenue Requirement (before Revenues)	<u>\$41,548,755</u>	<u>\$39,822,959</u>	<u>\$39,459,574</u>
9	Revenue Offsets	\$2,250,668	\$2,289,620	\$ -
10	Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	<u>\$39,298,087</u>	<u>\$37,533,339</u>	<u>\$39,459,574</u>
11	Distribution revenue	\$39,298,087	\$37,533,339	\$37,533,339
12	Other revenue	\$2,250,668	\$2,289,620	\$2,289,620
13	Total revenue	<u>\$41,548,755</u>	<u>\$39,822,959</u>	<u>\$39,822,959</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$0</u> ⁽¹⁾	<u>\$ -</u> ⁽¹⁾	<u>\$363,385</u> ⁽¹⁾

Summary Table of Revenue Requirement and Revenue Deficiency/Sufficiency

	Application	Settlement Agreement	Δ% ⁽²⁾	Per Board Decision	Δ% ⁽²⁾
Service Revenue Requirement	\$41,548,755	\$39,822,959	(\$0)	\$39,459,574	(\$1)
Grossed-Up Revenue					
Deficiency/(Sufficiency)	\$2,624,364	\$782,864	(\$1)	\$308,558	(\$1)
Base Revenue Requirement (to be recovered from Distribution Rates)	\$39,298,087	\$37,533,339	(\$0)	\$39,459,574	(\$1)
Revenue Deficiency/(Sufficiency) Associated with Base Revenue Requirement	\$2,624,364	\$782,864	(\$1)	\$ -	(\$1)

Notes

⁽¹⁾ Line 11 - Line 8

⁽²⁾ Percentage Change Relative to Initial Application



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Load Forecast Summary

This spreadsheet provides a summary of the customer and load forecast on which the test year revenue requirement is derived. The amounts serve as the denominators for deriving the rates to recover the test year revenue requirement for purposes of this RRWF.

The information to be input is inclusive of any adjustments to kWh and kW to reflect the impacts of CDM programs up to and including CDM programs planned to be executed in the test year. i.e., the load forecast adjustments determined in **Appendix 2-I** should be incorporated into the entries. The inputs should correspond with the summary of the Load Forecast for the Test Year in **Appendix 2-IB** and in Exhibit 3 of the application.

Appendix 2-IB is still required to be filled out, as it also provides a year-over-year variance analysis of demand growth and trends from historical actuals to the Bridge and Test Year forecasts.

Stage in Process:

Settlement Agreement

Customer Class				Initial Application			Settlement Agreement			Per Board Decision		
Input the name of each customer class.				Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA ⁽¹⁾ Annual	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA ⁽¹⁾ Annual	Customer / Connections Test Year average or mid-year	kWh Annual	kW/kVA ⁽¹⁾ Annual
1	Residential	51,719	395,056,934				51,719	398,047,339				
2	GS <50	5,989	195,573,807				5,989	197,054,213				
3	GS >50-Regular	774	697,140,723			1,764,636	774	700,573,709	1,773,328			
4	Large Use >5MW	1	95,699,867			169,287	1	96,424,273	170,568			
5	Street Light	15,005	3,347,727			9,302	15,005	3,347,727	9,302			
6	Unmetered Scattered Load	540	2,947,114				540	2,947,114				
7	Embedded Distributor	1	41,857,714			103,033	1	41,857,714	103,033			
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
Total					1,431,623,886	2,046,258		#####	2,056,231		-	-

Notes:

⁽¹⁾ Input kW or kVA for those customer classes for which billing is based on demand (kW or kVA) versus energy consumption (kWh)
Please refer to Waterloo_Settlement_Load_Forecast_2021_COS_20201022



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Cost Allocation and Rate Design

This spreadsheet replaces **Appendix 2-P** and provides a summary of the results from the Cost Allocation spreadsheet, and is used in the determination of the class revenue requirement and, hence, ultimately, the determination of rates from customers in all classes to recover the revenue requirement.

Stage in Application Process: **Settlement Agreement**

A) Allocated Costs

Name of Customer Class ⁽³⁾	Costs Allocated from Previous Study ⁽¹⁾	%	Allocated Class Revenue Requirement ⁽¹⁾	%
From Sheet 10. Load Forecast				
(7A)				
1 Residential	\$ 18,260,988	52.20%	\$ 21,815,752	54.78%
2 GS <50	\$ 5,261,206	15.04%	\$ 6,162,078	15.47%
3 GS >50-Regular	\$ 10,167,367	29.07%	\$ 10,511,311	26.40%
4 Large Use >5MW	\$ 937,129	2.68%	\$ 1,005,147	2.52%
5 Street Light	\$ 254,785	0.73%	\$ 211,573	0.53%
6 Unmetered Scattered Load	\$ 97,398	0.28%	\$ 114,987	0.29%
7 Embedded Distributor	\$ 1,450	0.00%	\$ 2,111	0.01%
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
Total	\$ 34,980,323	100.00%	\$ 39,822,959	100.00%
Service Revenue Requirement (from Sheet 9)			\$ 39,822,959.10	

- (1) Class Allocated Revenue Requirement, from Sheet O-1, Revenue to Cost || RR, row 40, from the Cost Allocation Study in this application. This excludes costs in deferral and variance accounts. For Embedded Distributors, Account 4750 - Low Voltage (LV) Costs are also excluded.
- (2) Host Distributors - Provide information on any embedded distributor(s) as a separate class, if applicable. If embedded distributors are billed in a General Service class, include the allocated costs and revenues of the embedded distributor(s) in the applicable class, and also complete Appendix 2-Q.
- (3) Customer Classes - If these differ from those in place in the previous cost allocation study, modify the customer classes to match the proposal in the current application as closely as possible.

B) Calculated Class Revenues

Name of Customer Class		Load Forecast (LF) X current approved rates (7B)	LF X current approved rates X (1+d) (7C)	LF X Proposed Rates (7D)	Miscellaneous Revenues (7E)
1	Residential	\$ 19,891,127	\$ 20,314,851	\$ 20,314,851	\$ 1,482,349
2	GS <50	\$ 5,675,723	\$ 5,796,628	\$ 5,796,628	\$ 326,629
3	GS >50-Regular	\$ 10,101,178	\$ 10,316,354	\$ 10,316,354	\$ 419,728
4	Large Use >5MW	\$ 811,698	\$ 828,989	\$ 828,989	\$ 39,955
5	Street Light	\$ 155,034	\$ 158,336	\$ 158,336	\$ 14,148
6	Unmetered Scattered Load	\$ 113,541	\$ 115,960	\$ 115,960	\$ 6,745
7	Embedded Distributor	\$ 2,174	\$ 2,220	\$ 2,220	\$ 67
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
Total		\$ 36,750,475	\$ 37,533,338	\$ 37,533,338	\$ 2,289,621

- (4) In columns 7B to 7D, LF means Load Forecast of Annual Billing Quantities (i.e., customers or connections, as applicable X 12 months, and kWh, kW or kVA as applicable. Revenue quantities should be net of the Transformer Ownership Allowance for applicable customer classes. Exclude revenues from rate adders and rate riders.
- (5) Columns 7C and 7D - Column Total should equal the Base Revenue Requirement for each.
- (6) Column 7C - The OEB-issued cost allocation model calculates "1+d" on worksheet O-1, cell C22. "d" is defined as Revenue Deficiency/Revenue at Current Rates.
- (7) Column 7E - If using the OEB-issued cost allocation model, enter Miscellaneous Revenues as it appears on worksheet O-1, row 19,

C) **Rebalancing Revenue-to-Cost Ratios**

	Name of Customer Class	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios	Policy Range
		Most Recent Year:	(7C + 7E) / (7A)	(7D + 7E) / (7A)	
		2016			
		%	%	%	%
1	Residential	102.98%	99.91%	99.91%	85 - 115
2	GS <50	102.48%	99.37%	99.37%	80 - 120
3	GS >50-Regular	94.49%	102.14%	102.14%	80 - 120
4	Large Use >5MW	85.00%	86.45%	86.45%	85 - 115
5	Street Light	102.98%	81.52%	81.52%	80 - 120
6	Unmetered Scattered Load	120.00%	106.71%	106.71%	80 - 120
7	Embedded Distributor	100.00%	108.34%	108.34%	80 - 120
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

- (8) Previously Approved Revenue-to-Cost (R/C) Ratios - For most applicants, the most recent year would be the third year (at the latest) of the Price Cap IR period. For example, if the applicant, rebased in 2012 with further adjustments to move within the range over two years, the Most Recent Year would be 2015. However, the ratios in 2015 would be equal to those after the adjustment in 2014.
- (9) Status Quo Ratios - The OEB-issued cost allocation model provides the Status Quo Ratios on Worksheet O-1. The Status Quo means "Before Rebalancing".
- (10) Ratios shown in **red** are outside of the allowed range. Applies to both Tables C and D.

(D) **Proposed Revenue-to-Cost Ratios** ⁽¹¹⁾

	Name of Customer Class	Test Year	Proposed Revenue-to-Cost Ratio		Policy Range
		2021	2022	Price Cap IR Period 2023	
1	Residential	99.91%	99.91%	99.91%	85 - 115
2	GS <50	99.37%	99.37%	99.37%	80 - 120
3	GS >50-Regular	102.14%	102.14%	102.14%	80 - 120
4	Large Use >5MW	86.45%	86.45%	86.45%	85 - 115
5	Street Light	81.52%	81.52%	81.52%	80 - 120
6	Unmetered Scattered Load	106.71%	106.71%	106.71%	80 - 120
7	Embedded Distributor	108.34%	108.34%	108.34%	80 - 120
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

(11) The applicant should complete Table D if it is applying for approval of a revenue-to-cost ratio in 2021 that is outside of the OEB's policy range for any customer class. Table D will show that the distributor is likely to enter into the 2022 and 2023 Price Cap IR models, as necessary. For 2022 and 2023, enter the planned revenue-to-cost ratios that will be "Change" or "No Change" in 2019 (in the current Revenue/Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision - Cost Revenue Adjustment, column d), and enter TBD for class(es) that will be entered as 'Rebalance'.

Revenue Requirement Workform (RRWF) for 2021 Filers

Rate Design and Revenue Reconciliation

This sheet replaces Appendix 2-V, and provides a simplified model for calculating the standard monthly and volumetric rates based on the allocated class revenues and fixed/variable split resulting from the cost allocation study and rate design and as proposed by the applicant. However, the RRWF does not replace the rate generator model that an applicant distributor may use in support of its application. The RRWF provides a demonstrative check on the derivation of the revenue requirement and on the proposed base distribution rates to recover the revenue requirement, based on summary information from a more detailed rate generator model and other models that applicants use for cost allocation, load forecasting, taxes/PILs, etc.

Stage in Process:		Settlement Agreement		Class Allocated Revenues			Distribution Rates				Revenue Reconciliation									
Customer and Load Forecast					From Sheet 11, Cost Allocation and Sheet 12, Residential Rate Design			Fixed / Variable Splits ²		Percentage to be entered as a fraction between 0 and 1		Transformer Ownership Allowance ¹ (\$)		Monthly Service Charge		Volumetric Rate		Distribution Revenues less Transformer Ownership		
Customer Class	Volumetric Charge Determinant	Customers / Connections	kWh	kW or kVA	Total Class Revenue Requirement	Monthly Service Charge	Volumetric	Fixed	Variable	Fixed	Variable	Fixed	Variable	Rate	No. of decimals	Rate	No. of decimals	MSC Revenues	Volumetric revenues	Distribution Revenues less Transformer Ownership
From sheet 10, Load Forecast																				
1 Residential	kWh	51,719	398,047,339	-	\$ 20,314,851	\$ 20,314,851	\$ -	100.00%	0.00%	\$ -	\$ -	\$ -	\$ -	\$32.73	2	\$0.0000 /kWh	4	\$20,313,154.44	\$ -	\$20,313,154.44
2 GS <50	kWh	5,989	197,054,213	-	\$ 5,796,628	\$ 2,422,670	\$ 3,373,958	41.79%	58.21%	\$ 57,458	\$ -	\$ 57,458	\$ -	\$33.71		\$0.0174 /kWh		\$ 2,422,670.28	\$ 3,428,743.3062	\$ 5,793,955.59
3 GS >50-Regular	kW	774	700,573,709	1,773,328	\$ 10,316,354	\$ 1,169,916	\$ 9,146,438	11.34%	88.66%	\$ 545,049	\$ -	\$ 545,049	\$ -	\$125.96		\$5.4651 /kW		\$ 1,169,916.48	\$ 9,691,414.8528	\$10,316,282.33
4 Large Use >5MW	kW	1	96,424,273	170,568	\$ 828,989	\$ 88,319	\$ 740,670	10.65%	89.35%	\$ -	\$ -	\$ -	\$ -	\$7,359.96		\$4.3424 /kW		\$ 88,319.52	\$ 740,674.4832	\$ 828,994.00
5 Street Light	kW	15,005	3,347,727	9,302	\$ 158,336	\$ 64,364	\$ 93,972	40.85%	59.35%	\$ -	\$ -	\$ -	\$ -	\$0.36		\$10.1024 /kW		\$ 64,821.60	\$ 93,972.5248	\$ 158,794.12
6 Unmetered Scattered Load	kWh	540	2,947,114	-	\$ 115,960	\$ 72,576	\$ 43,384	62.59%	37.41%	\$ -	\$ -	\$ -	\$ -	\$11.20		\$0.0147 /kWh		\$ 72,576.00	\$ 43,322.5758	\$ 115,898.58
7 Embedded Distributor	kW	1	41,857,714	103,033	\$ 2,220	\$ -	\$ 2,220	0.00%	100.00%	\$ -	\$ -	\$ -	\$ -	\$0.00		\$0.0215 /kW		\$ -	\$ 2,215.2095	\$ 2,215.21
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Notes:

- Transformer Ownership Allowance is entered as a positive amount, and only for those classes to which it applies.
- The Fixed/Variable split, for each customer class, drives the "rate generator" portion of this sheet of the RRWF. Only the "fixed" fraction is entered, as the sum of the "fixed" and "variable" portions must sum to 100%. For a distributor that may set the Monthly Service Charge, the "fixed" ratio is calculated as: [MSC x (average number of customers or connections) x 12 months] / (Class Allocated Revenue Requirement).



Ontario Energy Board

Revenue Requirement Workform (RRWF) for 2021 Filers

Tracking Form

The first row shown, labelled "Original Application", summarizes key statistics based on the data inputs into the RRWF. After the original application filing, the applicant provides key changes in capital and operating expenses, load forecasts, cost of capital, etc., as revised through the processing of the application. This could be due to revisions or responses to interrogatories. The last row shown is the most current estimate of the cost of service data reflecting the original application and any updates provided by the applicant distributor (for updated evidence, responses to interrogatories, undertakings, etc.)

Please ensure a Reference (Column B) and/or Item Description (Column C) is entered. Please note that unused rows will automatically be hidden and the PRINT AREA set when the PRINT BUTTON on Sheet 1 is activated.

⁽¹⁾ Short reference to evidence material (interrogatory response, undertaking, exhibit number, Board Decision, Code, Guideline, Report of the Board, etc.)

⁽²⁾ Short description of change, issue, etc.

Summary of Proposed Changes

		Cost of Capital		Rate Base and Capital Expenditures			Operating Expenses			Revenue Requirement				
Reference ⁽¹⁾	Item / Description ⁽²⁾	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance (\$)	Amortization / Depreciation	Taxes/PILs	OM&A	Service Revenue Requirement	Other Revenues	Base Revenue Requirement	Grossed up Revenue Deficiency / Sufficiency	
	Original Application	\$ 13,310,227	5.44%	\$ 244,685,394	\$ 215,060,066	\$ 16,129,505	\$ 11,100,527	\$ 889,324	\$ 15,777,057	\$ 41,548,755	\$ 2,250,668	\$ 39,298,087	\$ 2,624,364	
1	Load Forecast Update 3-Staff-36, 9-Staff-78-79	Updated load forecast per 1-Staff-1	\$ 13,317,222	5.44%	\$ 244,813,986	\$ 216,774,622	\$ 16,258,097	\$ 11,100,527	\$ 889,324	\$ 15,777,057	\$ 41,555,750	\$ 2,250,668	\$ 39,305,082	\$ 2,554,178
		Change	\$ 6,995	0.00%	\$ 128,592	\$ 1,714,556	\$ 128,592	-	\$ -	\$ -	\$ 6,995	\$ -	\$ 6,995	-\$ 70,186
2	Capital Update 2-Staff-8	Updated capital additions and depreciation	\$ 13,268,313	5.44%	\$ 243,914,884	\$ 216,780,290	\$ 16,258,522	\$ 11,048,476	\$ 889,324	\$ 15,777,057	\$ 41,454,790	\$ 2,250,668	\$ 39,204,122	\$ 2,453,218
		Change	-\$ 48,909	0.00%	-\$ 899,102	\$ 5,668	\$ 425	\$ 52,051	\$ -	\$ -	\$ 100,960	\$ -	\$ 100,960	-\$ 100,960
3	OM&A Update 4-Staff-53(b), 4-Staff-51(c)	OM&A Updates - union ratification & intervenor costs	\$ 13,268,649	5.44%	\$ 243,921,059	\$ 216,862,633	\$ 16,264,697	\$ 11,048,476	\$ 889,324	\$ 15,859,400	\$ 41,537,469	\$ 2,250,668	\$ 39,286,801	\$ 2,535,897
		Change	\$ 336	0.00%	\$ 6,176	\$ 82,343	\$ 6,176	\$ -	\$ -	\$ 82,343	\$ 82,679	\$ -	\$ 82,679	\$ 82,679
4	Other Revenue Update 3-Staff-38, 3-VECC-35(b)	Other revenue updates - retail service charges	\$ 13,268,649	5.44%	\$ 243,921,059	\$ 216,862,633	\$ 16,264,697	\$ 11,048,476	\$ 889,324	\$ 15,859,400	\$ 41,537,469	\$ 2,262,317	\$ 39,275,152	\$ 2,524,248
		Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,649	\$ 11,649	-\$ 11,649	
5	PILs Update 4-Staff-59, 1-Staff-1	PILs model updates incorporating all changes	\$ 13,268,649	5.44%	\$ 243,921,059	\$ 216,862,633	\$ 16,264,697	\$ 11,048,476	\$ 782,125	\$ 15,859,400	\$ 41,430,270	\$ 2,262,317	\$ 39,167,953	\$ 2,417,049
		Change	\$ -	0.00%	\$ -	\$ -	\$ -	\$ -	-\$ 107,199	\$ -	-\$ 107,199	\$ -	-\$ 107,199	-\$ 107,199
6	Pre-Settlement 4-Staff-100, SEC-73	OM&A, COP adjustments & related PILs	\$ 13,145,337	5.44%	\$ 241,654,169	\$ 186,637,422	\$ 13,997,807	\$ 11,048,476	\$ 754,271	\$ 15,854,400	\$ 41,274,103	\$ 2,262,317	\$ 39,011,786	\$ 2,260,883
		Change	-\$ 123,313	0.00%	-\$ 2,266,891	-\$ 30,225,211	-\$ 2,266,891	\$ -	-\$ 27,854	\$ 5,000	-\$ 156,167	\$ -	-\$ 156,167	-\$ 156,167
7	Settlement VECC-63, 3.1	CDM in LF correction	\$ 13,145,313	5.44%	\$ 241,653,742	\$ 186,631,739	\$ 13,997,380	\$ 11,048,476	\$ 754,265	\$ 15,854,400	\$ 41,274,075	\$ 2,262,317	\$ 39,011,758	\$ 2,261,283
		Change	-\$ 23	0.00%	-\$ 426	\$ 5,683	-\$ 426	\$ -	-\$ 5	\$ -	-\$ 29	\$ -	-\$ 29	\$ 401
8	Settlement 1.2, 2.1	Reallocate specific service charges from OM&A to Revenue	\$ 13,145,517	5.44%	\$ 241,657,479	\$ 186,681,554	\$ 14,001,117	\$ 11,048,476	\$ 754,312	\$ 15,904,215	\$ 41,324,139	\$ 2,312,132	\$ 39,012,007	\$ 2,261,533
		Change	\$ 203	0.00%	\$ 3,736	\$ 49,815	\$ 3,736	\$ -	\$ 46	\$ 49,815	\$ 50,064	\$ 49,815	\$ 249	\$ 249
9	Settlement 1.2, 2.1	Reduction to 2021 OM&A of \$775,000	\$ 13,142,355	5.44%	\$ 241,599,354	\$ 185,906,554	\$ 13,942,992	\$ 11,048,476	\$ 753,597	\$ 15,129,215	\$ 40,545,263	\$ 2,312,132	\$ 38,233,131	\$ 1,482,657
		Change	-\$ 3,162	0.00%	-\$ 58,125	\$ 775,000	-\$ 58,125	\$ -	-\$ 714	-\$ 775,000	-\$ 778,876	\$ -	-\$ 778,876	-\$ 778,876
10	Settlement 2.1	Change to half-year rule for depreciation	\$ 13,246,563	5.44%	\$ 243,515,051	\$ 185,906,554	\$ 13,942,992	\$ 10,752,582	\$ 665,435	\$ 15,129,215	\$ 40,265,416	\$ 2,289,620	\$ 37,975,796	\$ 1,225,320
		Change	\$ 104,209	0.00%	\$ 1,915,697	\$ -	\$ -	-\$ 295,894	-\$ 88,162	\$ -	-\$ 279,847	-\$ 22,512	-\$ 257,335	-\$ 257,336
11	Settlement 1.1	Reduction to 2021 CAPEX of \$550,000	\$ 13,240,044	5.44%	\$ 243,395,189	\$ 185,906,554	\$ 13,942,992	\$ 10,745,324	\$ 692,234	\$ 15,129,215	\$ 40,278,436	\$ 2,289,620	\$ 37,988,816	\$ 1,238,341
		Change	-\$ 6,520	0.00%	-\$ 119,862	\$ -	\$ -	-\$ 7,258	\$ 26,798	\$ -	\$ 13,021	\$ -	\$ 13,021	\$ 13,021
12	Settlement 2.1	OER & RPP rate update to Cost of Power	\$ 13,252,623	5.44%	\$ 243,626,447	\$ 188,990,002	\$ 14,174,250	\$ 10,745,324	\$ 695,076	\$ 15,129,215	\$ 40,293,858	\$ 2,289,620	\$ 38,004,238	\$ 1,253,763
		Change	\$ 12,579	0.00%	\$ 231,259	\$ 3,083,448	\$ 231,259	\$ -	\$ 2,842	\$ -	\$ 15,422	\$ -	\$ 15,422	\$ 15,422
13	Settlement 2.1	2021 Cost of Capital parameters	\$ 12,844,967	5.27%	\$ 243,626,447	\$ 188,990,002	\$ 14,174,250	\$ 10,745,324	\$ 631,833	\$ 15,129,215	\$ 39,822,959	\$ 2,289,620	\$ 37,533,339	\$ 782,864
		Change	-\$ 407,656	-0.17%	\$ -	\$ -	\$ -	\$ -	-\$ 63,244	\$ -	-\$ 470,899	\$ -	-\$ 470,899	-\$ 470,899
14	Balance Check		\$ 12,844,967	5.27%	\$ 243,626,447	\$ 188,990,002	\$ 14,174,250	\$ 10,745,324	\$ 631,833	\$ 15,129,215	\$ 39,822,959	\$ 2,289,620	\$ 37,533,339	\$ 782,864

Appendix E – Bill Impacts

See below for updated bill impacts to WNH customers reflecting this Settlement Proposal.

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 0.65	2.0%	\$ 0.04	0.1%	\$ (0.20)	-0.5%	\$ (0.17)	-0.1%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kwh	\$ 1.20	1.8%	\$ 0.36	0.5%	\$ (0.28)	-0.3%	\$ (0.23)	-0.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 30.32	2.1%	\$ 22.87	1.5%	\$ (1.25)	-0.1%	\$ (13.01)	-0.1%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 1,470.30	2.1%	\$ 5.25	0.0%	\$ (1,666.60)	-1.2%	\$ (3,016.87)	-0.3%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kwh	\$ 0.12	0.9%	\$ (0.23)	-1.6%	\$ (0.28)	-1.8%	\$ (0.22)	-0.8%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 10.54	2.1%	\$ 0.22	0.0%	\$ (3.69)	-0.6%	\$ (4.18)	-0.6%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$ 2.40	1.9%	\$ (860.80)	-437.2%	\$ (860.80)	-437.2%	\$ (1,343.25)	-0.4%
STANDBY POWER SERVICE CLASSIFICATION -									
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kwh	\$ 0.11	0.3%	\$ (0.14)	-0.4%	\$ (0.23)	-0.6%	\$ (0.19)	-0.3%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kwh	\$ 0.65	2.0%	\$ 0.58	1.6%	\$ 0.34	0.8%	\$ 0.27	0.3%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kwh	\$ 1.20	1.8%	\$ (1.00)	-1.3%	\$ (1.64)	-1.7%	\$ (1.31)	-0.5%