



By RESS

August 17, 2023

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

Dear Ms. Marconi:

**Subject: Electricity Distribution Licence No. ED-2002-0556
2024 Electricity Distribution Rate Application (EB-2023-0032)**

Hydro Ottawa Limited ("Hydro Ottawa") hereby submits an application ("Application") seeking the Ontario Energy Board's ("OEB") approval for proposed electricity distribution rates and other charges, effective January 1, 2024.

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

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

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

Sincerely,

DocuSigned by:

April Barrie

1E403775748B4CB...

April Barrie

Director, Regulatory Affairs

Directeur, Affaires réglementaires

aprilbarrie@hydroottawa.com

Tel./tél.: 613 738-5499 | ext./poste 2106

Cell.: 613 808-3261

TABLE OF CONTENTS

Exhibit	Tab	Schedule	Attachment	Contents
Administration				
1	1	ADMINISTRATION		
		1		Table of Contents
		2		Glossary
		3		Administration
			A	<i>OEB Appendix 2-A - List of Requested Approvals</i>
			B	<i>Certification of Evidence</i>
		4		Distribution System Overview
			A	<i>Distribution System Map</i>
		5		Customer Summary
		6		Executive Summary
		7		Alignment with the Renewed Regulatory Framework
1	2	CUSTOMER ENGAGEMENT		
		1		Customer Engagement Overview
1	3	FINANCIAL INFORMATION		
		1		Financial Information
Rate Base				
2	1	RATE BASE		
		1		Rate Base Overview
2	2	GROSS ASSETS		
		1		Assets - Property Plant & Equipment & Accumulated Depreciation
2	3	ALLOWANCE FOR WORKING CAPITAL		
		1		Working Capital Requirement
2	4	CAPITAL EXPENDITURES		
		1		Capital Expenditure Summary

Operating Revenue

3 1 LOAD AND REVENUE FORECASTS

1 Load Forecast

3 2 OTHER REVENUE

1 Other Revenue Summary

2 Specific Service Charges

3 Late Payment Charges

4 Other Operating Revenue

5 Other Income & Deductions

Operating Expenses

4 1 OPERATING EXPENSES OVERVIEW

1 Expense Summary

2 Operations, Maintenance and Administration Summary

4 2 DEPRECIATION, AMORTIZATION AND DEPLETION

1 Depreciation, Amortization and Disposal

4 3 TAXES OR PAYMENTS IN LIEU OF TAXES

1 Payments in Lieu of Taxes

A OEB Workform - 2024 Income Tax/PILS Workform

4 4 CONSERVATION AND DEMAND MANAGEMENT

1 Lost Revenue Adjustment Mechanism

2 LRAM Variance Account

Cost of Capital and Capital Structure

5 1 COST OF CAPITAL AND CAPITAL STRUCTURE

1 Cost of Capital and Capital Structure

Calculation of Revenue Deficiency or Surplus

6 1 CALCULATION OF REVENUE DEFICIENCY OR SURPLUS

1 Calculation of Revenue Deficiency or Sufficiency

A OEB Workform - 2024 Revenue Requirement Workform

Cost Allocation		
7	1	COST ALLOCATION STUDY REQUIREMENTS
	1	Cost Allocation
	2	Unmetered Loads
Rate Design		
8	1	FIXED/VARIABLE PROPORTION
	1	Fixed/Variable Proportion
8	2	POLICY CONSULTATION
	1	Rate Design Policy Consultation
8	3	RETAIL TRANSMISSION SERVICE RATES
	1	Retail Transmission Service Rates
	A	<i>OEB Workform - 2024 RSTR Workform</i>
8	4	RETAIL SERVICE CHARGES
	1	Retail Service Charges
8	5	WHOLESALE MARKET SERVICE RATE
	1	Wholesale Market Service Rate
8	6	SMART METERING CHARGE
	1	Smart Meter Entity Charge
8	7	SPECIFIC SERVICE CHARGE
	1	Specific Service Charges
	A	<i>Dry Core Calculations</i>
8	8	LOW VOLTAGE SERVICE RATES
	1	Low Voltage Service Rates
8	9	LOSS ADJUSTMENT FACTORS
	1	Lost Adjustment Factors
8	10	TARIFF OF RATES AND CHARGES
	1	Current and Proposed Tariff of Rates and Charges
	A	<i>OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges</i>
	B	<i>Hydro Ottawa's current tariff of rates and charges (2023)</i>
8	11	REVENUE RECONCILIATION
	1	Revenue per Rate Class under Current and Proposed Rates

8	12	BILL IMPACT INFORMATION	
	1	Bill Impact Information	
Deferral and Variance Accounts			
9	1	STATUS OF DEFERRAL AND VARIANCE ACCOUNTS	
	1	Summary of Current Deferral and Variance Accounts	
		A	<i>OEB Workform - Deferral and Variance Account (Continuity Schedule)</i>
	2	Group 1 Accounts	
	3	Group 2 Accounts	
	4	Account 1592 PILS and Tax Variance	
9	2	NEW DEFERRAL AND VARIANCE ACCOUNTS	
	1	New Deferral and Variance Accounts	
9	3	DISPOSITIONS OF DEFERRAL AND VARIANCE ACCOUNTS	
	1	Disposition of Deferral and Variance Accounts	
		A	<i>OEB Workform - 2024 Global Adjustment Analysis.</i>

GLOSSARY

“APH” - Accounting Procedures Handbook

“Application” - Hydro Ottawa Limited’s 2023 Distribution Rate Application

“2010 Directive” - Ministry of Energy and Infrastructure directive to the OEB to take steps in order to establish Conservation and Demand Management targets to be met by licensed electricity distributors over a four-year period beginning January 1, 2011

“2012 CDM Guidelines” - OEB Guidelines for Electricity Distributor Conservation and Demand Management (April 2012)

“2016-2020 Approved Settlement Agreement” - Hydro Ottawa Limited 2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal, EB-2015-0004 (December 7, 2015)

“2021-2025 Approved Settlement Agreement” - Hydro Ottawa Limited 2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal, EB-2019-0261 (November 19, 2020)

“BOMA” - Building Owners and Managers Association

“CA Study” - Cost Allocation Study

“CAPEX” - Capital Expenditures

“CBR” - Capacity Based Recovery

“CCA” - Capital Cost Allowance

“CCC” - Consumers Council of Canada

“CCRA” - Connection and Cost Recovery Agreement

“CDM” - Conservation and Demand Management

“CDM Code” - Conservation and Demand Management Code for Electricity Distributors

- 1 **“CFF”** - Conservation First Framework
- 2 **“CIR”** - Custom Incentive Rate-Setting
- 3 **“Common ST Lines”** - Common Sub-transmission Lines
- 4 **“COS”** - Conditions of Service
- 5 **“COS”** - Cost of Service
- 6 **“CPEF”** - Custom Price Escalation Factor
- 7 **“CSA”** - Canadian Standards Association
- 8 **“CVA”** - Capital Variance Accounts
- 9 **“Custom IR”** - Custom Incentive Rate-Setting
- 10 **“CWIP”** - Construction Work in Progress
- 11 **“DER”** - Distributed Energy Resource
- 12 **“DRC”** - Distributed Resource Coalition
- 13 **“DS”** - Distribution Station
- 14 **“DSC”** - Distribution System Code
- 15 **“DSP”** - Distribution System Plan
- 16 **“DVA”** - Deferral and Variance Account
- 17 **“EAM”** - Efficiency Adjustment Mechanism
- 18 **“ED”** - Environmental Defence
- 19 **“EDR”** - Electricity Distribution Rate
- 20 **“EDDVAR”** - Electricity Distributors’ Deferral and Variance Account Review
- 21 **“Energy Probe”** - Energy Probe Research Foundation
- 22 **“ESM”** - Earnings Sharing Mechanism

- 1 **“ERF”** - Energy Resource Facility
- 2 **“Filing Requirements”** - OEB’s Chapters 2 and 3 Filing Requirements for Electricity Distribution Rate
- 3 Applications, as updated on December 15, 2022 and June 15, 2023
- 4 **“FIT”** - Feed in Tariff
- 5 **“Fund”** - The Ontario Municipal Employees Retirement System (“OMERS”) Fund
- 6 **“G”** - Growth factor
- 7 **“GA”** - Global Adjustment
- 8 **“GAAP”** - Generally Accepted Accounting Principles
- 9 **“Handbook”** - Handbook for Utility Rate Applications
- 10 **“HCI”** - Hydroelectric Contract Initiative
- 11 **“HESOP”** - Hydroelectric Standard Offer Program
- 12 **“Holding Company”** - Hydro Ottawa Holding Inc.
- 13 **“Hydro One”** - Hydro One Networks, Inc.
- 14 **“Hydro Ottawa”** - Hydro Ottawa Limited
- 15 **“I”** - Inflation factor
- 16 **“ICI”** - Industrial Conservation Initiative
- 17 **“IESO”** - Independent Electricity System Operator
- 18 **“IF Retrofit”** - Interim Framework Retrofit Project
- 19 **“IFRS”** - International Financial Reporting Standards
- 20 **“IRM”** - Incentive Regulation Mechanism
- 21 **“IT”** - Information Technology
- 22 **“kW”** - Kilowatt

- 1 **“kWh”** - Kilowatt-hours
- 2 **“LDC”** - Local Distribution Company
- 3 **“LRAM”** - Lost Revenue Adjustment Mechanism
- 4 **“LRAMVA”** - Lost Revenue Adjustment Mechanism Variance Account
- 5 **“LTEP”** - Long-Term Energy Plan
- 6 **“LV”** - Low Voltage
- 7 **“MicroFIT”** - Micro Feed in Tariff
- 8 **“MIFRS”** - Modified International Financial Reporting Standards
- 9 **“MS”** - Municipal Station
- 10 **“MTS”** - Municipal Transformer Station
- 11 **“MWh”** - Megawatt-hour
- 12 **“NCP”** - Non-coincident Peak
- 13 **“NSF”** - Non-sufficient Funds
- 14 **“OEB”** - Ontario Energy Board
- 15 **“OM&A”** - Operations, Maintenance and Administration
- 16 **“OMERS”** - Ontario Municipal Employees Retirement System
- 17 **“OPA”** - Ontario Power Authority
- 18 **“OPEB”** - Other Post-Employment Benefits
- 19 **“Parties”** - Hydro Ottawa, OEB staff and the eight intervenors of record: BOMA, CCC, DRC, ED,
20 Energy Probe, PP, SEC, VECC
- 21 **“PCI”** - Price Cap Index
- 22 **“PILS”** - Payments in Lieu of Taxes

- 1 **“POAM”** - Performance Outcomes Accountability Mechanism
- 2 **“PP”** - Pollution Probe
- 3 **“RCVAs”** - Retail Cost and Variance Accounts
- 4 **“RESOP”** - Renewable Energy Standard Offer Program
- 5 **“ROE”** - Return on Equity
- 6 **“RPP”** - Regulated Price Plan
- 7 **“RRF”** - Renewed Regulatory Framework
- 8 **“RRFE Report”** - Ontario Energy Board, *Renewed Regulatory Framework for Electricity: A Performance-*
- 9 *Based Approach*, (October 18, 2012).
- 10 **“RRR”** - Reporting and Record Keeping Requirements
- 11 **“RRRP”** - Rural or Remote Electricity Rate Protection
- 12 **“RRWF”** - Revenue Requirement Work Form
- 13 **“RSCs”** - Retail Service Charges
- 14 **“RSVA”** - Retail Settlement Variance Account
- 15 **“RTSR”** - Retail Transmission Service Rate
- 16 **“SAIDI”** - System Average Interruption Duration Index
- 17 **“SAIFI”** - System Average Interruption Frequency Index
- 18 **“SEC”** - School Energy Coalition
- 19 **“Scorecard”** - Electricity Distributor Scorecard
- 20 **“SIA”** - System Impact Assessment
- 21 **“SLA”** - Service Level Agreement
- 22 **“SMC”** - Smart Metering Charge

- 1 **“SME”** - Smart Metering Entity
- 2 **“SMECVA”** - Smart Metering Entity Charge Variance Account
- 3 **“SSC”** - Specific Service Charge
- 4 **“SSS Charge”** - Standard Supply Service Administrative Charge
- 5 **“The utility”** - Hydro Ottawa Limited
- 6 **“Tiered”** - Tiered prices
- 7 **“TOC”** - Transformer Ownership Credit
- 8 **“TOU”** - Time of Use
- 9 **“TS”** - Transmission Station
- 10 **“TS-I&R”** - Temporary Service - Install and Remove
- 11 **“ULO”** - Ultra-Low Overnight
- 12 **“USL”** - Unmetered Scattered Load
- 13 **“USofA”** - Uniform System of Accounts
- 14 **“UTRs”** - Uniform Transmission Rates
- 15 **“VECC”** - Vulnerable Energy Consumers Coalition
- 16 **“VVC”** - Volt/VAr Control
- 17 **“WCA”** - Working Capital Allowance
- 18 **“WAHSP”** - Weighted Average Hourly Spot Price
- 19 **“WMS”** - Wholesale Market Service
- 20 **“X”** - Productivity factor

ADMINISTRATION

1. INTRODUCTION

In accordance with the Ontario Energy Board's ("OEB") *Chapters 2 and 3 Filing Requirements for Electricity Distribution Rate Applications*, as updated on December 15, 2022 and June 15, 2023 respectively ("Filing Requirements"), this Schedule provides information relating to the administration of this Application.

2. PRIMARY CONTACT INFORMATION

April Barrie

Director, Regulatory Affairs

Hydro Ottawa Limited

2711 Hunt Club Road, PO Box 8700

Ottawa, Ontario K1G 3S4

Telephone: (613) 738-5499 ext. 2106

Email: RegulatoryAffairs@hydroottawa.com

3. INTERNET ADDRESS & MEDIA ACCOUNTS

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

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

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

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

4. MATERIAL IMPACTS ON CUSTOMERS

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

5. MATERIALITY THRESHOLD

As per the Filing Requirements, default materiality threshold is defined as \$1.0M for distributors with a revenue requirement greater than \$200.0M. As Hydro Ottawa is not proposing changes to its rate base, capital expenditures, and OM&A outside of the 2021-2025 Approved Settlement Agreement,¹ no variance analysis has been completed per these materiality requirements.

Hydro Ottawa notes that the \$1.0M materiality threshold will apply to the utility for any future Z factor application.

6. PUBLICATION AND NOTICE

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

7. BILL IMPACTS

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

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

Table 1 – Residential Bill Impact

Residential (750 kWh)	2024
Change in Distribution Charge (\$)	\$1.80
Change in Distribution Charge (%)	5.56%
Total Bill % change	2.87%

Table 2 – General Service < 50 kW Bill Impact

General Service < 50 kW (2000 kWh)	2024
Change in Distribution Charge (\$)	\$4.70
Change in Distribution Charge (%)	5.89%
Total Bill % change	3.05%

8. FORM OF HEARING REQUESTED

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

9. REQUESTED EFFECTIVE DATE

Hydro Ottawa is requesting approval of the proposed distribution rates and other charges set forth in this Application effective January 1, 2024. Where OEB's Decision and Order approving these rates and other charges is obtained after this proposed effective date, Hydro Ottawa is requesting that the 2023 distribution rates and charges remain effective on an interim basis as of January 1, 2024 until the actual rates that is effective January 1, 2024 can be billed. In addition, Hydro Ottawa is requesting an account to recover the difference between the interim rates and the actual rates effective January 1, 2024.

10. OEB DIRECTIONS FROM PREVIOUS DECISIONS AND/OR ORDERS

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

10.1. DIRECTIVE #1

In EB-2012-0383, the OEB indicated that unmetered load (kW) and consumption (kWh) data should ultimately be used to update load profile data for the purpose of the distributor's next cost allocation filing with the OEB, which occurs during the distributor's next cost of service application to the OEB. Subsequently, in a letter dated June 12, 2015, the OEB stated that "[t]here may be merit in updating load

1 profiles to be more reflective of an individual distributor's circumstances. The OEB expects individual
2 distributors to be mindful of material changes to load profiles and to propose updates in their respective
3 cost of service or Custom Incentive Rate-setting ("Custom IR") applications when warranted."²
4

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

10 **10.2. DIRECTIVE #2**

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

16 **10.3. DIRECTIVE #3**

17 In the Decision rendered in EB-2018-0044, the OEB instructed Hydro Ottawa to provide an update on
18 the resolution to an Industrial Conservation Initiative ("ICI") enrollment matter and report on any
19 necessary adjustments.⁵ Hydro Ottawa has engaged the OEB on this matter and, at this time, is not
20 requesting any adjustments. As part of its Decision and Order on Hydro Ottawa's 2020 rate adjustment
21 application, the OEB stated, in reference to this directive, that "the OEB will proceed to finalize the
22 balances for 2017 and 2018, and in light of the OEB's October 31, 2019 letter regarding Adjustments to
23 Correct for Errors in Electricity Distributor 'Pass-Through' Variance Accounts After Disposition, the OEB
24 expects that any revisions to previous balances relating to this matter will be accommodated through the
25 disposition of future variance account balances."⁶ There is no update to this matter.

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

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

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

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

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

1 **10.4. DIRECTIVE #4**

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

6
7 In addition, any electricity distributor which had discontinued the use of Account 1518 and Account 1548
8 was to establish a new 1508 Sub-Account to record the difference in the incremental revenue as a result
9 of the Decision and Order.⁷ As Hydro Ottawa had discontinued the use of Account 1518 and Account
10 1548, a new Sub-Account to 1508 has been established. In accordance with OEB direction, Hydro
11 Ottawa started tracking the incremental revenue in this new Sub-Account effective May 1, 2019. For
12 additional details, please see Exhibit 9-1-3: Group 2 Accounts.

13
14 **10.5. DIRECTIVE #5**

15 In its Decision rendered in EB-2019-0077 on October 17, 2019, the OEB approved an application
16 submitted by Hydro One Networks Inc. (“Hydro One”) and Hydro Ottawa, pursuant to section 92 of the
17 *Ontario Energy Board Act, 1998*, seeking leave to construct the Power South Nepean Project.⁸ The
18 project consists of two key components: (1) a new municipal transformer station to be constructed by
19 Hydro Ottawa; and (2) upgrades to existing transmission facilities, as well as construction of a segment
20 of new transmission line by Hydro One. The leave granted was subject to the OEB’s standard conditions
21 of approval, one of which was that “[t]he applicants shall advise the OEB of any proposed material change
22 in the project, including but not limited to changes in: the proposed route, construction schedule, the
23 necessary environmental assessment approvals, and all other approvals, permits, licenses, certificates
24 and rights required to construct the proposed facilities.”⁹

25
26 By way of the 2021-2025 Custom IR Application, Hydro Ottawa informed the OEB of minor modifications
27 to the project’s construction schedule. Whereas the original schedule had contemplated an in-service

⁷ *Ibid.*, Schedule B, page 1.

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

⁹ Ontario Energy Board, *Decision and Order*, EB-2019-0077 (October 17, 2019), Schedule B.

1 date of November 2021, this date was subsequently revised to Q2 2022. In addition, the name of the
2 station has been changed from South Nepean Municipal Transformer Station (“MTS”) to Cambrian MTS.
3 In Q2, 2022, the Cambrian substation was energized and loaded in advance of the peak loading season
4 for the neighbouring stations in the south Nepean area.

5
6 **10.6. DIRECTIVE #6**

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

16
17 **10.7. DIRECTIVE #7**

18 As part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa agreed to meaningfully
19 consider the goals of the city of Ottawa's Energy Evolution plan with a view to pursuing cost efficiencies,
20 reduced emissions, and enhanced energy outcomes for consumers in the City of Ottawa. The utility will
21 consider these elements in its next Distribution System Plan and Business Plan. Hydro Ottawa will report
22 on realized areas of cost-efficiency and coordination related to Energy Evolution in its next rebasing
23 application.

10.8. DIRECTIVE #8

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

In addition, Hydro Ottawa has prepared a plan to reduce distribution losses as much as possible through cost-effective measures and has filed the plan with the OEB. In 2022-2025, Hydro Ottawa shall implement as many of the cost-effective measures as set out in its plan as 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 the utility's next rebasing application and Distribution System Plan.

Finally, as described in Hydro Ottawa's response to undertaking JT 3.10, a pilot of Grid Edge Volt/VAR Control ("VVC") solution was completed in 2020. A full analysis of the pilot has been completed, including an economic use case. The System Loss Plan will inform decisions on future deployment of the VVC devices. If further study identifies potential suitable locations for cost-effective and impactful deployment of these units Hydro Ottawa will consider proceeding in a subset of locations with an estimated investment of up to \$1.0M over the five-year test period. The cost of these investments will be accommodated within the overall approved capital budget.

10.9. DIRECTIVE #9

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

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

10.10. DIRECTIVE #10

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

11. CONDITIONS OF SERVICE

The current version of Hydro Ottawa’s Conditions of Service is available for viewing on the following page of the utility’s website: <https://hydroottawa.com/en/about-us/policies/conditions-service>

12. ACCOUNTING GUIDANCE FOR ACCOUNTS 1588 & 1589

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

13. SPECIFIC RELIEF REQUESTED

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

- a) Approval of 2024 revenue requirement, as updated for annual adjustments, as proposed in Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency;
- b) Approval of 2024 distribution rates and other charges, effective January 1, 2024, as proposed in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges;
- c) Approvals related to deferral and variance accounts, as proposed throughout various Schedules in Exhibit 9;
 - i) approval of the use of 1595 sub accounts 2024, as proposed in Exhibit 9-2-1: New Deferral and Variance Accounts; and

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

¹² Ontario Energy Board, *Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (February 21, 2019).

- 1 ii) disposition of balances in Group 1 deferral and variance accounts, as set out in Exhibit 9-
- 2 3-1: Disposition of Deferral and Variance Accounts
- 3 d) Approval of other items or amounts that may be requested by Hydro Ottawa in the course of the
- 4 proceeding, and such other relief or entitlements that the OEB may grant.

ATTACHMENT 1-1-3(A)

OEB Appendix 2-A - List of Requested Approvals

(Refer to the attachment in Excel format)



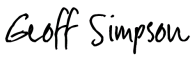
CERTIFICATION OF EVIDENCE

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

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

This certification is provided pursuant to the Ontario Energy Board's *Chapter 1 and Chapter 2 Filing Requirements*, as issued on December 15, 2022, and *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications*, as issued on June 15, 2023.

DATED this **16th** day of **August, 2023**.

DocuSigned by:

43DC885CF33E43F...

Geoff Simpson
Chief Financial Officer
Hydro Ottawa Limited

DISTRIBUTION SYSTEM OVERVIEW

1. OVERVIEW

Hydro Ottawa operates in the City of Ottawa and the Village of Casselman. Hydro Ottawa is a corporation incorporated pursuant to the *Business Corporations Act* RSO 1990 c. B.16 in Ontario and is licensed under OEB Electricity Distributor License No. ED-2002-0556. With approximately 359,000 customers within its service territory as of the end of 2022, the utility is one of the largest Local Distribution Companies ("LDCs") in the province in terms of customer count.

Hydro Ottawa was created in November 2000, following the amalgamation of several municipalities in the region and the formation of the City of Ottawa. Hydro Ottawa acquired the assets of Casselman Hydro Inc. in April 2002. The Ottawa and Casselman segments of the service territory are non-contiguous and separated by the territory of Hydro One Networks Inc. ("Hydro One"). Please refer to Attachment 1-1-6(A): Distribution System Map for a map of Hydro Ottawa's service territory.

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

The breakdown of Hydro Ottawa's 2022 customer base is as follows: 330,264 residential; 25,520 small commercial; 3,107 commercial; and 10 Large Users. Hydro Ottawa is one of the largest LDCs in the province in terms of customer count, ranking behind only Hydro One, Alectra Utilities Corporation, and Toronto Hydro Electric-System Limited in this category. As an LDC serving the National Capital Region, Hydro Ottawa has a customer demographic with a number of institutional customers, including many Federal Government facilities and campuses, four hospitals, and three post-secondary educational institutions.

Hydro Ottawa's service territory is a geographically diverse area, with significant population dispersion. The utility's service territory sits at the convergence of three major rivers: the Ottawa River, the Gatineau

River, and the Rideau River. The Ottawa River functions as the northern border of the service territory, with the province of Québec located beyond it. Hydro Ottawa's service area includes the majority of the City of Ottawa and is otherwise completely surrounded by the service territory of Hydro One. The Rideau Canal, which bypasses unnavigable sections of the Rideau River, winds itself through the service area. Constructed barriers such as Highways (417, 416, and 174) and rail lines further subdivide the territory.

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

2. HOST VS. EMBEDDED DISTRIBUTOR

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

3. HIGH VOLTAGE DISTRIBUTION ASSETS

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

- Bridlewood MS (8 kV)
- Bridlewood MS (27.6 kV)
- Cambrian MTS
- CentrepoinTE DS
- Cyrville MS
- Ellwood MS
- Epworth DS
- Fallowfield MTS

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

- Kanata MTS
- Limebank MS
- Manordale DS
- Marchwood MS
- Merivale MTS
- Moulton MS
- Richmond South MTS
- Terry Fox MTS
- Uplands MTS (27.6kV)

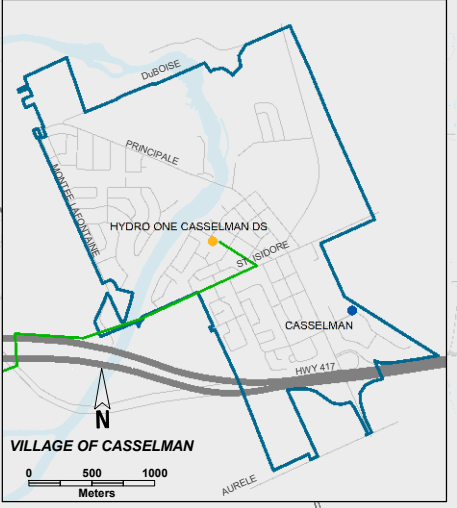
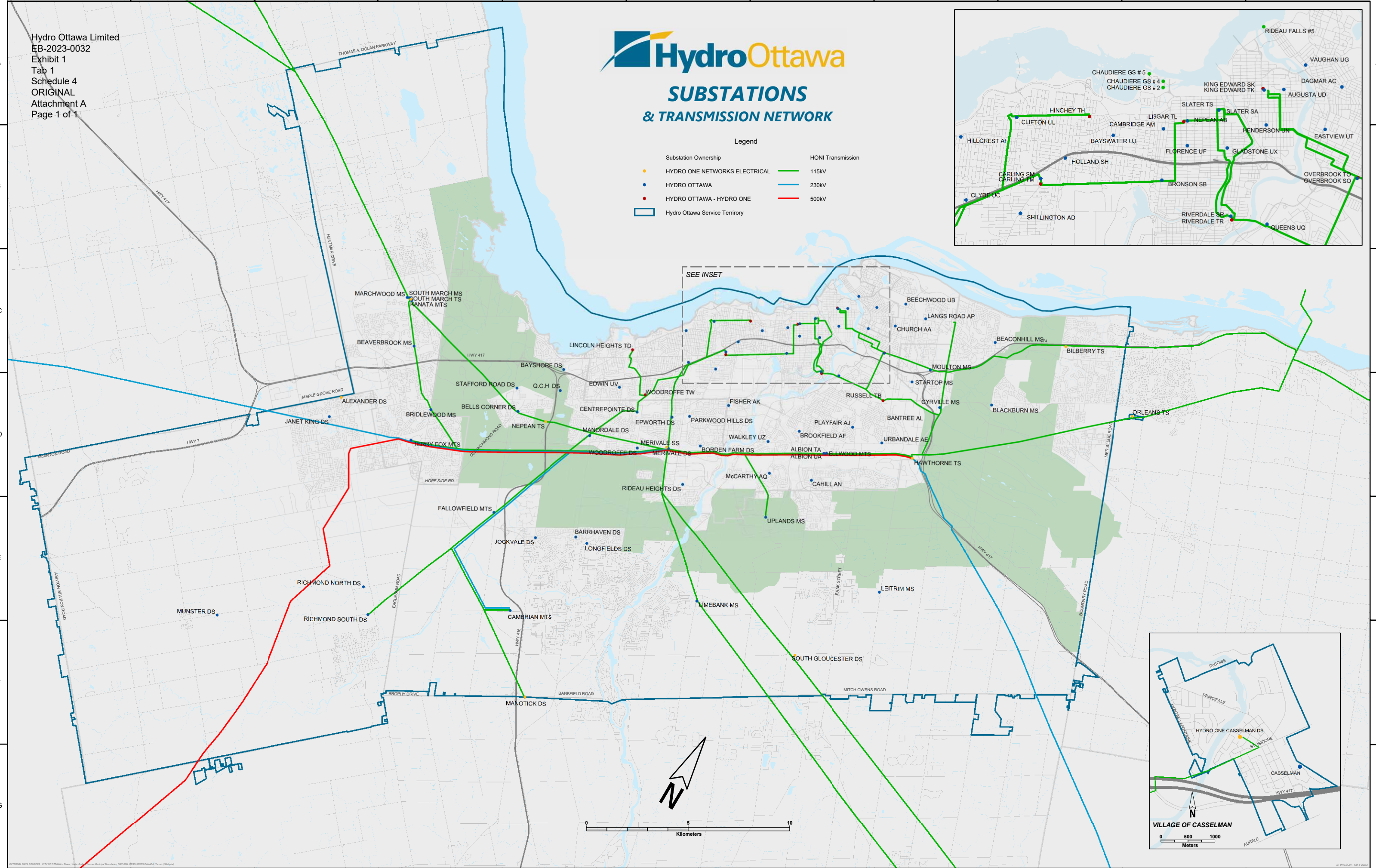
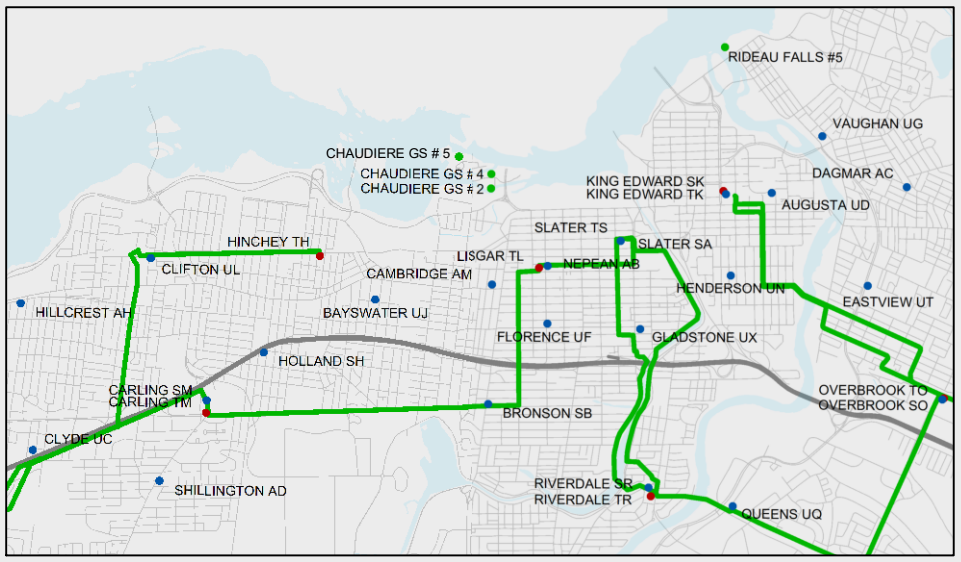
As part of Hydro Ottawa's 2021-2025 capital plan, one additional transformer station above 50kV was added to its distribution system. Cambrian MTS, serving customers in South Nepean, was put into service in early 2022 to support growth in that area for the next twenty years.



**SUBSTATIONS
& TRANSMISSION NETWORK**

Legend

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



CUSTOMER SUMMARY - UNDERSTANDING HYDRO OTTAWA'S 2024 RATE APPLICATION

1. ABOUT HYDRO OTTAWA

Hydro Ottawa is the third largest municipally-owned electricity distributor in Ontario. As of the end of 2022, we distribute electricity to approximately 359,000 customers, serving a population of more than one million people in the City of Ottawa and the Village of Casselman. We are a private corporation that is 100% owned by our shareholder, the City of Ottawa.

It is Hydro Ottawa's responsibility to transport power from the provincial transmission grid and deliver it safely and reliably to homes and businesses across our service territory. We own and operate a large, complex distribution network consisting of approximately 50,000 poles, 2,800 km of overhead lines, 3,500 km of underground cables, and 38,300 transformers that covers an area of 1,116 km².

2. HOW DOES HYDRO OTTAWA PLAN?

Hydro Ottawa proposed a plan that is responsive to:

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

3. HYDRO OTTAWA'S FIVE-YEAR BUSINESS PLAN

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

Hydro Ottawa received approval from the Ontario Energy Board ("OEB") in November 2020 for the method of calculating distribution rates that will be charged to customers for the 2021-2025 period,

1 including certain annual adjustments (e.g. inflation). In this Application, Hydro Ottawa is seeking approval
2 from the OEB for distribution rates that will be charged to customers in 2024 based on the approved
3 methodology and annual adjustments.
4

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

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

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

19 As a result, key initiatives that we have planned include:
20

- 21 • Building new distribution stations in growing areas of the city;
- 22 • Connecting thousands of new customers every year;
- 23 • Supporting local infrastructure projects like Light Rail Transit;
- 24 • Upgrading and modifying infrastructure to enhance reliability and capacity on the grid;
- 25 • Replacing equipment that has reached end-of-life;
- 26 • Strengthening the grid's ability to withstand the effects of severe weather;
- 27 • Investing in digital solutions to enhance customer service;
- 28 • Renewing our vehicle fleet; and
- 29 • Recruiting and retaining a new generation of highly-skilled employees.

4. HOW CUSTOMERS HELPED INFORM THE PLAN

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

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

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

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

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

5. DOLLARS AND CENTS - EXPECTED COSTS OF THE PLAN

Like most businesses, Hydro Ottawa manages both a capital and an operating budget.

Capital expenditures are assets that have lasting benefits over many years (e.g. poles and wires), while operating expenditures are recurring expenses in day-to-day management of the company (e.g. billing and tree trimming).

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

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

Table 1- Impacts on Customers' Distribution Rates

	Change in Distribution Charge	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative	Average
Residential	\$/month	\$0.42	\$1.46	\$1.87	\$1.80	\$0.10	\$1.13
	%	1.47%	5.02%	6.13%	5.56%	0.31%	3.70%
General Service (<50 kW)	\$/month	(\$0.56)	\$3.87	\$5.21	\$4.70	\$0.82	\$2.81
	%	(0.79%)	5.47%	6.98%	5.89%	1.04%	3.72%

6. DELIVERING VALUE FOR MONEY - EXPECTED BENEFITS FOR CUSTOMERS

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

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

- Improved system reliability (fewer and shorter outages, quicker restoration times, enhanced resilience to severe weather);
- Greater electricity supply capacity for growing areas of the city;

- 1 • Greater personalization, choice, convenience, and self-serve capability in the services provided
- 2 to customers;
- 3 • More options and solutions to help customers manage and monitor energy use with ongoing
- 4 development of the Hydro Ottawa app and online MyAccount portal;
- 5 • Stronger protections for grid assets and customer data against cyber threats;
- 6 • Increased ability to connect more renewable energy resources to the grid; and
- 7 • Lower costs, relative to alternative investment scenarios.

EXECUTIVE SUMMARY

1. INTRODUCTION

The Applicant, Hydro Ottawa Limited (“Hydro Ottawa” or “the utility”), is a corporation incorporated pursuant to the *Business Corporation Act*, R.S.O. 1990, c. B. 16, and is licensed under Ontario Energy Board (“OEB”) Electricity Distributor License No. ED-2002-0556. As of the end of 2022, Hydro Ottawa distributed electricity to approximately 359,000 customers within the City of Ottawa and the Village of Casselman.

By way of this Rate Application (“Application”), Hydro Ottawa is seeking OEB approval of its proposed distribution rates and other charges, effective January 1, 2024. This Application represents Hydro Ottawa’s year four rate update under its five-year Custom Incentive Rate-setting (“Custom IR”) plan. The adjustments to Hydro Ottawa’s rates and other charges set forth herein are consistent with Hydro Ottawa’s 2021-2025 Approved Settlement Agreement¹ and the OEB’s Decision and Rate Order in EB-2019-0046 issued on January 7, 2021.²

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

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

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

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

⁴ *Ibid.*, pages 18-19.

Under Hydro Ottawa's approved Custom IR plan for the 2021-2025 period, its capital spending and operating expenses have been set for a five-year period, pursuant to specific requirements and formulas set forth in the 2021-2025 Approved Settlement Agreement. Consistent with the 2021-2025 Approved Settlement Agreement, this Application seeks approval of targeted adjustments to rates and other charges, effective January 1, 2024.

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

2. BACKGROUND - HYDRO OTTAWA'S 2021-2025 CUSTOM IR APPLICATION & OEB DECISION

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

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

- Building Owners and Managers Association ("BOMA")
- Consumers Council of Canada ("CCC")
- Distributed Resource Coalition ("DRC")
- Environmental Defence ("ED")
- Energy Probe Research Foundation ("Energy Probe")
- Pollution Probe ("PP")

⁵ Ontario Energy Board, *Renewed Regulatory Framework for Electricity: A Performance-Based Approach*, (October 18, 2012), p. 20; *2021-2025 Approved Settlement Agreement*, page 17; Attachment 1.

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

- School Energy Coalition (“SEC”)
- Vulnerable Energy Consumers Coalition (“VECC”)

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

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

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

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

1 **3. CUSTOM IR APPLICATION UPDATE**

2 Hydro Ottawa hereby submits this Application, year four update, to the OEB for approval of its proposed
3 distribution rates and other charges, effective January 1, 2024. This Application is submitted pursuant to
4 section 78 of the *Ontario Energy Board Act, 1998* (the “OEB Act”), the OEB’s Decision issued November
5 19, 2020 regarding Hydro Ottawa’s 2021-2025 Custom IR Application, and relevant OEB guidelines and
6 requirements. In particular, the preparation of this Application has been guided by the provisions set forth
7 in the *Chapter 2* and *Chapter 3 Filing Requirements for Electricity Rate Applications* issued by the OEB
8 on December 15, 2022 and June 15, 2023 respectively (“Filing Requirements”), as well as the *Handbook*
9 *for Utility Rate Applications* issued in 2016.

10
11 Consistent with the previous annual rate adjustment applications filed under Hydro Ottawa’s previous
12 Custom IR plan for the 2016-2020 period, Hydro Ottawa has opted to structure this Application using a
13 Cost of Service format. The intended objective of this approach is to facilitate comparisons which Board
14 members and staff, intervenors and consumers may wish to make between this Application and Hydro
15 Ottawa’s original 2021-2025 Custom IR Application. The utility believes that this is in the interest of all
16 parties to ensure such ease of reference for the principal pieces of evidence on the record for this
17 proceeding.

18
19 In addition, in the interest of supporting similar efficiencies, Hydro Ottawa has prepared three tables
20 below. Table 1 below summarizes relevant forward looking actions and commitments which were agreed
21 upon by the Parties and set out in the 2021-2025 Approved Settlement Agreement. Table 2 provides a
22 summary of the findings of the written hearing on the one unsettled cost allocation item, and required
23 action pursuant to the OEB’s final Decision on Hydro Ottawa’s part. Table 3 provides an updated
24 summary of Hydro Ottawa’s 2021-2025 revenue requirement, as approved pursuant to the 2021-2025
25 Approved Settlement Agreement. Please see Table 4 below for further details regarding expected
26 updates and timing thereof for certain annual and mid-term adjustment placeholders.

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

#	Item	Description of Agreed Action	Settlement Agreement Page Number	2022 Rate Application Exhibit
1	Effective Date	Initial effective date of rates arising from the Approved Settlement Proposal to be January 1, 2021. Hydro Ottawa will file annual applications to implement the OEB's approval of the Custom IR framework for the years 2022-2025.	Page 14	Exhibit 1 - Administration
2	Custom Price Escalation Factor ("CPEF")	CPEF of "I minus X plus G" will apply to OM&A expenditures only, where: "I" is updated annually and corresponds to the OEB's annual inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans "X" is 0.45% - calculated as 0% Total Productivity Factor plus 0.45% Stretch Factor, and is fixed for the duration of the Custom IR term "G" is 0.34% - calculated using forward-looking customer growth rate based on Hydro Ottawa's 2021-2025 load forecast multiplied by a 0.35 scaling factor, and fixed for the duration of the Custom IR term.	Pages 14-15	Exhibit 4 - Operating Expenses
3	Capital Stretch Factor	For 2024, the value of the Capital Stretch Factor continues to be calculated by adding an additional stretch factor of 0.75% to the stretch factor determined for use in Hydro Ottawa's CPEF (0.45%) for a total value of 1.2%. The Capital Stretch Factor of 1.2% will be applied on the capital-related revenue requirement. Thereafter, for the remaining years of the Custom IR term, the Capital Stretch Factor will be adjusted such that it increases by a value of 0.6% on an annual basis.	Pages 15-16	Exhibit 6 - Calculation of Revenue Deficiency or Surplus
4	Performance Monitoring and Reporting	Hydro Ottawa will report annually on two primary elements: <ul style="list-style-type: none"> • A Custom Performance Scorecard; and • Updates on the progress of capital 	Pages 16-17	N/A

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

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

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

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

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

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

Table 3 below is intended to synthesize the approvals emerging from the 2021-2025 Approved Settlement Agreement and the OEB's Decision on Hydro Ottawa's Custom IR Application, and to offer a clear overview of the resultant updates to Hydro Ottawa's revenue requirement. With regards to revenue requirements for 2024, Hydro Ottawa is seeking approval for various annual updates as part of this Application which will be updated later in the proceeding. For further details, please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency.

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Return on Rate Base	\$64,029	\$68,503	\$70,886	\$77,748	\$74,111
Distribution Expenses (not including amortization)	\$90,600	\$93,490	\$96,846	\$100,323	\$98,415
Depreciation, amortization	\$51,956	\$55,472	\$57,686	\$59,039	\$62,125
Payment in Lieu of Taxes	\$891	\$2,131	\$6,331	\$10,823	\$5,431
Service Revenue Requirement	\$207,477	\$219,597	\$231,749	\$247,932	\$240,082
Less Capital Stretch Factor	\$ -	\$776	\$1,659	\$2,719	\$3,482
Service Revenue Requirement Net of Capital Stretch Factor	\$207,477	\$218,821	\$230,090	\$245,213	\$236,601
Less Revenue Offsets	\$9,680	\$9,397	\$9,305	\$9,757	\$10,653
Base Revenue Requirement	\$197,797	\$209,423	\$220,786	\$235,456	\$225,948
Transformer Ownership Credit	\$1,065	\$1,069	\$1,073	\$1,079	\$906
Revenue Requirement from Rates	\$198,861	\$210,492	\$221,858	\$236,535	\$226,854
Forecasted Load at 2020 Rates	\$188,518	\$189,731	\$191,002	\$192,415	\$193,588
Cumulative Revenue Deficiency (over 2020)	\$(10,344)	\$(20,761)	\$(30,856)	\$(44,119)	\$(33,266)
Yearly Revenue Deficiency over 2020	\$(10,344)	\$(10,417)	\$(10,095)	\$(13,263)	\$10,853

4. SPECIFIC RELIEF REQUESTED

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

- a) Approval of 2024 revenue requirement, as updated for annual adjustments, as proposed in Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency;
- b) Approval of 2024 electricity distribution rates and charges, as proposed in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges;
- c) Approvals related to deferral and variance accounts, as proposed in Exhibit 9-2-1: New Deferral and Variance Accounts and Exhibit 9-3-1: Disposition of Deferral and Variance Accounts; and
- d) Approval of other items or amounts that may be requested by Hydro Ottawa in the course of the proceeding and such other relief or entitlements as the OEB may grant.

Hydro Ottawa requests that its current (i.e. 2023) rates provided in Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges be declared interim effective January 1, 2024, as necessary, if 2024 approvals cannot be issued by the OEB in time to implement final rates effective January 1, 2024. In such an event, Hydro Ottawa also requests the Board to approve establishment of an account that would provide for the recovery of differences between the interim rate and the approved rates, as determined by the OEB in its final Decision and Order.

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

5. ANNUAL ADJUSTMENTS

Hydro Ottawa has calculated adjustments to its 2024 revenue requirement, consistent with the 2021-2025 Approved Settlement Agreement. Where appropriate, Hydro Ottawa has used the Cost of Service Models and directions provided by the OEB for 2024 Cost of Service Applications.

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

1 **Table 4 - Summary of Annual and Mid-Term Adjustments**

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

2
3 Hydro Ottawa is including the following annual rate adjustments in this Application, as per the 2021-2025
4 Approved Settlement Agreement:

- 5
- 6 • *Inflationary Factor* - Per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will
7 annually update the escalation factor utilized for the following calculations: Working Capital
8 Allowance, Operations Maintenance & Administration ("OM&A"), and Specific Service Charges.
9 The OEB's inflationary factor will be used in calculating the escalation factor for each of these
10 components. Although the OEB inflation factor for 2024 incentive rate-setting under Price Cap IR

⁹ As stated in the 2021-2025 Approved Settlement Agreement, if the OEB revises its underlying methodology for calculating ROE in advance of Hydro Ottawa's scheduled adjustment for 2024 and 2025, then the updated ROE for 2024 and 2025 will be the lower of the following: (i) the ROE rate established by the OEB for 2024, based upon the revised methodology, or (ii) the ROE rate calculated for 2024 in September 2023 using the OEB's current formulaic methodology for determining deemed ROE as documented in the *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities*, issued December 11, 2009.

¹⁰ This does not include the Access Power Poles - Wireline charge, for which Hydro Ottawa will continue to use the OEB's generic charge.

1 and Annual Index plans was released on June 29th, 2023, Hydro Ottawa is using the OEB's 2023
2 inflation factor of 3.7%. For efficiency, Hydro Ottawa will update its proposed 2024 revenue
3 requirement, items indicated above, and its rates using the OEB's inflation factor for incentive
4 rate-setting under Price Cap IR and Annual Index plans for the year 2024 in the Fall of 2023 once
5 the OEB has also released its Cost of Capital Parameters for 2024 (please see Cost of Capital
6 section below). For additional information, please refer to Exhibit 2-3-1: Working Capital
7 Requirement, Exhibit 3-2-2: Specific Service Charges, and Exhibit 4-1-2: Operations,
8 Maintenance and Administration Summary.

- 9
- 10 • *Cost of Capital - ROE* - Per the 2021-2025 Approved Settlement Agreement, the Parties agreed
11 that "for 2024 and 2025, Hydro Ottawa will update its Return on Equity ("ROE") using the
12 applicable ROE value established by the OEB in the Fall of 2023 for January 1, 2024 rates."¹¹
13 Given that the OEB has not released its ROE value for January 1, 2024 rates, for this
14 Application Hydro Ottawa has incorporated the ROE rate of 9.36%, as per the Cost of Capital
15 Parameters published by the OEB on October 20, 2022 as a placeholder. The placeholder will
16 be updated in the Fall of 2023 once the OEB releases its 2024 Cost of Capital Parameters to be
17 incorporated into the rate-setting applications. For additional information, please refer to Exhibit
18 5-1-1: Cost of Capital and Capital Structure.
- 19
- 20 • *Retail Transmission Service Rates ("RTSRs")* - Per the 2021-2025 Approved Settlement
21 Agreement, Hydro Ottawa is using the RTSRs for its 2024 transmission rates, as calculated by
22 the OEB's RTSR Workform. RTSR updates will also be based upon OEB-approved adjustments
23 to the Hydro One Networks Inc. ("Hydro One") Uniform Transmission Rates ("UTRs"). Given that
24 Hydro One UTRs are not typically approved in time for adjusting Hydro Ottawa's rates on January
25 1, UTRs for 2024 will be set up using those from the previous year (i.e. 2023). Differences in the
26 new yearly rates will be captured in Uniform System of Accounts 1584 - RSVA Network and 1586
27 - RSVA Connection for future disposition. For additional information, please refer to Exhibit 8-3-
28 1: Retail Transmission Service Rates and Attachment 8-3-1(A): OEB Workform - 2024 RTSR
29 Workform.

¹¹Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 26.

- 1 ● *Retail Service Charges* - These charges apply to services provided by a distributor to retailers or
2 to customers, with respect to the supply of competitive electricity through retailer contracts. For
3 additional information, please refer to Exhibit 8-4-1: Retail Service Charges.
4
- 5 ● *Wholesale Market Service ("WMS") Rate* - Hydro Ottawa has used the current OEB generic WMS
6 rate in its Proposed Tariff of Rates and Charges, as outlined in Exhibit 8-10-1: Current and
7 Proposed Tariff of Rates and Charges. For additional information, please refer to Exhibit 8-5-1:
8 Wholesale Market Service Rate.
9
- 10 ● *Smart Metering Charge ("SMC")* - Hydro Ottawa has used the current Approved SMC in its
11 Proposed Tariff of Rates and Charges, as outlined in Exhibit 8-10-1 . For additional information,
12 please refer to Exhibit 8-6-1: Smart Meter Entity Charge.
13
- 14 ● *Revised and New Specific Service Charges* - Service charges apply to services that are over and
15 above Hydro Ottawa's standard level of service offerings and may result from a customer's action
16 or inaction. The revenue from these charges offset the total revenue requirement. Multiple
17 currently-approved service charges will be updated as part of this Application, consistent with the
18 2021-2025 Approved Settlement Agreement. All other service charges will remain at the 2021
19 approved rate. This does not include the Access Power Poles - Wireline charge, for which Hydro
20 Ottawa will continue to use the OEB's generic charge, as outlined in the OEB's Order on the
21 Wireline Pole Attachment Charge.¹² For additional information, please refer to Exhibit 3-2-2:
22 Specific Service Charges.
23
- 24 ● *Low Voltage ("LV") Service Rate* - Hydro Ottawa receives LV charges from Hydro One for a
25 number of Shared Distribution Stations, Specific Lines and Shared Lines. The OEB has previously
26 determined that it was appropriate for an embedded electricity distributor or a distributor with
27 embedded distribution points (such as Hydro Ottawa) to establish and maintain a variance
28 account for LV charges from its host distributor.¹³ In this Application, the LV charge has been

¹² Ontario Energy Board, *Order - Wireline Pole Attachment Charge*, EB-2020-0288 (December 10, 2020).

¹³ Ontario Energy Board, *Decision with Reasons*, EB-2005-0529 (March 21, 2006), page 17.

1 allocated to the customer classes based on the class percentage of Retail Transmission
2 Connection dollars (using 2023 current rates). For additional information, please refer to Exhibit
3 8-8-1: Low Voltage Service Rate.

- 4
- 5 • *Disposition of Deferral and Variance Accounts* - Hydro Ottawa is requesting the disposition of
6 Group 1 Deferral and Variance Accounts related to year end 2022 balances. The dispositions are
7 in compliance with the OEB's report on the *Electricity Distributors' Deferral and Variance Account*
8 *Review Initiative* ("EDDVAR Report")¹⁴ and the OEB's *Chapter 2 Filing Requirements for*
9 *Electricity Distribution Rate Applications*, as updated on December 15, 2022. Hydro Ottawa has
10 complied with the EDDVAR Report guidelines and is requesting a disposition period of one year
11 for Group 1 Accounts with ending balances to December 31, 2022. In addition, as part of the 2023
12 Decision and Order,¹⁵ Hydro Ottawa received approval on a final basis to dispose of some Group
13 1 Accounts as at December 31, 2021 over a two year period and Group 2 LRAMVA as at
14 December 31, 2020 disposed over a three year period. For additional information, please refer to
15 Exhibit 9-3-1: Disposition of Deferral and Variance Accounts.
- 16

17 **6. MODELS AND WORKFORMS**

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

- 19
- 20 • *Attachment 4-3-1(A): OEB Workform - 2024 Income Tax/PILS Workform*: The Payments in Lieu
21 of Taxes ("PILS") Workform provides detailed calculations of Hydro Ottawa's forecasted PILS
22 payable.
 - 23
 - 24 • *Attachment 6-1-1(A): OEB Workform - 2024 Revenue Requirement Workform*: The Revenue
25 Requirement Workform provides a summary of the drivers of Hydro Ottawa's 2024 proposed
26 Revenue Requirement. The Workform also provides summaries related to load forecast, cost
27 allocation, and rate design.

¹⁴ Ontario Energy Board, *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (EDDVAR), EB-2008-0046 (July 31, 2009).

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

- 1 • *Attachment 8-3-1(A): OEB Workform - 2024 RTSR Workform:* The RTSR Workform uses recent
2 Hydro One rates and Hydro Ottawa-specific load and billing information to determine distributor-
3 specific Transmission Network and Connection rates by customer rate class.
4
- 5 • *Attachment 8-7-1(A): Dry Core Calculations:* The Dry Core Calculations spreadsheet provides
6 detailed calculations that support the proposed dry core charges.
7
- 8 • *Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and*
9 *Charges:* The Tariff Schedule and Bill Impacts Model identifies existing and proposed tariff and
10 rate schedules, as well as detailed bill impacts for typical customers in all classes.
11
- 12 • *Attachment 9-1-1(A): OEB Workform - Deferral and Variance Accounts (Continuity Schedule):*
13 The 2024 DVA Workform provides an Account-level history of Deferral and Variance Accounts,
14 including recent disposition history, and worksheets that facilitate designing rate riders for
15 requested Account dispositions.
16
- 17 • *Attachment 9-3-1(A): OEB Workform - Global Adjustment Analysis:* The Global Adjustment (“GA”)
18 Analysis Workform serves as a reasonability tool for assessing the accuracy of commodity-related
19 pass through account balances of electricity distributors. The workform provides a calculation of
20 an approximate expected balance in Account 1589 RSVA - GA and compares the expected
21 amount to the amount in the general ledger. For Account 1588 - RSVA Power, the workform
22 assesses the balance in this Account in relation to the annual purchases in Account 4705 - Power
23 Purchased.

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

2 Table 5 below provides a summary of the total bill impacts for typical customers in all classes. Please
3 see Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and
4 Charges for further details regarding Hydro Ottawa's proposed bill impacts.

Table 5 - Bill Impacts

Rate Class		Approved	Proposed
		2023	2024
Residential (750 kWh)	Distribution Charge	\$32.39	\$34.19
	Change in Distribution Charge		\$1.80
	% Distribution Increase		5.56%
	% Increase of Total Bill		2.87%
General Service <50 kW (2000 kWh)	Distribution Charge	\$79.84	\$84.54
	Change in Distribution Charge		\$4.70
	% Distribution Increase		5.89%
	% Increase of Total Bill		3.05%
General Service 50 kW - 1,499 kW (250 kW)	Distribution Charge	\$1,634.20	\$1,743.35
	Change in Distribution Charge		\$109.15
	% Distribution Increase		6.68%
	% Increase of Total Bill		3.75%
General Service 1,500 kW - 4,999 kW (2,500 kW)	Distribution Charge	\$18,479.43	\$19,594.43
	Change in Distribution Charge		\$1,115.00
	% Distribution Increase		6.03%
	% Increase of Total Bill		3.88%
Large Use (7,500 kW)	Distribution Charge	\$57,472.07	\$60,870.32
	Change in Distribution Charge		\$3,398.25
	% Distribution Increase		5.91%
	% Increase of Total Bill		1.97%
Sentinel Lighting (0.4 kW)	Distribution Charge	\$14.84	\$17.04
	Change in Distribution Charge		\$2.20
	% Distribution Increase		14.80%
	% Increase of Total Bill		9.71%
Street Lighting (50 kW)	Distribution Charge	\$740.15	\$922.04
	Change in Distribution Charge		\$181.89
	% Distribution Increase		24.57%
	% Increase of Total Bill		9.16%
Unmetered Scattered Load (470 kWh)	Distribution Charge	\$20.20	\$22.03
	Change in Distribution Charge		\$1.83
	% Distribution Increase		9.05%
	% Increase of Total Bill		4.07%

All of which is respectfully submitted this 17th day of August, 2023.

ALIGNMENT WITH THE RENEWED REGULATORY FRAMEWORK

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

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

- a) Applying for 2021 rebasing, then applying for a rate-setting approach to recover forecasted capital needs while recovering Operating, Maintenance and Administration ("OM&A") needs pursuant to a customized I-X+G formula;
- b) Identifying historical and future productivity initiatives to achieve continuous improvement;
- c) Providing a customer engagement strategy to ensure responsiveness and flexibility to evolving customer preferences;
- d) Providing a comprehensive asset management and infrastructure investment plan that is linked to the capital budget, prioritizes for total bill impact, is informed by customer consultation, and has been subject to an independent assessment;

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

² *Ibid*, pages 18-19.

- 1 e) Providing an annual reporting mechanism through which Hydro Ottawa can inform the OEB and
2 stakeholders of its progress on implementing its capital plan as well as its continuous
3 improvement initiatives; and
4 f) The inclusion of important ratepayer protection and accountability mechanisms: (1) an
5 asymmetrical Earnings Sharing Mechanism (“ESM”) with no dead band; (2) a set of asymmetrical
6 and symmetrical Capital Variance Accounts for certain capital investments; and (3) a Performance
7 Outcomes Accountability Mechanism that supports the objectives of the RRF by establishing
8 outcomes-based measures and targets related to achievement of the objectives in Hydro
9 Ottawa’s 2021-2025 Distribution System Plan (“DSP”).
10

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

20 Hydro Ottawa remains committed to integrating the core principles and objectives of the RRF throughout
21 its operations and business, and will continue to undertake steps in support of this effort over the course
22 of its 2021-2025 Custom IR term. Delivering value across the customer experience is a core element of
23 Hydro Ottawa’s corporate vision and business strategy, as noted in its *Strategic Direction 2021-2025*,
24 which serves as the utility’s guiding principles. Through such measures as enhanced benchmarking,
25 custom incentive progress reporting and productivity initiatives, a capital stretch factor applied to capital-
26 related revenue requirement, and a Performance Outcomes Accountability Mechanism, Hydro Ottawa is
27 committed to continuous improvements and to maximize operational performance. The expectations and

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

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

- 1 goals set forth in the RRFE Report will continue to guide Hydro Ottawa in the execution of its business
- 2 plans and capital investment programs, and in the ongoing alignment of its interests with those of its
- 3 customers.

CUSTOMER ENGAGEMENT

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

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

As of the end of 2022, Hydro Ottawa distributed electricity to approximately 358,901 customers over a 1,116 square kilometer service territory within the City of Ottawa and the Village of Casselman. Of those customers, 330,264 were Residential, 25,520 were General Service < 50 kW, 3,107 were General Service > 50 kW, and 10 were in the Large Use rate class. Given that Hydro Ottawa is the electricity distributor for the nation's capital, services are provided to all customers in both official languages.

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

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

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

FINANCIAL INFORMATION

1. INTRODUCTION

This Schedule provides a summary of Financial related information as per the Chapter 2 Filing Requirements for Electricity Rate Applications issued by the OEB on December 15, 2022.¹

2. ACCOUNTING ORDERS

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

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

As part of the OEB's Decision and Order on Hydro Ottawa's 2012 distribution rate application, Hydro Ottawa received the following utility-specific accounting order:²

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

As part of the OEB's Decision and Order on Hydro Ottawa's 2016 distribution rate application, Hydro Ottawa received the following utility-specific accounting orders:³

- Sub-Account 1508 - Other Regulatory Assets - Gains and Losses on Disposal of Fixed Assets Variance Account, to record the difference between the forecast and actual loss on the disposal of fixed assets, related to retirement of assets or damage to plant.
- Sub-Account 1508 - Other Regulatory Assets - Earnings Sharing Mechanism ("ESM") Variance Account, to record amounts related to any earnings above Hydro Ottawa's approved Return on

¹ Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*, (December 15, 2022), pages 14-15.

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

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

Equity ("ROE") to be shared on a 50/50 basis between Hydro Ottawa and its ratepayers with no dead band.

- Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement ("CCRA") Payments Differential Variance Account, to record the revenue requirement difference between what Hydro Ottawa has included in base rates and what actual CCRA payments were made to Hydro One Networks Inc.
- Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions, to record the revenue requirement impact of underspending on Hydro Ottawa's capital plan by specific categories.
- Sub-Account 1508 - Other Regulatory Assets - Efficiency Adjustment Mechanism ("EAM") Deferral Account, to record the proxy stretch factor related to any declines in Hydro Ottawa's efficiency ranking during the Custom IR term for 2016-2020, compared to the year 2014 starting efficiency ranking point. This sub-account is final in 2020 and replaced starting in 2021 with the Performance Outcomes Accountability Mechanism ("POAM") Deferral Account. Please see details below.

As part of the OEB's Decision and Order on Hydro Ottawa's 2021-2025 Custom IR Application, Hydro Ottawa received the following utility-specific accounting orders:⁴

- Sub-Account 1508 - Connection Cost Recovery Agreement ("CCRA") Payments Differential Variance Account, to recover the difference between the forecasted new (known and unknown) and true-up CCRA payments made to Hydro One. The Account is symmetrical and effective January 1, 2021 replaces the existing Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement ("CCRA") Payments Deferral Account.
- Sub-Account 1508 - Other Regulatory Assets - Performance Outcomes Accountability Mechanism ("POAM") Deferral Account, to link the execution of certain aspects of Hydro Ottawa's 2021-2025 Distribution System Plan ("DSP") to the recovery of amounts included in the agreed-upon revenue requirement. There are five performance metrics linked to specific outcomes identified in the DSP, each of which will have an annual target.

⁴ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (January 7, 2021).

- Sub-Account 1508 - Capital Additions Revenue Requirement (excluding sub-set of System Access) Differential Variance Account, effective January 1, 2021 this account replaces the existing Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions. The modified account is to record the revenue requirement impact of underspending on Hydro Ottawa's capital plan by specific categories excluding sub-set of System Access.
- Sub-Account 1508 - Other Regulatory Assets - Subset of System Access Capital Additions (net of contributions) Revenue Requirement Differential Variance Account, to record the revenue requirement impact of overspending or underspending in the utility's capital plan during 2021-2025 for a subset of the System Access category. This subset will consist of third party-driven plant relocation and residential expansion capital additions. Effective January 1, 2021, this account has been separated from the existing Revenue Requirement Differential Variance Account related to Capital Additions described above.
- Sub-Account 1508 - Earnings Sharing Mechanism ("ESM") Variance Account, as part of the 2016-2020 Approved Settlement Agreement,⁵ the ESM was calculated on an individual yearly basis. As per Hydro Ottawa's 2021-2025 Approved Settlement Agreement,⁶ the account has been modified such that starting in 2021 the ESM will function as a cumulative account, with the balance (if any) being cleared and credited on a final basis to customers at the end of the five-year rate term. Other components of the previous ESM will remain the same.

Hydro Ottawa hereby confirms compliance with the foregoing utility-specific accounting orders. In addition, Hydro Ottawa confirms compliance with the following generic regulated accounting orders:

- Energy Retailer Service Charges, to establish the following new variance accounts:⁷
 - Sub-Account 1508 - Other Regulatory Assets - Retailer Service Charges Incremental Revenue; and

⁵ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 34-35.

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

○ Sub-Account 1508 - Other Regulatory Assets - Retailer Service Charges Incremental Revenue Carrying Charges.

- Sub-Account 1509 - Impacts Arising from the COVID-19 Emergency, to record the costs associated with the Emergency under five sub-accounts. Please refer to Exhibit 9-1-3: Group 2 Accounts for further details on sub-account 1509.
- Accounting Guidance related to Pension and OPEB Forecast Accrual vs. Actual Cash Payment Differential Variance Account.⁸
- Sub-Account 1508 - Other Regulatory Assets - OPEB Differential - Variance Tracking Account related to Pension and OPEB.⁹
- Sub-Account 1508 - Other Regulatory Assets - Designated Broadband Project Impacts.¹⁰
- Sub-Account 1508 - Other Regulatory Assets - Ultra-Low Overnight (“ULO”) Implementation Costs.¹¹

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

3. ACCOUNTING STANDARDS USED

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

4. ACCOUNTING TREATMENT FOR UTILITY-OWNED GENERATION

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

⁸ Ontario Energy Board, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs* (May 18, 2017).

⁹ Ontario Energy Board, *Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs: Section B - Variance Tracking Account* (September 14, 2017).

¹⁰ Ontario Energy Board, Letter Re: *Accounting Order (001-2022) for the Establishment of a Deferral Account to Record Impacts Pertaining to Ontario Regulation 410/22 (Electricity Infrastructure - Designated Broadband Projects)* (July 7, 2022).

¹¹ Ontario Energy Board, Letter Re: *Accounting Order (001-2023) for the Establishment of a Deferral Account to Record Impacts Arising From Implementing the Ultra-Low Overnight (ULO) Regulated Price Plan Option*, EB-2022-0160 (March 2, 2023).

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

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

4
5 **6. CHANGES TO ACCOUNTING POLICIES USED IN PREVIOUS APPLICATIONS**

6 The following are the IFRS that the utility adopted and were accepted as part of the 2021-2025 Approved
7 Settlement Agreement:

- 8 • IFRS 15 – Revenue from Contracts with Customers;
9 • IFRS 9 – Financial Instruments; and
10 • IFRS 16 – Leases.

RATE BASE OVERVIEW

1. INTRODUCTION

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

2. SUMMARY OF 2021-2025 RATE BASE

As part of the 2021-2025 Approved Settlement Agreement¹ both gross and net capital additions have been set for the five year term while working capital will be annually adjusted based on an approved inflationary parameter. Details regarding WCA can be found in Exhibit 2-3-1: Working Capital Requirement.

Table 1 provides a summary of Hydro Ottawa's 2021-2023 approved, 2024 proposed and 2025 illustrative rate base.

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Opening Net Book Value	\$1,083,600	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424
Closing Net Book Value	\$1,182,840	\$1,248,271	\$1,267,004	\$1,289,424	\$1,345,241
Average Net Fixed Assets	\$1,133,220	\$1,215,555	\$1,257,638	\$1,278,214	\$1,317,333
Working Capital Allowance	\$85,459	\$88,279	\$91,546	\$94,933	\$93,231
RATE BASE	\$1,218,679	\$1,303,834	\$1,349,184	\$1,373,147	\$1,410,564

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

1 As a placeholder,² the 2024 WCA has been inflated by the OEB's 2023 inflation rate of 3.7%.³ Hydro
2 Ottawa will update its proposed rate base and resulting impact of its proposed 2024 revenue requirement
3 and rates in the Fall of 2023 using the OEB's annual inflation factor as discussed in Schedule: 1-1-6
4 Executive Summary. Please see Exhibit 2-3-1: Working Capital Requirement for more details.

5
6 Please see Exhibit 2-2-1: Assets Property Plant & Equipment & Accumulated Depreciation for details
7 regarding gross assets and accumulated depreciation. The approved capital expenditure plan for 2021-
8 2025 is summarized in Exhibit 2-4-1: Capital Expenditure Summary. Details regarding WCA can be found
9 in Exhibit 2-3-1: Working Capital Requirement.

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

² In the Fall of 2023 Hydro Ottawa will update its proposed Working Capital Allowance and resulting impact of its proposed 2024 revenue requirement and rates using OEB's inflation factor for 2024 once the OEB releases its equity return component of Cost of Capital Parameters for 2024.

³ Ontario Energy Board Letter, *2023 Inflation Parameters*, Issued October 20, 2022, page 1.

**GROSS ASSETS - PROPERTY PLANT AND EQUIPMENT AND ACCUMULATED
DEPRECIATION**

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

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

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

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

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

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

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

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

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

WORKING CAPITAL REQUIREMENT

1. INTRODUCTION

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

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

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

	2021 Approved ²
Power Supply Expenses	\$1,048,856
OM&A Expenses	\$90,600
Total Expenses for Working Capital	\$1,139,456
Working Capital %	7.50%
TOTAL WCA	\$85,459

Table 2 below presents the 2023 approved,³ 2024 proposed and 2025 illustrative WCA. As a placeholder,⁴ the 2024 WCA has been inflated by the OEB's 2023 inflation rate of 3.7%.⁵ Values presented for 2025 align with what was presented as illustrative totals at the draft rate order stage of Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application.⁶

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

² *Ibid.*

³ Hydro Ottawa Limited, *2023 Electricity Distribution Rate - Application - Updated Summary*, EB-2022-0042, (November 16, 2022), page 4.

⁴ In the Fall of 2023 Hydro Ottawa will update its proposed Working Capital Allowance and resulting impact of its proposed 2024 revenue requirement and rates using OEB's inflation factor for 2024 once OEB releases its Cost of Capital Parameters for 2024.

⁵ Ontario Energy Board Letter, *2023 Inflation Parameters*, Issued October 20, 2022, page 1.

⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 19.

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

	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Working Capital Allowance	\$85,459	\$88,279	\$91,546	\$91,224
Annual Increase	3.30%	3.70%	3.70%	2.20%
Current Year Total WCA	\$88,279	\$91,546	\$94,933	\$93,231

2. WORKING CAPITAL PERCENTAGE

The Parties to the 2021-2025 Settlement Agreement⁷ agreed that Hydro Ottawa would incorporate the OEB's default WCA percentage of 7.5% for the WCA included in the rate base calculation.

3. OPERATIONS, MAINTENANCE AND ADMINISTRATION

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

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

4. CALCULATION OF POWER SUPPLY EXPENSE

As per footnote 4 noted above, total Cost of Power for 2024 will be inflated from the base 2023 figure using the OEB's annual inflation factor in the Fall of 2023. Please see Exhibit 1-1-6: Executive Summary for further details on the inflation factor.

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

⁷ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

CAPITAL EXPENDITURE SUMMARY

1. INTRODUCTION

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

As part of the 2021-2025 Approved Settlement Agreement the Parties² agreed that it was reasonable to reduce the capital spending and additions by \$10.0M. Although Hydro Ottawa summarized the \$10.0M adjustment within the Settlement Agreement, which is also reflected in the tables below, it was agreed that "Hydro Ottawa will retain the flexibility within the agreed-upon envelope approach to make more informed decisions over the course of the five-year rate term regarding the implementation of these reductions."³

2. CAPITAL EXPENDITURES

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

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

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

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

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

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

Table 1 – Summary of Capital Expenditures (\$'000,000s)

Investment Category	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved
System Access (net of contribution)	\$17.8	\$17.9	\$17.7	\$15.6	\$15.3
System Renewal and Service	\$72.2	\$72.3	\$64.5	\$64.6	\$64.4
General Plant including CCRAs	\$33.2	\$11.3	\$7.3	\$17.0	\$16.4
TOTAL	\$123.2	\$101.5	\$89.6	\$97.2	\$96.0
\$10.0M Reduction	(\$3.0)	(\$2.2)	(\$1.6)	(\$2.1)	(\$1.0)
TOTAL AFTER REDUCTION	\$120.2	\$99.3	\$88.0	\$95.1	\$95.0

3. CAPITAL ADDITIONS SUMMARY

Hydro Ottawa's Approved Capital Additions, inclusive of \$10.0M agreed reduction, over the 2021-2025 Custom Incentive Rate-setting ("Custom IR") Term is summarized in Table 2.

Table 2 – Summary of Capital Additions (inclusive of \$10.0M Reduction) (\$'000,000s)

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

4. ITEMS NOT INCLUDED IN CAPITAL ADDITIONS

As part of the 2016-2020 Approved Settlement Agreement, a Capital Investment Variance Account was established to “track variances and associated revenue requirement impacts computed and tracked on an annual basis, resulting from any underspending in the three categories [General Plant, System Renewal and Service, and System Access] calculated on a cumulative basis. Disposition of any credit to customers will occur at the end of the five-year term.”⁴ As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed that this variance account would continue with some modification. For 2021-2025 the associated revenue requirement of a portion of the System Access category, specifically plant relocation and residential expansion, will be tracked in a separate Variance Account and will be symmetrical. The Capital Investment Variance Account does not impact Hydro Ottawa’s proposed distribution rates for 2024. Please see Exhibit 9-1-3: Group 2 Accounts for more details.

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

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

5. ADDITIONAL CAPITAL PLAN ITEMS

As part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa agreed to meaningfully consider the goals of its capital plan “with a view to pursuing cost efficiencies, reduced emissions, and enhanced energy outcomes for consumers in the City of Ottawa.”⁵ In addition, Hydro Ottawa will

⁴ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015), page 25.

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 22.

1 consider these elements in its next Distribution System Plan and Business Plan, and will report on
2 realized cost-efficiency and coordination related to the City of Ottawa's action plan for reducing
3 greenhouse gas emissions, also known as Energy Evolution, in its next rebasing application.
4

5 The Parties also accepted Hydro Ottawa's proposal to capitalize some integration-related, non-recurring
6 cloud computing costs associated with its Enterprise Resource Planning system of the type that had
7 previously been accepted by the utility's auditors. However, the Parties noted that "such acceptance
8 should not be construed as: (i) Parties accepting the appropriateness of such regulatory treatment
9 generally, or in the future, with respect to these specific costs; (ii) approval from the OEB that such
10 regulatory treatment is appropriate; or (iii) the provision of guidance to Hydro Ottawa's auditors, who shall
11 make an independent judgment regarding this issue."⁶
12

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

19 Lastly, the Parties support Phase 2 of the MiGen pilot project⁷ "on the understanding that (i) all parameters
20 and metrics (including the project's impact on reliability, customer costs/savings, generation, electric
21 vehicle penetration, line losses, and potential costs and savings from any proposed future expansion of
22 the pilot after 2025) be reported and included in Hydro Ottawa's next rebasing application, and (ii) the
23 ratepayer costs of the project be limited to the budgeted \$2.2M over the 2021-2025 period."⁸

⁶ *Ibid.*, page 22.

⁷ As described in the updates to section 2.3.3 of Attachment 2-4-3(E): Material Investments filed on May 5, 2020 and in the response to interrogatory DRC-9 in *Hydro Ottawa's Custom IR proceeding*, EB-2019-0261.

⁸ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 23.

LOAD FORECAST

1. INTRODUCTION

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

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

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

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

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

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

2. 2021-2025 LOAD FORECAST

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

Table 1 – 2021-2025 Energy Sales Forecast by Customer Class (MWh)⁴

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

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

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

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

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

3. CUSTOMER AND CONNECTION FORECAST

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

Table 3 – 2021-2025 Average Number of Customers by Class

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

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

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

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

4. TRANSFORMER OWNERSHIP CREDIT FORECAST

Table 5 below provides Hydro Ottawa's Approved forecast kW for 2021-2025 for the transformer ownership credit ("TOC").

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

Table 5 – 2021-2025 Demand Sales Forecast (kW) for Transformer Ownership Credit

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

For the 2024 class level revenue forecast for the transformer ownership credit, please see Attachment 6-1-1(A): OEB Workform - 2024 Revenue Requirement Workform.

5. LOAD FORECAST PRIOR TO CDM ADJUSTMENTS

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

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

Table 6 – 2021-2025 Energy Sales Forecast without CDM by Customer Class (MWh)⁵

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

Table 7 provides Hydro Ottawa's demand forecast excluding CDM impacts. For clarity, Table 7 is the sum of Table 2 and Table 9.

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

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

6. CDM ADJUSTMENTS IN LOAD FORECAST

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

⁵ This forecast does not include the Dry Core Transformer Charge.

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

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

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

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

7. ANNUALIZED CDM THRESHOLD FOR LRAMVA

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

Table 10 – 2021-2025 Annualized CDM Threshold for LRAMVA (MWh)⁶

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

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

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

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

⁶ This forecast does not include the Dry Core Transformer Charge.

OTHER REVENUE SUMMARY

1. INTRODUCTION

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

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

Table 1 provides a summary of the approved, proposed and illustrative Other Revenue, by Uniform System of Accounts (“USofA”) for 2021-2025. The totals 2025 are those provided during the draft rate order stage of Hydro Ottawa’s 2021-2025 Custom Incentive Rate-setting (“Custom IR”) Application.

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

Other Revenue	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Specific Service Charges (4235)	\$5,119	\$5,243	\$4,827	\$5,117	\$6,100
Late Payment Charges (4225)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Operating Revenue (4082, 4084, 4086, 4090)	\$1,456	\$1,462	\$1,460	\$1,459	\$1,472
Other Income & Deductions (4315, 4325, 4330, 4362, 4375, 4405)	\$2,105	\$1,691	\$2,017	\$2,181	\$2,081
TOTAL OTHER REVENUE	\$9,680	\$9,397	\$9,304	\$9,757	\$10,653

Some portions of other revenue have been set for the Custom IR term, while a portion of the rates and charges that are incorporated into other revenue will be updated annually per the agreed Custom Price Escalation Factor (“CPEF”) established in the 2021-2025 Approved Settlement Agreement, but will not

include the “G” factor,¹ (herein referred to as the “Modified” CPEF”). Table 2 provides a description of the Modified CPEF (excluding the “G” factor).

Table 2 – Modified Custom Price Escalation Factor

Component	As per Settlement Proposal
Inflation factor (“I”)	<ul style="list-style-type: none"> • Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans • Uses standard OEB labour/non-labour weighting factors • Updated Annually
Productivity factor (“X”)	<ul style="list-style-type: none"> • 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) • Fixed for duration of Custom IR term
Total Modified CPEF Value: (I - X)	<ul style="list-style-type: none"> • $3.7\% - 0.45\% = 3.25\%^2$

Hydro Ottawa will update the proposed revenue requirement and impacted rates and charges when the OEB publishes its inflation factor for incentive rate-setting under Price Cap IR and Annual Index plans for the year 2024. For the calculation of 2024 revenue required from distribution rates and revenue deficiency, please see Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency. Please see Exhibit 8-7-1: Specific Service Charges for a presentment of the rates and charges incorporated into other revenue.

¹ Hydro Ottawa Limited, 2021-2025 *Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020) page 28.

² For illustrative purposes, this equation uses the OEB’s inflation factor for incentive rate-setting under Price Cap IR and Annual Index plans for the year 2023, which is 3.7%. The inflation factor will be updated when the OEB’s Cost of Capital Parameters for 2024 are published.

SPECIFIC SERVICE CHARGES

1. INTRODUCTION

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

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

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

2. SPECIFIC SERVICE CHARGE REVENUE

Each SSC is forecasted based on the rate factored by the estimated volume. Hydro Ottawa provides the expected revenue trend for each SSC in 2024 below, and describes how each rate will be adjusted. For each SSC’s rates, please see Exhibit 8-7-1: Specific Service Charges. Volumes were set as part of the 2021-2025 Approved Settlement Agreement.

Table 1 below provides the 2021-2023 approved, 2024 proposed and 2025 illustrative revenue for each SSC.

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

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

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Customer Administration					
Arrears Certificate (formerly Account Certificate)	\$0	\$0	\$0	\$0	\$0
Easement Certificate for Unregistered Easements	\$7	\$8	\$8	\$8	\$8
Duplicate invoices for previous billing	\$1	\$1	\$1	\$1	\$1
Special Billing Service	\$6	\$6	\$7	\$7	\$7
Credit Reference/Credit Check (+ credit agency costs)	\$2	\$3	\$3	\$3	\$3
Unprocessed Payment Charge	\$50	\$52	\$54	\$56	\$54
Account Set Up Charge / Change of Occupancy Charge	\$1,413	\$1,470	\$1,526	\$1,583	\$1,526
Interval Meter - Field Reading	\$1	\$1	\$1	\$1	\$1
High Bill Investigation - If Billing is Correct	\$2	\$2	\$3	\$3	\$3
Non-Payment of Account					
Collection of Account Charge - No Disconnection	\$0	\$0	\$0	\$0	\$0
Reconnect at Meter - Regular Hours	\$159	\$164	\$168	\$173	\$168
Reconnect at Meter - After Regular Hours	\$60	\$62	\$64	\$66	\$65
Reconnect at Pole - Regular Hours	\$4	\$4	\$5	\$5	\$5
Reconnect at Pole - After Regular Hours	\$1	\$1	\$1	\$1	\$1
Other					
Temporary Service - Install and Remove ("TS-I&R") - Overhead - no transformer	\$11	\$12	\$12	\$13	\$12
TS-I&R - Underground - no transformer	\$25	\$26	\$27	\$28	\$27
TS-I&R Overhead - with transformer	\$9	\$10	\$10	\$10	\$10
Wireline Pole Attachments	\$3,246	\$3,227	\$2,665	\$2,805	\$3,770
Wireless Pole Attachments	\$69	\$142	\$217	\$295	\$376
Drycore Transformer Distribution Charge	\$49	\$52	\$56	\$59	\$63
Energy Resource Facilities Administration Charge	\$0	\$0	\$0	\$0	\$0
TOTAL	\$5,119	\$5,243	\$4,827	\$5,117	\$6,100

Over the Custom Incentive Rate-setting ("Custom IR") term, the SSC rate increases can be separated into two groups: (1) those that are increased by the Modified CPEF as described in Exhibit 3-2-1: Other Revenue Summary, and (2) those that are escalated by other specific drivers. Regardless of the driver,

with the exception of the Wireless Pole Attachments and the Drycore Transformer Distribution Charge revenues, the revenue provided above for 2021-2025 reflect the volume totals as provided during the draft rate order stage of Hydro Ottawa's 2021-2025 Custom IR Application, and will be updated later during the 2024 rate application process. Please see below for more details.

2.1. SSCs ESCALATED BY THE MODIFIED CUSTOM PRICE ESCALATION FACTOR

Hydro Ottawa will update the proposed SSCs that are escalated by the Modified CPEF in the Fall of 2023 using the OEB's inflation factor for 2024. Please see Exhibit 3-2-1: Other Revenue Summary for an explanation of the Modified CPEF. As a placeholder, the 2024 proposed SSCs are based on a Modified CPEF that has incorporated the OEB's 2023 inflation rate of 3.7% in its calculation.³

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

2.1.1. Arrears Certificate

Hydro Ottawa expected minimal requests for this service.

2.1.2. Easement Certificate for Unregistered Easements

The forecast volume of 300 transactions reflected historical trends and remains flat in 2024.

2.1.3. Duplicate Invoices for Previous Billing

The forecast volume of 170 transactions reflected historical trends and remains flat in 2024.

2.1.4. Special Billing Service

The Special Billing Service charge is applied to all requests for customized billing information that involve sourcing, compiling, and presenting several months or years of billing information for customers or their agents. The volume of requests was forecasted to remain flat in 2024.

³ Ontario Energy Board Letter, *2023 Inflation Parameters*, Issued October 20, 2022, page 1.

2.1.5. Credit Reference/Credit Check

The estimated volume of requests for this service is based on historical trends and was forecasted to remain flat in 2024.

2.1.6. Unprocessed Payment Charge

Costs associated with this service include internal costs for administering an unprocessable payment (i.e. non-sufficient funds or "NSF"), labour, and bank fees. Bank charges to the customer for processing a NSF cheque are not included. The estimated annual volume of unprocessable payments remains flat in 2024 of 2,000.

2.1.7. Account Set Up Charge/Change of Occupancy Charge

Estimated volume for this service in 2024 was 56,500, reflecting historical trends.

2.1.8. Interval Meter - Field Reading

The estimated volume was based on historical trends.

2.1.9. High Bill Investigation - If Billing is Correct

The forecasted volume was set based on historical trends.

2.1.10. Reconnect at Meter during Regular Hours

The estimated volume for 2024 was based on historical trends.

2.1.11. Reconnect at Meter after Regular Hours

Volumes for this service were forecasted to remain low.

2.1.12. Reconnect at Pole during Regular Hours

Based upon historical trends, 17 requests for this service were estimated for 2024.

2.1.13. Reconnect at Pole after Regular Hours

Two requests for this service were forecasted in 2024, based upon historical trends.

2.1.14. Temporary Service - Install & Remove

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

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

2.1.15. Energy Resource Facilities Administration Charge

Hydro Ottawa expected minimal requests for this service.

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

2.2.1. Specific Access to Power Poles - Wireline Attachments

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

As a placeholder pending the OEB's rate order for 2024, the 2023 generic pole attachment rate has been inflated by the OEB's 2023 inflationary rate of 3.7% to estimate the proposed 2024 revenue. Revenues presented for 2025 align with what was presented as illustrative revenue at the draft rate order stage of Hydro Ottawa's 2021-2025 Custom IR Application and incorporated into the Final Decision.

The volume estimated for this service was based on historical trends, which showed a modest increase.

The volume was set for the five-year Custom IR term.

2.2.2. Specific Access to Power Poles - Wireless Attachments

As part of the 2021-2025 Approved Settlement Agreement, the revenue associated with wireless pole attachments was set for the Custom IR term. A volume of 800 attachments was forecasted for 2024. No adjustment will be required to the proposed Other Revenue related to wireless attachments.

2.2.3. Dry Core Transformer Charges

Dry Core transformer charges are applied to recover the cost of energy lost in the operation of dry core transformers. A specific charge is calculated for each transformer size that is currently in the utility's service area or in the Canadian Standards Association standard C802-94.⁴

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

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

⁴ Standards Council of Canada, "CAN/CSA-C802-94 - Maximum Losses for Distribution, Power and Dry-Type Transformers" <http://www.scc.ca/en/standardsdb/standards/5579>.

LATE PAYMENT CHARGES

An OEB-approved monthly interest rate of 1.5% (effective annual rate of 19.56% per annum or 0.04896% compounded daily rate) is applied to outstanding account balances that exceed 20 calendar days from the date on which the bill was issued to the customer.

Taking into account the continued promotion of automated payment withdrawal services, effective use of the Auto Dialer tool during the Disconnection Moratorium timeframe, and additional proposed OEB Customer Service Rule changes, the Late Payment Charge revenue was proposed at \$1.0M each year of the 2021-2025 term. The Parties¹ agreed to this amount as part of the 2021-2025 Approved Settlement Agreement,² and this amount has been incorporated in the revenue requirement as part of this Application.

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

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

OTHER OPERATING REVENUES

1. OTHER OPERATING REVENUES

Other Operating Revenues include revenue associated with Standard Supply, Retailer, and Generator Services. Expected revenues for Other Operating Revenues were agreed to for all five years of Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting term, as per the 2021-2025 Approved Settlement Agreement.¹ Hydro Ottawa has incorporated the agreed-upon 2024 revenue into its proposed base revenue requirement.

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

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

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

1.1. STANDARD SUPPLY SERVICE ADMINISTRATION CHARGE

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

The Parties² agreed that Hydro Ottawa will continue the use of the \$0.25 per customer per month charge set by the OEB, while acknowledging "that the charge has not been adjusted to reflect actual costs or inflation since it was first introduced in 2002. The Parties believe that timely review of the rate design

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

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

methodology associated with the SSS Charge is warranted as part of the OEB's ongoing review of miscellaneous rates and charges."³

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

1.2. RETAILER SERVICES

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

As agreed to as part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will continue to apply the OEB generic rates for RSCs for the five-year Custom Incentive Rate-setting ("Custom IR") term.⁴

Please see Exhibit 8-4-1: Retail Service Charges for more information on the 2024 RSCs.

1.3. GENERATOR SERVICES

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

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

³ Hydro Ottawa 2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal, EB-2019-0261 (September 18, 2020), page 29.

⁴ *Ibid.*, page 61.

OTHER INCOME AND DEDUCTIONS

1. OTHER INCOME AND DEDUCTIONS

This Schedule provides an overview of the revenue Hydro Ottawa earns through Other Income and Deductions. As part of its 2021-2025 Approved Settlement Agreement,¹ Other Income and Deductions revenue was set for the five year Custom Incentive Rate-setting ("Custom IR") term. Hydro Ottawa has incorporated the agreed 2024 revenue into its proposed base revenue requirement as part of this Application.

The Other Income and Deductions are categorized as follows:

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

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

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

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

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

1.1. SERVICES TO THIRD PARTIES

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

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

1.2. PROPERTY RENTAL INCOME

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

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

1.3. GAINS AND LOSSES ON DISPOSAL OF UTILITY PROPERTY

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

As part of Hydro Ottawa 2016-2020 Custom IR Application,² a variance account on the gains and loss on disposal of fixed assets was established. As per Hydro Ottawa's 2021-2025 Approved Settlement Agreement, the Parties³ agreed to continue the use of the variance account. For more details related to USofA 1508 Other Regulatory Assets - Sub-Account - Gains and Loss on Disposal of Fixed Assets Variance Account, please refer to Exhibit 9-1-3: Group 2 Accounts.

1.4. SERVICES TO HYDRO OTTAWA AFFILIATES

Hydro Ottawa provides a range of services to its affiliates under the terms of Service Level Agreements ("SLAs"). In addition, Hydro Ottawa provides third party services as described in section 1.1 above. Consistent with section 2.4.3.2 of the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications* as updated on December 15, 2022,⁴ the costs related to SLA services should be included within Other Revenue.⁵

1.5. INTEREST AND DIVIDEND INCOME

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

² Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

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

⁴ Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distributor Rate Applications*, (December 15, 2022), pages 32-33.

⁵ Ontario Energy Board, Presentation re: *Chapter 1 & 2 Filing Requirements Update for 2019 Applications: Summary of Key Changes* (July 19, 2018), slides 15-16.

EXPENSE SUMMARY

1. INTRODUCTION

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

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

Table 1 below provides Hydro Ottawa's total operating expenses for years 2021-2025. The 2021-2023 amounts for OM&A and PILS were approved in each respective rate application. The 2024 proposed OM&A amounts are illustrative using a formulaic approach and using Hydro Ottawa's placeholder value of 3.59% for CPEF. Hydro Ottawa has used the approved amounts for Depreciation, Amortization and Disposal for 2024. At this time, the 2024 PILS amount uses a working capital value that has been inflated by the 2023 OEB approved inflationary rate of 3.7%² as well as the 2023 ROE rate of 9.36%. The total 2024 proposed operating expenses have been incorporated into the proposed 2024 revenue requirement and rates. Hydro Ottawa will update its proposed operating expenses and resulting impact on its proposed 2024 revenue requirement and rates when the OEB publishes the 2024 Cost of Capital Parameters for rate-setting applications.

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

² Ontario Energy Board Letter, *2023 Inflation Parameters*, (October 20, 2022)

The illustrative other operating expenses for 2025 are placeholders and are consistent with the amounts that were provided in the draft rate order evidence for the Custom IR plan for the 2021-2025 period.

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

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
OM&A excluding Property Tax	\$87,468	\$90,258	\$93,498	\$96,855	\$95,013
Property Tax	\$3,132	\$3,232	\$3,348	\$3,468	\$3,402
OM&A including Property Tax	\$90,600	\$93,490	\$96,846	\$100,323	\$98,415
Depreciation	\$51,956	\$55,472	\$57,686	\$59,039	\$62,125
PILS	\$891	\$2,131	\$6,331	\$10,823	\$5,431
TOTAL OPERATING EXPENSES	\$143,448	\$151,093	\$160,863	\$170,185	\$165,971

2. OM&A SUMMARY

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

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

3. PROPERTY TAXES

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

1 **4. DEPRECIATION AND AMORTIZATION EXPENSES**

2 Hydro Ottawa adheres to the Modified International Financial Reporting Standards (“MIFRS”) as its
3 accounting standard, which informs its rate making and regulatory reporting requirements. Hydro Ottawa
4 uses the half-year rule for calculating depreciation/amortization in the year that capital additions are
5 added into rate base, except in the case of discrete material assets, such as a station. For more
6 information regarding Hydro Ottawa’s Depreciation and Amortization expenses, please refer to Exhibit 4-
7 2-1: Depreciation, Amortization & Disposal.

8
9 **5. PAYMENTS IN LIEU OF TAXES**

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

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

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

OPERATIONS, MAINTENANCE AND ADMINISTRATION SUMMARY

1. INTRODUCTION

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

2. OM&A SUMMARY

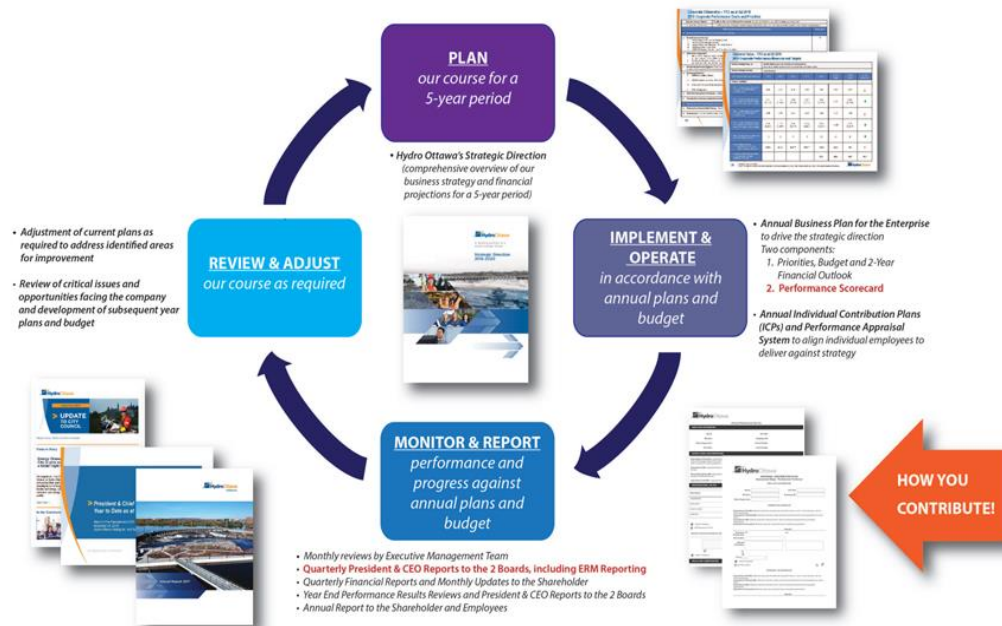
Hydro Ottawa's OM&A costs are significantly influenced by requirements to operate and maintain a safe and reliable distribution grid, provide service levels that are satisfactory to customers, and ensure continued compliance with all legislative and regulatory obligations. Among other things, this entails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

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

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

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

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



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

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

2.2. OM&A BUDGET PROCESS

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

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

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

As established by the Renewed Regulatory Framework ("RRF"), under a Price Cap IR, rates are adjusted using a formulaic approach in the years following the first year base rates. This formula consists of a two-component Price Cap Index ("PCI"): inflation and productivity. For electricity distributors, the formula includes an industry-specific inflation factor and two factors for productivity: (1) a fixed amount for industry-wide productivity; and (2) a stretch factor which is set each year based on the level of productivity the distributor has achieved.

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

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

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

For the 2022-2025 years, a modified Custom Price Escalation Factor (“CPEF”) was agreed to. The CPEF will apply to OM&A expenditures only. The modified CPEF equation is explained in Table 1.

Table 1 – OM&A Custom Price Escalation Factor

Component	As per Settlement Proposal
Inflation factor (“I”)	<ul style="list-style-type: none"> Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans Uses standard OEB labour/non-labour weighting factors Updated annually
Productivity factor (“X”)	<ul style="list-style-type: none"> 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) Fixed for duration of Custom IR term
Growth factor (“G”)	<ul style="list-style-type: none"> 0.34% Fixed for duration of Custom IR term
Total CPEF Value: (I - X + G)	<ul style="list-style-type: none"> $3.74\% - 0.45\% + 0.34\% = 3.59\%^5$

The Parties agreed that the funding envelope for OM&A would “enable Hydro Ottawa to operate its distribution system in a manner consistent with the utility’s core mandate and the needs and preferences of its customers.”⁶

Table 2 provides Hydro Ottawa’s approved 2021 base year OM&A, 2022-2023 approved, the 2024 proposed OM&A incorporated into the proposed 2024 revenue requirement and rates based on the CPEF

⁴ Ontario Energy Board Letter, *2023 Inflation Parameters*, (October 20, 2022), page 1.

⁵ In the Fall of 2023 Hydro Ottawa will update its proposed Working Capital Allowance and resulting impact of its proposed 2024 revenue requirement and rates using OEB’s inflation factor for 2024 once OEB releases its Cost of Capital Parameters for 2024.

⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 56.

value in Table 1, and 2025 illustrative OM&A. For the purpose of the proposed 2024 OM&A, Hydro Ottawa has used the OEB's inflation factor for incentive rate-setting under Price Cap IR and Annual Index plans for the year 2023, which is 3.7%. In the Fall of 2023 Hydro Ottawa will update its proposed OM&A and resulting impact of its proposed 2024 revenue requirement and rates using OEB's inflation factor for 2024 once the OEB releases its Cost of Capital Parameters for 2024. Values presented for 2025 align with what was presented as illustrative totals at the draft rate order stage of Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application.⁷

Table 2 – Recoverable OM&A (\$'000s)

2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
\$90,600	\$93,490	\$96,846	\$100,323	\$98,415

2.4. PRODUCTIVITY

Under a Custom Incentive Rate-Setting ("Custom IR") approach, the annual rate adjustment must be based on a custom index supported by empirical evidence that can be tested. The annual adjustment must include explicit financial incentives for continuous improvement and cost control targets. As noted in the OEB's *Handbook for Utility Rate Applications*, "these incentive elements, including a productivity factor, must be incorporated through a custom index or an explicit revenue reduction over the term of the plan (not built into the cost forecast)."⁸

The Parties to the 2021-2025 Approved Settlement Agreement agreed that Hydro Ottawa's 2021-2025 Custom IR plan, as modified through the Settlement Proposal, "includes appropriate incentives and measures to ensure productivity and efficiency gains are embedded in the utility's proposed OM&A and capital expenditures."⁹

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

⁸ Ontario Energy Board, *Handbook for Utility Rate Applications* (October 13, 2016), page 25.

⁹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 49.

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

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

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

2.5. Z-FACTOR

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

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

¹⁰ Additional information on Hydro Ottawa's intended approach to Z-factor applications is available in Exhibit 9-2-1: New Deferral and Variance Accounts.

DEPRECIATION, AMORTIZATION AND DISPOSAL

1. INTRODUCTION

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

Table 1 – Depreciation/Amortization and Disposals

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

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

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

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

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

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

1 customers will occur at the end of the five-year term.”³ As part of the 2021-2025 Approved Settlement
2 Agreement, the Parties⁴ agreed that this variance account would continue with some modification. For
3 2021-2025, the associated revenue requirement of a portion of the System Access category, specifically
4 plant relocation and residential expansion, will be tracked in a separate Variance Account and will be
5 symmetrical. The Capital Investment Variance Account does not impact Hydro Ottawa’s proposed
6 distribution rates for 2024. Please see Exhibit 9-1-3: Group 2 Accounts for more details.

7
8 In addition, as part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to continue
9 the use of the Loss on Disposal Variance Account.⁵ The Account will be disposed of as part of Group 2
10 Regulatory Accounts. Hydro Ottawa is not requesting clearance of the Loss on Disposal Variance
11 Account as part of this Application, and the Account does not impact Hydro Ottawa’s proposed 2024
12 distribution rates. Details on reporting on this variance account can be found in Exhibit 9-1-3: Group 2
13 Accounts.

14
15 Finally, as part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to the continued
16 use of the Connection Cost Recovery Agreement (“CCRA”) Payment Deferral Account with modification.⁶
17 With the modification, the account will now include the difference in revenue requirement of new and
18 true-up payments between what Hydro Ottawa has forecasted and what is actually paid for in CCRA
19 payments. Please see Exhibit 9-1-3: Group 2 Accounts for more details.

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

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

⁵ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 33.

⁶ *Ibid.*, page 30.

PAYMENTS IN LIEU OF TAXES

1. INTRODUCTION

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

As per the 2021-2025 Approved Settlement Agreement,¹ the Parties² agreed that PILS would be updated annually for changes to rate base as a result of the annual update to working capital. For further information, please see Exhibit 2-3-1: Working Capital Requirement. In addition, the Parties agreed that rates effective for 2024 and 2025, Hydro Ottawa will update the return on equity ("ROE") using the applicable ROE value established by the OEB in the Fall of 2023. Please see Exhibit 5-1-1: Cost of Capital and Capital Structure for further detail on the update to ROE.

Table 1 below presents approved, proposed and illustrative PILS for 2021-2025. Years 2021-2023 were the approved PILS amount in each respective rate application. As a placeholder, the 2024 proposed PILS amount has been updated as a result of the annual update to working capital using the OEB's 2023 inflation rate of 3.7%.³ Hydro Ottawa has incorporated the ROE rate of 9.36%, as per the Cost of Capital Parameters published by the OEB on October 20, 2022. Hydro Ottawa will update the proposed revenue requirement including PILS and impacted rates and charges when the OEB publishes its 2024 Cost of Capital Parameters in the Fall of 2024. The PILS amount for 2025 is a placeholder and is consistent with the draft rate order of Hydro Ottawa's 2021-2025 Custom IR Application.

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

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

³ OEB *Decision and Order: Inflation factors* to be used in rate adjustment applications for rates effective in 2022, EB-2021-0212 (November 18, 2021).

Table 1 – Corporate PILS (\$'000s)

2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
\$891	\$2,131	\$6,331	\$10,823	\$5,431

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

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

Hydro Ottawa continues to use the PILS Workform Model supplied by the OEB for 2020 Cost of Service Applications Filers. The 2024 PILS calculations have been provided in Excel as Attachment 4-3-1(A): OEB Workform - 2023 Income Tax/PILS Workform.

LOST REVENUE ADJUSTMENT MECHANISM

1. INTRODUCTION

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

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

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

In 2013, the Government of Ontario released an updated Long-Term Energy Plan (“LTEP”).⁴ A key priority in the 2013 LTEP was reinforcement of the principle of “conservation first” in the electricity sector’s planning processes. In conjunction with the implementation of the 2013 LTEP, the Ministry of Energy established a new Conservation First Framework (“CFF”). The CFF was structured around the goal of achieving 7 TWh of electricity savings province-wide from 2015-2020, with programs funded by the

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

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

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

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

1 Independent Electricity System Operator (“IESO”) and delivered by electricity distributors. In turn, the
2 OEB received a directive from the Minister of Energy on March 26, 2014 that required the OEB to promote
3 CDM and establish guidelines for CDM program implementation by electricity distributors.⁵ These new
4 CDM guidelines were effective as of January 1, 2015, as part of the launch of the CFF framework.

5
6 On March 21, 2019, the Minister of Energy, Northern Development and Mines issued a directive to the
7 IESO mandating the discontinuance of the CFF and the establishment of an Interim Framework for CDM
8 programming.⁶ Under the Interim Framework, the new province-wide target for CDM savings was 1.4
9 TWh, which was scheduled to expire on December 31, 2020. As a result of the impact of COVID-19 on
10 eligible conservation projects, further directives have been received by the IESO to extend the deadline,
11 with the last extension issued on June 29, 2022 for an additional extension to December 31, 2022.

12
13 Subsequent to the discontinuance of the 2015-2020 CFF framework, the OEB issued a letter to
14 distributors on June 20, 2019 stating that distributors should continue to have access to LRAM related to
15 the successful delivery of CFF programs.⁷ In addition, the OEB issued an addendum to both the *Chapter*
16 *2* and *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications*, in order to make
17 modifications reflecting the new requirements set forth in the Interim Framework.⁸

18
19 The IESO historically had produced monthly Participation and Cost Reports available to electricity
20 distributors, from January 1, 2018 to March 31, 2019. These reports include incremental first year energy
21 savings as well as information related to persistence. The OEB has directed that the results from the
22 IESO’s 2017 program evaluation should be applied to the January 1, 2018 to March 31, 2019 gross
23 unverified savings values, including net-to-gross factors and gross realization rates.⁹ To calculate

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

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

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

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

⁹ *Ibid.*, pages 6-7.

net savings values at the project level, distributors are instructed to rely on results from the IESO's 2017 program evaluation.

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

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

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

2. LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

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

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

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

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

1 AND

- 2
- 3 • The level of CDM program activities included in the distributor's load forecast (i.e. the level
4 embedded into rates)."¹²
- 5

6 As part of the 2021-2025 Approved Settlement Agreement, the Parties¹³

7 "acknowledge that Hydro Ottawa will include future CDM savings driven by the Independent
8 Electricity System Operator ("IESO") or other provincial or federal initiatives in the LRAMVA. (With
9 respect to potential provincial initiatives, it is acknowledged that the Government of Ontario posted
10 a regulatory proposal on July 23, 2020 which contemplates the establishment of a new CDM
11 framework for the 2021-2024 period). The Parties further acknowledge that the OEB may set
12 generic guidelines to measure CDM savings outside the current CFF wind-down framework.
13 However, any updated OEB guidelines will not preclude Hydro Ottawa from bringing forward an
14 LRAM claim, given both known and unknown initiatives have been removed from the Load
15 Forecast for which Hydro Ottawa would have otherwise included in the base Load Forecast.

16

17 The Parties agree that Hydro Ottawa has the ability to record and bring forward a request to
18 dispose it's LRAMVA for the impact of both known and unknown CDM initiatives. This agreement
19 shall not be construed as agreement to the disposition of such account. Parties are free to take
20 any position they deem appropriate at the time Hydro Ottawa seeks disposition of the LRAMVA."¹⁴

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

¹³ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

¹⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), p. 24.

- 1 Hydro Ottawa will continue to use the Independent Electricity System Operator's ("IESO") Evaluation,
- 2 Measurement, and Verification results for in-service activities to measure CDM savings for LRAMVA
- 3 disposition in a future rate application.

LRAM VARIANCE ACCOUNT

Hydro Ottawa is not seeking clearance of its Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") as part of its 2024 Application. This will be done in a future rate application. The LRAMVA balance is included in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). As part of its 2023 Application, Hydro Ottawa received approval to dispose of the 2017 to 2020 LRAMVA balances over a three year period starting 2023.

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

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

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

"acknowledge that Hydro Ottawa will include future CDM savings driven by the IESO or other provincial or federal initiatives in the LRAMVA. (With respect to potential provincial initiatives, it is acknowledged that the Government of Ontario posted a regulatory proposal on July 23, 2020 which contemplates the establishment of a new CDM framework for the 2021-2024 period). The Parties further acknowledge that the OEB may set generic guidelines to measure CDM savings outside the current CFF wind-down framework. However, any updated OEB guidelines will not preclude Hydro Ottawa from bringing forward an LRAM claim, given both known and unknown

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

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

1 initiatives have been removed from the Load Forecast for which Hydro Ottawa would have
2 otherwise included in the base Load Forecast.

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

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

COST OF CAPITAL AND CAPITAL STRUCTURE

1. INTRODUCTION

This Schedule provides an overview of Hydro Ottawa's capital structure and cost of capital parameters incorporated into its 2024 revenue requirement as per its 2021-2025 Approved Settlement Agreement.¹

2. CAPITAL STRUCTURE

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

3. DEBT RATES

3.1. SHORT-TERM DEBT

Per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa's short-term debt rate will be fixed for the 2021-2025 Custom IR term. The Parties² in that agreement concurred that the short-term debt rate would be set using the "2021 Cost of Capital Parameters" set by the OEB in the Fall of 2020.³

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

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

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

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

3.2. LONG-TERM DEBT

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

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

4. RETURN ON EQUITY

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

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

Therefore, Hydro Ottawa's proposed 2024 revenue requirement has incorporated the ROE rate of 9.36%, as per the Cost of Capital Parameters published by the OEB on October 20, 2022 as a placeholder, and will be updated in the Fall of 2023 once the OEB releases its 2024 Cost of Capital Parameters to be incorporated into rate-setting applications.

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

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

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

⁷ *Ibid.*, page 26.

CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

1. INTRODUCTION

This Schedule provides a summary of the revenue requirement being requested by Hydro Ottawa for the 2024 year as agreed to in the 2021-2025 Approved Settlement Agreement.¹

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

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

2. CALCULATION OF DEFICIENCY OR SUFFICIENCY

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

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

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

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

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

The revenue deficiency/sufficiency is determined by calculating what the revenue would have been with 2020 rates and the approved forecast for 2021-2025 load and customer/connection numbers. As a result, revenue deficiency in the tables of this Schedule and 2024 Revenue Requirement Workform produce a cumulative revenue requirement rather than a year-over-year revenue requirement. Hydro Ottawa compiled the analysis in this manner, as the 2020 rates gave a stable base upon which to compare each year during the 2021-2025 Custom IR term. Hydro Ottawa continues to compile the analysis in this manner in order to provide a stable base for comparison to its 2021-2025 Custom IR Application.

2.1. REVENUE DEFICIENCY/SUFFICIENCY 2021-2025

Table 1 shows 2021-2025 base revenue requirement calculations. More details for the 2024 year can be found in the 2024 Revenue Requirement Workforms ("RRWF") attached to this Schedule:

- Attachment 6-1-1(A): OEB Workform - 2024 Revenue Requirement Workform

The values for 'Costs Allocated from Previous Study' and the percentages for 'Previously Approved Ratios' on Sheet 11 Cost Allocation in the 2024 RRWF Workform were taken from the 2024 RRWF Workform that was submitted as part of Hydro Ottawa's 2021-2025 Custom IR Application. In addition, the difference in Sheet 11 Cost Allocation between columns (7C) and (7D) is the difference between allocated Base Revenue Requirement and achieved Base Revenue Requirement.

Table 1 below provides Hydro Ottawa's approved 2021-2023 revenue requirement, the 2024 revenue requirement incorporated into the proposed 2024 rates and charges, as well as 2025 illustrative revenue requirement. For the purpose of the proposed 2024 revenue requirement, the 2023 OEB approved inflationary rate of 3.7%⁴ and the 2022 OEB approved return on equity ("ROE") rate of 9.36% has been used where relevant, please see Table 4. For the 2025 illustrative revenue requirement, Hydro Ottawa has used the approved amounts for any component of revenue requirement that was set as part of the 2021-2025 Approved Settlement Agreement.

⁴ In the Fall of 2023 Hydro Ottawa will update its proposed 2024 revenue requirement and rates using the OEB's inflation factor and ROE parameter for 2024 once the OEB releases its Cost of Capital Parameters for 2024.

Please see Table 4 for an outline of the annual and mid-term adjustments..

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Return on Rate Base	\$64,029	\$68,503	\$70,886	\$77,748	\$74,111
Distribution Expenses (not including amortization)	\$90,600	\$93,490	\$96,846	\$100,323	\$98,415
Depreciation, amortization	\$51,956	\$55,472	\$57,686	\$59,039	\$62,125
Payment in Lieu of Taxes	\$891	\$2,131	\$6,331	\$10,823	\$5,431
Service Revenue Requirement	\$207,477	\$219,597	\$231,749	\$247,932	\$240,082
Less Capital Stretch Factor	\$ -	\$776	\$1,659	\$2,719	\$3,482
Service Revenue Requirement Net of Capital Stretch Factor	\$207,477	\$218,821	\$230,090	\$245,213	\$236,601
Less Revenue Offsets	\$9,680	\$9,397	\$9,305	\$9,757	\$10,653
Base Revenue Requirement	\$197,797	\$209,423	\$220,786	\$235,456	\$225,948
Transformer Ownership Credit	\$1,065	\$1,069	\$1,073	\$1,079	\$906
Revenue Requirement from Rates	\$198,861	\$210,492	\$221,858	\$236,535	\$226,854
Forecasted Load at 2020 Rates	\$188,518	\$189,731	\$191,002	\$192,415	\$193,588
Cumulative Revenue Deficiency (over 2020)	\$(10,344)	\$(20,761)	\$(30,856)	\$(44,119)	\$(33,266)
Yearly Revenue Deficiency over 2020	\$(10,344)	\$(10,417)	\$(10,095)	\$(13,263)	\$10,853

Table 2 provides Revenue Deficiency that is calculated by multiplying the previous Test Year's rates against the current Test Year's load forecast. The 2025 illustrative values are placeholders, which align with the rates used during the draft rate order evidence of the 2021-2025 Custom IR Application.

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Total Revenue Requirement from Rates	\$197,797	\$209,423	\$220,786	\$235,456	\$225,948
Forecast Load at Prior Year’s Rates	\$187,453	\$199,077	\$210,847	\$222,428	\$224,562
Yearly Revenue Deficiency	\$(10,344)	\$(10,347)	\$(9,939)	\$(13,028)	\$(1,385)

2.2. CAPITAL STRETCH FACTOR

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

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

Table 3 – 2021-2025 Capital Stretch Factor Values

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

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

2 Table 4 below provides the 2021-2022 annual and mid-term revenue requirement adjustments by Exhibit
3 as well as the year-over-year dollar value difference by revenue requirement component.

1

Table 4 – 2023-2024 Revenue Deficiency Amounts & Cost Drivers (\$'000s)⁵

Driver of Deficiency	2023 Approved	2024 Proposed	+/-	Cost Drivers	Exhibit Reference
Return on Rate Base	\$70,886	\$77,748	\$6,862	- Gross Assets, Accumulated Depreciation and Capital Additions are set for the five year term - Working Capital is annually adjusted - Long-term and Short-term debt rates are set for the five year term - Return on Equity is set for 2021-2023 and will be have a mid-term adjustment for 2024-2025	2-1-1 2-2-1 2-3-1
Distribution Expenses (not including amortization)	\$96,846	\$100,323	\$3,477	- Annually adjusted	4-1-1 4-1-2
Amortization	\$57,686	\$59,039	\$1,353	- Set for the five year term	4-2-1
Payment in Lieu of Taxes	\$6,331	\$10,823	\$4,492	- Updated for working capital adjustments and ROE mid-term adjustment	4-3-1
Service Revenue Requirement	\$231,749	\$247,932	\$16,183		6-1-1
less Capital Stretch Factor	\$1,659	\$2,719	\$(1,060)	- Annually Adjusted	6-1-1
Service Revenue Requirement Net of Capital Stretch Factor	\$230,090	\$245,213	\$15,123		6-1-1
Less Revenue Offsets	\$9,305	\$9,757	\$(453)	- A portion of Other Revenue is set for the five year term, while others will have their rates annually adjusted - The volumes are set for the five year term	3-2-1 3-2-2 3-2-3 3-2-4 3-2-5
Base Revenue Requirement	\$220,786	\$235,456	\$14,670		6-1-1
Transformer Ownership Credit	\$1,073	\$1,079	\$6	- Set for the five year term	3-1-1
Revenue Requirement from Rates	\$221,858	\$236,535	\$14,676		6-1-1 8-1-1
Forecasted Load at 2015/2020 Rates	\$191,002	\$192,415	\$1,413	- Load forecast is set for the five year term - Distribution rates are annually adjusted	3-1-1 8-12-1
Cumulative Revenue Deficiency (over 2020)	\$(30,856)	\$(44,119)			6-1-1 8-11-1

⁵ Totals may not sum due to rounding.

ATTACHMENT 6-1-1(A)

OEB Workform - 2024 Revenue Requirement Workform

(Refer to the attachment in Excel format)

COST ALLOCATION

1. INTRODUCTION

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

2. COST ALLOCATION STUDY

Hydro Ottawa submitted a 2021 Cost Allocation model with its 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application that served as a basis to establish cost allocation for the full five year period of the Custom IR term. This approach was accepted as part of the 2021-2025 Approved Settlement Agreement¹ and as a result, annual updates of the Cost Allocation model are not required. Please see Attachment 6-1-1(A): OEB Workform - 2024 Revenue Requirement Workform and Exhibit 6-1-1: Calculation of Revenue Deficiency or Sufficiency for detailed proposed allocation of revenue requirement to customer classes.

2.1. LOAD PROFILES

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

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

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

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

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

in-house demand profiles in the details required to comply with the current Filing Requirements.

2.2. PRIMARY / SECONDARY SPLITS

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

3. PROPOSED REVENUE TO COST RATIOS

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

Sentinel Lighting is the only customer class with a revenue-to-cost ratio outside the OEB policy range. As agreed, the ratio for this customer class is being brought into its policy range over the five year period to mitigate the impact of a large rate increase on a small number of class participants. Please refer to Exhibit 8-12-1 Bill Impact Information for 2024’s proposed rate mitigation plan. All other classes will remain constant in 2023.

Please see Attachment 6-1-1(B): OEB Workform - 2024 Revenue Requirement Workform, Cost Allocation Sheet 11, for Proposed Revenue Requirement and Proposed Ratios by Customer Class. Table 1 below provides the current and proposed rate class percentage of revenue requirement and the current and proposed revenue-to-cost ratios.

⁴ *Ibid.*, page 27.

1

Table 1 – Current and Proposed Rate Class Percentage & Revenue-to-Cost Ratios

Rate Class	% Revenue Requirement					Revenue-to-Cost Ratios				Policy Range
	2021 Cost Study	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	
Residential	56.4%	56.3%	56.3%	56.4%	56.4%	101.08%	101.08%	101.08%	101.07%	85-115
GS < 50 kW	10.1%	12.2%	12.2%	12.2%	12.2%	119.92%	119.94%	119.89%	119.92%	80-120
GS > 50 to 1,499 kW	23.9%	22.0%	22.0%	21.9%	21.9%	90.44%	90.44%	90.43%	90.44%	80-120
GS > 1,500 to 4,999 kW	5.0%	5.3%	5.3%	5.2%	5.2%	102.32%	102.32%	102.32%	102.32%	80-120
Large Use	3.8%	3.4%	3.4%	3.4%	3.4%	86.10%	86.10%	86.09%	86.10%	85-115
Street Lighting	0.5%	0.6%	0.6%	0.6%	0.6%	120.00%	119.94%	119.90%	119.86%	80-120
Sentinel Lighting	0.0%	0.0%	0.0%	0.0%	0.0%	56.25%	62.19%	65.15%	69.61%	80-120
Unmetered Scattered Load	0.3%	0.3%	0.3%	0.3%	0.3%	104.51%	104.61%	104.57%	104.64%	80-120
Standby Power	0.0%	0.0%	0.0%	0.0%	0.0%	33.23%	33.23%	33.23%	33.23%	n/a

UNMETERED LOADS

As part of the 2016-2020 Approved Settlement Agreement,¹ Parties² agreed to Hydro Ottawa's proposed cost allocation and rate design with the qualification that the Sentinel Lighting rate class move within the OEB's approved range by 2020. Effective January 1, 2020, the Sentinel Lighting rates fell within the OEB-approved range.

In the 2021-2025 period, the Sentinel rate class once again fell below the OEB's approved range. As part of the 2021-2025 Approved Settlement Agreement,³ the Parties⁴ accepted Hydro Ottawa's proposal to bring the rate class within the approved range over a five year period to mitigate the rate impact on a small number of class participants. Hydro Ottawa confirms that the Sentinel rate class will be brought within the OEB approved policy range by 2025.

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

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

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

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

FIXED / VARIABLE PROPORTION

1. INTRODUCTION

This Schedule describes how Hydro Ottawa's proposed rates have been designed to collect the requested revenue requirement for 2024. The corresponding Bill Impacts and Tariffs of Rates and Charges are provided in Exhibit 8-12-1: Bill Impact Information.

Hydro Ottawa is requesting approval of a Base Revenue Requirement in 2024 of \$235.5M and Transformer Ownership Credit of \$1.07M, for total revenue from distribution rates of \$236.5M. Table 1 summarizes the approved 2021-2023, proposed 2024 and illustrative 2025 requested revenue from distribution rates.

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Base Revenue Requirement	\$197,797	\$209,423	\$220,786	\$235,456	\$225,948
Transformer Ownership Credit	\$1,065	\$1,069	\$1,073	\$1,079	\$906
REVENUE FROM DISTRIBUTION RATES	\$198,861	\$210,492	\$221,858	\$236,535	\$226,854

In the Fall of 2023 Hydro Ottawa will update its 2024 proposed revenue requirement and rates and charges using the OEB's inflation factor for 2024 once the OEB releases its Cost of Capital Parameters for 2024.

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

2. FIXED/VARIABLE PROPORTION

As part of the 2021-2025 Approved Settlement Agreement,¹ the Parties² agreed on the fixed/variable rate design for each customer rate class with the exception of the following three commercial customer classes: General Service > 50 to 1,499 kW, General Service 1,500 to 4,999 kW, and Large Use. Rate design parameters with respect to these three commercial classes were established as part of the OEB's Decision and Order issued on November 19, 2020.³

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

Table 2 below provides the 2021-2023 approved, 2024 proposed and 2025 illustrative fixed/variable splits as per the 2021-2025 Approved Settlement Agreement. Tables 3 through 5 below provide the approved, proposed and future illustrative fixed/variable charges for the 2021-2025 rate period. The ratios presented for 2024 may change subsequent to the update to revenue requirement as noted above.

Table 3 below details the 2023 approved and 2024 proposed fixed and variable charges by rate class.

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

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

³ Ontario Energy Board, *Decision and Order*, EB-2019-0261 (November 19, 2020).

⁴ *Ibid.*, page 23.

Table 2 – Approved, Proposed and Illustrative Fixed/Variable Split

	2021 Approved		2022 Approved		2023 Approved		2024 Proposed		2025 Illustrative	
	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable
Residential	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%
GS < 50 kW	25%	75%	25%	75%	25%	75%	25%	75%	25%	75%
GS 50 to 1,499 kW	17%	83%	16%	84%	15%	85%	14%	86%	14%	86%
GS 1,500 to 4,999 kW	32%	68%	30%	70%	29%	71%	27%	73%	27%	73%
Large Use	29%	71%	27%	73%	26%	74%	24%	76%	24%	76%
Unmetered Scattered Load	38%	62%	39%	61%	40%	60%	41%	59%	42%	58%
Sentinel Lighting	52%	48%	52%	48%	52%	48%	52%	48%	52%	48%
Street Lighting	62%	38%	63%	37%	63%	37%	63%	37%	63%	37%
Standby Power	28%	72%	28%	72%	28%	72%	28%	72%	28%	72%

Table 3 – Approved and Proposed Fixed/Variable Charges

	2021 Approved		2023 Approved		2024 Proposed	
	Fixed \$	Variable \$/kWh or \$/kW	Fixed \$	Variable \$/kWh or \$/kW	Fixed \$	Variable \$/kWh or \$/kW
Residential	\$29.32	\$0.0000	\$32.14	\$0.0000	\$33.94	\$0.0000
GS < 50 kW	\$19.76	\$0.0256	\$21.84	\$0.0283	\$23.14	\$0.0300
GS 50 to 1,499 kW	\$200.00	\$5.2905	\$200.00	\$5.9845	\$200.00	\$6.4211
GS 1,500 to 4,999 kW	\$4,193.93	\$4.8106	\$4,193.93	\$5.5121	\$4,193.93	\$5.9581
Large Use	\$15,231.32	\$4.7117	\$15,231.32	\$5.4310	\$15,231.32	\$5.8841
Unmetered Scattered Load	\$5.37	\$0.0255	\$6.24	\$0.0297	\$6.80	\$0.0324
Sentinel Lighting	\$3.88	\$18.2019	\$5.16	\$24.2011	\$5.92	\$27.7915
Street Lighting	\$0.96	\$6.6705	\$1.05	\$7.3273	\$1.11	\$7.7319
Standby Power GS 50 to 1,499 kW	\$153.14	\$2.0437	\$171.83	\$2.2930	\$183.36	\$2.4467
Standby Power GS 1,500 to 4,999 kW	\$153.14	\$1.8746	\$171.83	\$2.1033	\$183.36	\$2.2443
Standby Power Large Use	\$153.14	\$2.0803	\$171.83	\$2.3341	\$183.36	\$2.4906

1 Table 4 outlines the 2021-2023 approved, 2024 proposed and 2025 illustrative fixed charges by rate
2 class.

3

4

Table 4 – Approved, Proposed and Illustrative Fixed Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Residential	\$29.32	\$30.77	\$32.14	\$33.94	\$32.21
GS < 50 kW	\$19.76	\$20.83	\$21.84	\$23.14	\$22.18
GS 50 to 1,499 kW	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
GS 1,500 to 4,999 kW	\$4,193.93	\$4,193.93	\$4,193.93	\$4,193.93	\$4,034.09
Large Use	\$15,231.32	\$15,231.32	\$15,231.32	\$15,231.32	\$14,528.81
Unmetered Scattered Load	\$5.37	\$5.80	\$6.24	\$6.80	\$6.69
Sentinel Lighting	\$3.88	\$4.63	\$5.16	\$5.92	\$6.58
Street Lighting	\$0.96	\$1.01	\$1.05	\$1.11	\$1.05
Standby Power GS 50 to 1,499 kW	\$153.14	\$162.65	\$171.83	\$183.36	\$175.20
Standby Power GS 1,500 to 4,999 kW	\$153.14	\$162.65	\$171.83	\$183.36	\$175.20
Standby Power Large Use	\$153.14	\$162.65	\$171.83	\$183.36	\$175.20

5 Table 5 summarizes the 2021-2023 approved, 2024 proposed and 2025 illustrative variable charges by
6 rate class.

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

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Residential	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
GS < 50 kW	\$0.0256	\$0.0270	\$0.0283	\$0.0300	\$0.0287
GS 50 to 1,499 kW	\$5.2905	\$5.6423	\$5.9845	\$6.4211	\$6.1270
GS 1,500 to 4,999 kW	\$4.8106	\$5.1687	\$5.5121	\$5.9581	\$5.6776
Large Use	\$4.7117	\$5.0761	\$5.4310	\$5.8841	\$5.6526
Unmetered Scattered Load	\$0.0255	\$0.0276	\$0.0297	\$0.0324	\$0.0317
Sentinel Lighting	\$18.2019	\$21.7203	\$24.2011	\$27.7915	\$30.8271
Street Lighting	\$6.6705	\$6.9763	\$7.3273	\$7.7319	\$7.4449
Standby Power GS 50 to 1,499 kW	\$2.0437	\$2.0449	\$2.2930	\$2.4467	\$2.3376
Standby Power GS 1,500 to 4,999 kW	\$1.8746	\$1.9910	\$2.1033	\$2.2443	\$2.1443
Standby Power Large Use	\$2.0803	\$2.0816	\$2.3341	\$2.4906	\$2.3796

Table 6 below details the 2021-2023 approved, 2024 proposed and 2025 illustrative fixed charges by customer class compared to upper and lower bounds (floor and ceiling) calculated in the 2021 Cost Allocation Model⁵ submitted in support of the Decision and Rate Order for Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting Application.

⁵ As submitted in Hydro Ottawa's Draft Rate Order, EB-2019-0261: Cost_Allocation_Model (December 3, 2020).

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

	2021 Cost Allocation		2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
	Floor	Ceiling					
Residential	\$4.07	\$17.38	\$29.32	\$30.77	\$32.14	\$33.94	\$32.21
GS < 50 kW	\$6.01	\$22.73	\$19.76	\$20.83	\$21.84	\$23.14	\$22.18
GS > 50 to 1,499 kW	\$25.49	\$76.11	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
GS > 1,500 to 4,999 kW	\$64.71	\$369.57	\$4,193.93	\$4,193.93	\$4,193.93	\$4,193.93	\$4,034.09
Large Use	\$15.86	\$455.32	\$15,231.32	\$15,231.32	\$15,231.32	\$15,231.32	\$14,528.81
Unmetered Scattered Load	\$0.05	\$9.33	\$5.37	\$5.80	\$6.24	\$6.80	\$6.69
Sentinel Lighting	\$1.78	\$14.97	\$3.88	\$4.63	\$5.16	\$5.92	\$6.58
Street Lighting	\$0.06	\$9.02	\$0.96	\$1.01	\$1.05	\$1.11	\$1.05
Standby Power	\$115.49	\$119.16	\$153.14	\$162.65	\$171.83	\$183.36	\$175.20

Since 2020, the Distribution charge for the Residential customer class has been set at 100% fixed. With the exception of the three commercial classes, the approved rate design is based on maintaining the fixed/variable split for each customer class. As directed, fixed rates for the three commercial classes have been held constant in 2024 and variable rates have been adjusted to ensure recovery of the requested revenue requirement for those classes.

3. TRANSFORMER OWNERSHIP CREDIT

As per the 2021-2025 Approved Settlement Agreement, Hydro Ottawa has maintained the current Transformer Ownership Credit ("TOC") of \$0.45/kW for customers who own their transformers and are currently entitled to receive the credit for 2024.

As per section 2.5.5.4 of Hydro Ottawa's Conditions of Service ("COS") - Version 9, and as confirmed in the 2021-2025 Approved Settlement Agreement, the TOC will be discontinued for all customer-owned transformers as of November 1, 2025.⁶

⁶ Hydro Ottawa Limited, *Conditions of Service*, Version 9 (January 16, 2023), Section 2.5.5.4, pages 72-73.

RATE DESIGN POLICY CONSULTATION

In April 2015, the OEB released a policy on distribution rate design for residential customers.¹ This policy directed electricity distributors to transition residential customers to a fully fixed distribution charge. The OEB set out guidance for the transition period, including mitigation expectations.

As part of Hydro Ottawa's 2016-2020 Approved Settlement Agreement,² the Parties to that Agreement³ concurred that the residential class would transition to a fully fixed distribution charge effective January 1, 2020. Through the OEB's approval of the utility's 2020 rate adjustment application, the residential class completed the transition to a fully fixed distribution charge.⁴

The distribution charge for the residential rate class will remain fully fixed for the 2021-2025 rate period.

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

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

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

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

RETAIL TRANSMISSION SERVICE RATES

1. INTRODUCTION

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

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

2. PROPOSED RTSR CHARGES FOR 2024

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

Consistent with the 2021-2025 Approved Settlement Agreement, Hydro Ottawa is using the RTSR model released by the OEB for 2024 rate filers. The RTSR model is designed to use a utility's billing determinants from the previous year, as reported through the Reporting and Record Keeping Requirements ("RRRs"). As such, the RTSR rates are derived from 2022 billing determinants.

In tab 3 titled: '3. RRR Data' of Attachment 8-3-1(A): OEB Workform - 2024 RTSR Workform, Hydro Ottawa made the following adjustment to the model:

- Non-loss adjusted metered kWh and kW for the General Service 50 to 1499 kW Class were adjusted to values as reported in Table 3A of 2.1.5.4 RRR.

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

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

- 1 Hydro Ottawa has included the 2024 RTSR Model in Excel format as Attachment 8-3-1(A): OEB
- 2 Workform - 2024 RTSR Workform.
- 3
- 4 Given that the adjustments to Hydro One UTRs typically occur after the implementation of Hydro Ottawa's
- 5 rates on January 1st of each year, the parties have agreed to set each year's RTSRs using the previous
- 6 year's UTRs. As part of the 2021-2025 Approved Settlement Agreement, the differences from the new
- 7 rates will be captured in Uniform System of Accounts 1584 - Retail Settlement Variance Account ("RSVA")
- 8 Network, and 1586 - Connection for future disposition.

ATTACHMENT 8-3-1(A)

OEB Workform - 2024 RTSR Workform

(Refer to the attachment in Excel format)

RETAIL SERVICE CHARGES

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

On February 14, 2019, the OEB issued a Decision and Order in the matter of energy retailer service charges effective May 1, 2019.¹ In accordance with this decision, Hydro Ottawa stopped using its approved distributor-specific RSCs and implemented the OEB generic RSCs effective May 1, 2019.² As accepted as part of the 2021-2025 Settlement Agreement,³ Hydro Ottawa will continue to use the OEB generic RSC for 2021-2025. On November 3, 2022, the OEB released its Decision and Order for the generic 2023 RSCs effective January 1, 2023.⁴ Those rates were implemented by Hydro Ottawa as of January 1, 2023.

Table 1 below presents approved, proposed and illustrative RSCs for 2021-2025. The 2023 charges are consistent with those prescribed in the OEB's Decision and Order EB-2022-0220. In 2024, Hydro Ottawa will again implement the OEB's generic RSCs. As a placeholder, pending the OEB's RSC rate order for 2024, the 2023 generic RSCs have been inflated by the OEB's 2023 inflationary rate of 3.7%⁵. Rates presented for 2025 align with what was presented as illustrative rates at the draft rate order stage of Hydro Ottawa's 2021-2025 Custom IR Application and incorporated into the Final Decision. They are included for information purposes only. Hydro Ottawa continues to opt out of applying a charge for the Notice of Switch Letter.

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

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

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

⁴ Ontario Energy Board, *Decision and Order in the matter of the inflationary adjustment effective January 1, 2023 for energy retailer service charges for electricity distributors*, EB-2022-0220 (November 3, 2022).

⁵ Ontario Energy Board Letter, *2023 Inflation Parameters*, Issued October 20, 2022, page 1.

1 **Table 1 – Retail Service Charges**

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Standard Charge	\$104.24	\$107.68	\$111.66	\$115.79	\$113.72
Monthly Fixed Charge	\$41.70	\$43.08	\$44.67	\$46.32	\$45.50
Monthly Variable Charge	\$1.04	\$1.07	\$1.11	\$1.15	\$1.12
Distributor consolidated billing charge	\$0.62	\$0.64	\$0.66	\$0.68	\$0.66
Retailer consolidated billing credit	\$(0.62)	\$(0.64)	\$(0.66)	\$(0.68)	\$(0.66)
Service Transaction Requests, per request	\$0.52	\$0.54	\$0.56	\$0.58	\$0.56
Service Transactions Requests, per process	\$1.04	\$1.07	\$1.11	\$1.15	\$1.12
Electronic Business Transaction, up to two per year	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Electronic Business Transaction, more than two, per request	\$4.17	\$4.31	\$4.47	\$4.64	\$4.55

WHOLESALE MARKET SERVICE RATE

This Application reflects the current Wholesale Market Service (“WMS”) rate of \$0.0041/kWh, Capacity Based Recovery (“CBR”) rate of \$0.0004/kWh, and Rural or Remote Electricity Rate Protection (“RRRP”) rate of \$0.0007/kWh. These are the most recent rates approved by the OEB.¹

The WMS and RRRP rates apply to both Class A and Class B customers. With regards to the CBR rate, Class B customers are charged the rate of \$0.0004/kWh, as noted above, while Class A customers’ costs are in proportion to the customer’s contribution to peak demand.

Hydro Ottawa will update WMS rates in accordance with applicable OEB Decisions and Orders.

¹ Ontario Energy Board, *Decision and Order in the matter of Regulatory Charges Effective January 1, 2023, for the Wholesale Market Services Rate and the Rural or Remote Electricity Rate Protection Charge*, EB-2022-0269 (December 8, 2022), page 1.

SMART METERING CHARGE

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

The OEB issued accounting guidance on March 23, 2018 regarding the treatment of the changes to the SMC and its inclusion into the Smart Metering Entity Charge Variance Account (“SMECVa”).² Hydro Ottawa hereby confirms that the impact of the changes to the SMC into the SMECVa has been included in the next Group 1 disposition. Please see Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts and Exhibit 9-1-2: Group 1 Accounts for the balance of the SMECVa.

The currently approved SMC is included in Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges.

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

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

SPECIFIC SERVICE CHARGES

1. INTRODUCTION

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

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

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

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

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

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

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

Table 1 below provides a description of the Modified CPEF used for the majority of SSCs. Hydro Ottawa will update the proposed SSCs that are escalated by the Modified CPEF in the Fall of 2023 using the OEB's inflation factor for 2024.

Table 1 – Modified Custom Price Escalation Factor

Component	As per Settlement Proposal
Inflation factor ("I")	<ul style="list-style-type: none"> • Uses the OEB inflation rate for incentive rate-setting under Price Cap IR and Annual Index plans • Uses standard OEB labour/non-labour weighting factors • Updated Annually
Productivity factor ("X")	<ul style="list-style-type: none"> • 0.45% (0% Total Productivity Factor plus 0.45% stretch factor) • Fixed for duration of Custom IR term
Total Modified CPEF Value: (I - X)	<ul style="list-style-type: none"> • $3.7\% - 0.45\% = 3.25\%^5$

2. SUMMARY OF PROPOSED SPECIFIC SERVICE CHARGES

Table 2 below summarizes the 2021-2023 approved, 2024 proposed and 2025 illustrative SSCs. As a placeholder, the 2024 proposed SSCs are based on a Modified CPEF that has incorporated the OEB's 2023 inflation rate of 3.7% in its calculation.⁶ Values presented for 2025 align with what was presented as illustrative totals at the draft rate order stage of Hydro Ottawa's 2021-2025 Custom IR Application and incorporated into the Final Decision.

The proposed 2024 SSCs are included in Hydro Ottawa's Tariff of Rates and Charges as presented in Exhibit 8-10-1: Current and Proposed Tariff of Rates and Charges.

⁵ For illustrative purposes, this equation uses the OEB's inflation factor for incentive rate-setting under Price Cap IR and Annual Index plans for the year 2023, which is 3.7%. In the Fall of 2023 Hydro Ottawa will update its proposed Working Capital Allowance and resulting impact of its proposed 2024 revenue requirement and rates using OEB's inflation factor for 2024 once OEB releases its Cost of Capital Parameters for 2024.

⁶ Ontario Energy Board Letter, *2023 Inflation Parameters*, Issued October 20, 2022, page 1.

Table 2 – Specific Service Charges

	2021 Approved	2022 Approved	2023 Approved	2024 Proposed	2025 Illustrative
Customer Administration					
Arrears Certificate	\$16.00	\$16.00	\$17.00	\$17.00	\$17.00
Easement Certificate for Unregistered Easements	\$25.00	\$26.00	\$27.00	\$28.00	\$27.00
Duplicate Invoices for Previous Billing	\$5.00	\$6.00	\$6.00	\$6.00	\$6.00
Special Billing Service, per hour	\$122.00	\$126.00	\$130.00	\$134.00	\$131.00
Credit Reference/Credit Check (+ credit agency costs)	\$16.00	\$16.00	\$17.00	\$17.00	\$17.00
Unprocessed Payment Charge (+ bank charges)	\$25.00	\$26.00	\$27.00	\$28.00	\$27.00
Account Set Up/Change of Occupancy Charge	\$25.00	\$26.00	\$27.00	\$28.00	\$27.00
Interval Meter - Field Reading	\$314.00	\$323.00	\$334.00	\$345.00	\$337.00
High Bill Investigation - If Billing is Correct	\$237.00	\$243.00	\$251.00	\$259.00	\$254.00
Non-Payment of Account					
Reconnect at Meter - Regular Hours	\$67.00	\$69.00	\$71.00	\$73.00	\$71.00
Reconnect at Meter - After Regular Hours	\$100.00	\$103.00	\$107.00	\$110.00	\$108.00
Reconnect at Pole - Regular Hours	\$250.00	\$258.00	\$266.00	\$275.00	\$268.00
Reconnect at Pole - After Regular Hours	\$423.00	\$435.00	\$449.00	\$463.00	\$453.00
Other					
Temporary Service - Install and Remove ("TS-I&R") - Overhead - no transformer	\$881.00	\$906.00	\$936.00	\$966.00	\$944.00
TS-I&R - Underground - no transformer	\$1,278.00	\$1,314.00	\$1,357.00	\$1,401.00	\$1,370.00
TS-I&R - Overhead - with transformer	\$3,141.00	\$3,231.00	\$3,336.00	\$3,444.00	\$3,367.00
Specific Charge to Access Power Poles - Wireline	\$44.50	\$34.76	\$36.05	\$37.38	\$49.62
Drycore Transformer Charge	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)	8-7-1 (B)
ERF Administration Charge Without Account Set Up	\$142.00	\$146.00	\$151.00	\$156.00	\$153.00

2.1 SSCs ESCALATED BY THE MODIFIED CUSTOM PRICE ESCALATION FACTOR

The following rates will be adjusted in the Fall of 2024:

- Arrears Certificate;
- Easement Certificate for Unregistered Easements;
- Duplicate Invoices for Previous Billing;
- Special Billing Service, per hour;
- Credit Reference/Credit Check (+ credit agency costs);
- Unprocessed Payment Charge (+ bank charges);
- Account Set Up/Change of Occupancy Charge;
- Interval Meter - Field Reading;
- High Bill Investigation - If Billing is Correct;
- Non-Payment of Account - Reconnect at Meter;
- TS-I&R - Overhead - no transformer;
- TS-I&R - Underground - no transformer;
- TS-I&R - Overhead - with transformer; and
- ERF Administration Charge Without Account Set Up.

2.2 SPECIFIC ACCESS TO POWER POLES - WIRELINE ATTACHMENTS

As part of the 2021-2025 Approved Settlement Agreement the Parties agreed that Hydro Ottawa would use the OEB generic wireline pole attachment charge. As a placeholder for 2024, the 2023 approved⁷ pole attachment rate has been inflated by the OEB's 2022 inflation rate of 3.7%. Hydro Ottawa will update the 2024 rate after the OEB releases an Order on the province-wide wireline pole attachment charge.

2.3 DRY CORE TRANSFORMER CHARGE

The dry core transformer charge is applied to recover unmetered energy lost in the operation of a dry core transformer. A specific charge is calculated for each transformer based on the Canadian Standards Association standard C802-94 ("CSA-C802-94").⁸ For transformer sizes not included in CSA-C802-94, there are no load losses or associated costs that are interpolated based on the transformer size. As per

⁷ Ontario Energy Board, *Decision and Order Distribution Pole Attachment Charge for 2023*, EB-2022-0221 (November 3, 2022) page 1.

⁸ Standards Council of Canada, "CAN/CSA-C802-94 - Maximum Losses for Distribution, Power and Dry-Type Transformers" <http://www.scc.ca/en/standardsdb/standards/5579>.

the 2021-2025 Approved Settlement Agreement, Hydro Ottawa will calculate the dry core transformer loss charge for any new size of transformer upon connection, based on the approved dry core rate design. The Schedule of Rates and Tariffs will be updated annually for any new size of transformers.

Dry core rates have been set based on the proposed 2024 distribution, transmission and low voltage rates of the >50kW commercial classes, as well as the current Regulated Price Plan ("RPP") and regulatory rates. These rates are outlined in Attachment 8-7-1(A): Dry Core Calculations. The Drycore rates will be updated based on final approved rates.

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

3. GENERATOR FIXED SERVICE CHARGES & STANDARD SUPPLY SERVICE CHARGES

3.1 GENERATOR FIXED SERVICE CHARGES

As part of the 2021-2025 Approved Settlement Agreement, the Parties agreed to the continuation of the utility-specific charges for the MicroFIT, Net Metering, FIT, and HCl/RESOP/HESOP service charges.

Table 3 summarizes the 2021-2023 Approved, the 2024 Proposed and 2025 illustrative Generator Service Charges.

Table 3 – Generator Service Charges

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

3.2 STANDARD SUPPLY SERVICE CHARGE

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

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

4. SERVICE CHARGE REVENUES

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

⁹ Hydro Ottawa, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 29.

ATTACHMENT 8-7-1(A)

Dry Core Calculations

(Refer to the attachment in Excel format)

LOW VOLTAGE SERVICE RATES

1. INTRODUCTION

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

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

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

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

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

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

2. CURRENT LV CHARGES

As part of the 2021-2025 Approved Settlement Agreement,⁴ the OEB required Hydro Ottawa's LV rates be updated annually. The 2023 rates were approved as part of Decision and Order EB-2022-0042.⁵

These rates are shown in Table 1 below.

Table 1 – Hydro Ottawa LV Charges (Effective January 1, 2023)

Class	Per	LV Charge
Residential	kWh	\$0.00005
General Service <50 kW	kWh	\$0.00005
General Service 50 to 1,499 kW	kW	\$0.02011
General Service 1,500 to 4,999 kW	kW	\$0.02149
Large Use > 5,000 kW	kW	\$0.02420
Unmetered Scattered Load	kWh	\$0.00005
Sentinel Lighting	kW	\$0.01494
Street Lighting	kW	\$0.01525

3. ESTIMATED 2021-2025 LV EXPENSES

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

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

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

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

⁵ Ontario Energy Board, *Decision and Order Hydro Ottawa*, EB-2022-0042 (December 8, 2022).

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

4. PROPOSED 2021-2025 LV CHARGES

As part of the 2021-2025 Approved Settlement Agreement, the Parties accepted Hydro Ottawa's proposed LV rates and agreed they would be updated annually based on the methodology described below. For 2024 rates, Hydro Ottawa has continued to use this methodology instead of using the calculator on Tab 9 of the OEB's RTSR model.

The LV expense has been allocated to the customer classes based on the class percentage of Retail Transmission Connections dollars using 2023 rates. As shown in Table 3 below, Hydro Ottawa continues to use the same methodology for allocation used in the 2006 Electricity Distribution Rate ("EDR") Model.

Hydro Ottawa will update the LV charges annually based on updated Transmission Connections rates, while using the forecasted expenses as presented in Table 3.

Table 3 – 2024 Calculation of LV Charge

	2023 Retail Transmission Connection Rate	2024 Charge Determinant (kWh or kW)	Basis for Allocation (A*B)	Allocation	LV Expense Allocation	2024 Rate/ kWh or kW (E/B)
	A	B	C	D	E	F
Residential	\$0.0057	2,339,674,470	\$13,336,144	33.74%	\$121,626	\$0.00005
General Service < 50 kW	\$0.0055	717,823,457	\$3,948,029	9.99%	\$36,006	\$0.00005
General Service 50 to 1,499 kW	\$2.2255	6,966,627	\$15,504,228	39.22%	\$141,398	\$0.02030
General Service 1,500 to 4,999 kW	\$2.3786	1,567,693	\$3,728,916	9.43%	\$34,008	\$0.02169
Large Use > 5,000 kW	\$2.6785	1,057,124	\$2,831,507	7.16%	\$25,823	\$0.02443
Unmetered Scattered Load	\$0.0055	12,285,464	\$67,570	0.17%	\$616	\$0.00005
Sentinel Lighting	\$1.6534	132	\$218	0.00%	\$2	\$0.01508
Street Lighting	\$1.6878	66,152	\$111,651	0.28%	\$1,018	\$0.01539
TOTAL			\$39,528,263		\$360,497	

LOSS ADJUSTMENT FACTORS

1. INTRODUCTION

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

2. DISTRIBUTION LOSSES

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

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

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

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

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

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

³ Totals may not match due to rounding.

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

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

In addition, Hydro Ottawa will implement as many of the cost-effective measures set out in its plan as possible and remaining cost-effective measures will be incorporated into Hydro Ottawa's next rebasing application and included in the Distribution System Plan ("DSP").

Finally, as described in Hydro Ottawa's response to undertaking JT 3.10, a pilot of Grid Edge Volt/VAR Control ("VVC") solution was implemented in 2020. A full analysis of the pilot has been completed, including an economic use case. Hydro Ottawa has an estimated investment of up to \$1.0M for the future deployment of the VVC devices where such deployments are cost-effective and sufficiently impactful. The cost of these investments will be accommodated within the overall approved capital budget as per the 2021-2025 Approved Settlement Agreement.⁵

3. LOSS ADJUSTMENT FACTORS

As part of the 2021-2025 Approved Settlement Agreement, the following loss factors will remain constant from 2021 to 2025:

Table 2 – 2021-2025 Approved Loss Adjustment Factors

	Total Loss Factor
Secondary Metered Customer < 5,000 kW	1.0335
Secondary Metered Customer > 5,000 kW	1.0164
Primary Metered Customer < 5,000 kW	1.0232
Primary Metered Customer > 5,000 kW	1.0062

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

CURRENT AND PROPOSED TARIFF OF RATES AND CHARGES

Hydro Ottawa's approved 2023 and proposed 2024 tariffs of rates and charges are provided in Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges.

Attachment 8-10-1(A) is included as an Attachment to this Schedule in Excel format.

Attachment 8-10-1(B): *Hydro Ottawa's current tariff of rates and charges (2023)* is a PDF copy of the current tariff sheet.

ATTACHMENT 8-10-1(A)

**OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and
Charges**

(Refer to the attachment in Excel format)

ATTACHMENT 8-10-1(B)
DECISION AND RATE ORDER
HYDRO OTTAWA LIMITED TARIFF
OF RATES AND CHARGES
EB-2022-0042
DECEMBER 8, 2022

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

RESIDENTIAL SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	32.14
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$	0.25
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.42
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2023	\$/kWh	(0.0029)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0104
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0057

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

Hydro Ottawa Limited
EB-2023-0032
Exhibit 8
Tab 10
Schedule 1
ORIGINAL
Attachment B
Page 3 of 16

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	21.84
Smart Metering Entity Charge - effective until December 31, 2022	\$	0.42
Distribution Volumetric Rate	\$/kWh	0.0283
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2023	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kWh	0.0007
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0097
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

Hydro Ottawa Limited
EB-2023-0032
Exhibit 8
Tab 10
Schedule 1
ORIGINAL
Attachment B
Page 4 of 16

GENERAL SERVICE 50 TO 1,499 KW SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	200.00
Distribution Volumetric Rate	\$/kW	5.9845
Low Voltage Service Rate	\$/kW	0.02011
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.1523
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Rate Rider for Disposition of Deferral/Variance Accounts Applicable only for Non-Wholesale Market Participants - effective until December 31, 2024	\$/kW	0.1966
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2023	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	(0.2477)
Retail Transmission Rate - Network Service Rate	\$/kW	3.9813
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.2255

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

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

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

APPLICATION

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

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

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

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	4193.93
Distribution Volumetric Rate	\$/kW	5.5121
Low Voltage Service Rate	\$/kW	0.02149
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.3938
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2023	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2021
Retail Transmission Rate - Network Service Rate	\$/kW	4.1337
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.3786

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

LARGE USE SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15231.32
Distribution Volumetric Rate	\$/kW	5.431
Low Voltage Service Rate	\$/kW	0.0242
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.4832
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2025	\$/kW	0.2011
Retail Transmission Rate - Network Service Rate	\$/kW	4.5825
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	2.6785

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification includes accounts taking electricity at 120/240 volts single phase whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. These connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Qualification for this classification is at the discretion of Hydro Ottawa as defined in its Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	6.24
Distribution Volumetric Rate	\$/kWh	0.0297
Low Voltage Service Rate	\$/kWh	0.00005
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kWh	0.0008
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0097
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0055

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

STANDBY POWER SERVICE CLASSIFICATION

This classification refers to an account that has Load Displacement Generation equal to or greater than 500 kW and requires the distributor to provide back-up service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES - Delivery Component - Approved on an Interim Basis

Service Charge	\$	171.83
General Service 50 TO 1,499 kW customer	\$/kW	2.2930
General Service 1,500 TO 4,999 kW customer	\$/kW	2.1033
General Service Large User kW customer	\$/kW	2.3341

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	5.16
Distribution Volumetric Rate	\$/kW	24.2011
Low Voltage Service Rate	\$/kW	0.01494
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.3047
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	\$/kW	2.9389
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6534

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting controlled by photocells. The consumption for these customers is based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge (per connection)	\$	1.05
Distribution Volumetric Rate	\$/kW	7.3273
Low Voltage Service Rate	\$/kW	0.01525
Rate Rider for Disposition of Deferral/Variance Accounts - effective until December 31, 2024	\$/kW	0.3017
Rate Rider for Disposition of Capacity Based Recovery Account Applicable only for Class B Customers - effective until December 31, 2023	\$/kWh	(0.0001)
Rate Rider for Disposition of Global Adjustment Account (2023) - Applicable only for Non-RPP Customers - effective until December 31, 2023	\$/kWh	(0.0029)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery - effective until December 31, 2023	\$/kW	1.9737
Retail Transmission Rate - Network Service Rate	\$/kW	2.9539
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.6878

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

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

NET-METERING SERVICE CLASSIFICATION

This classification applies to an eligible electricity generation facility as defined in O. Reg. 541/05. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15
----------------	----	----

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	15.00
----------------	----	-------

FIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's FIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	80.00
----------------	----	-------

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

HCI, RESOP, OTHER ENERGY RESOURCE SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's HCI, RESOP and Other Energy Resource programs and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	330.00
----------------	----	--------

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.45)
Primary Metering Allowance for Transformer Losses - applied to measured demand & energy	%	(1)

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

Hydro Ottawa Limited
EB-2023-0032
Exhibit 8
Tab 10
Schedule 1
ORIGINAL
Attachment B
Page 14 of 16

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

Customer Administration

Arrears Certificate	\$	17.00
Easement Certificate for Unregistered Easements	\$	27.00
Duplicate invoices for previous billing	\$	6.00
Special billing service per hour (min 1 hour, 15 min incremental billing thereafter)	\$	130.00
Credit reference/credit check (plus credit agency costs)	\$	17.00
Unprocessed payment charge (plus bank charges)	\$	27.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	27.00
Interval meter - field reading	\$	334.00
High bill investigation - if billing is correct	\$	251.00

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	\$	71.00
Reconnection at meter - after regular hours	\$	107.00
Reconnection at pole - during regular hours	\$	266.00
Reconnection at pole - after regular hours	\$	449.00

Other

Temporary service - install & remove - overhead - no transformer	\$	936.00
Temporary service - install & remove - underground - no transformer	\$	1357.00
Temporary service - install & remove - overhead - with transformer	\$	3336.00
Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	36.05
Dry core transformer distribution charge		Per Attached Table
Energy resource facility administration charge (account set-up charge separately if applicable)	\$	151.00

Hydro Ottawa Limited
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2023
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2022-0042

RETAIL SERVICE CHARGES (if applicable)

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	111.66
Monthly fixed charge, per retailer	\$	44.67
Monthly variable charge, per customer, per retailer	\$/cust.	1.11
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.66
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	-0.66
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.56
Processing fee, per request, applied to the requesting party	\$	1.11
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)	\$	4.47
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)	\$	2.23

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

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

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2023

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

EB-2022-0042

Dry Core Transformer Charges

Transformers	No Load Loss (W)	Load Loss (W)	Cost of Transmission and LV per kW	Cost of Energy and Wholesale Market per kWh	Total Monthly cost of power	Cost of Distribution per kW	Total
Rates			\$ 6.6820	\$ 0.0989		\$ 5.6425	
25 KVA 1 PH, 1.2kV BIL	150	900	\$ 1.07	\$ 8.99	\$ 10.06	\$ 0.91	\$ 10.97
37.5 KVA 1 PH, 1.2kV BIL	200	1200	\$ 1.43	\$ 11.98	\$ 13.42	\$ 1.21	\$ 14.62
50 KVA 1 PH, 1.2kV BIL	250	1600	\$ 1.83	\$ 15.08	\$ 16.90	\$ 1.54	\$ 18.44
75 KVA 1 PH, 1.2kV BIL	350	1900	\$ 2.43	\$ 20.78	\$ 23.21	\$ 2.06	\$ 25.27
100 KVA 1 PH, 1.2kV BIL	400	2600	\$ 2.93	\$ 24.16	\$ 27.10	\$ 2.48	\$ 29.57
112.5 kVA 1 PH, 1.2kV BIL	447	2936	\$ 3.29	\$ 27.03	\$ 30.32	\$ 2.78	\$ 33.10
*150 KVA 1 PH, 1.2kV BIL	525	3500	\$ 3.88	\$ 31.80	\$ 35.68	\$ 3.28	\$ 38.96
167 KVA 1 PH, 1.2kV BIL	650	4400	\$ 4.83	\$ 39.43	\$ 44.26	\$ 4.08	\$ 48.34
175 KVA 1PH, 1.2kV BIL	665	4496	\$ 4.94	\$ 40.33	\$ 45.28	\$ 4.17	\$ 49.45
*200 KVA 1 PH, 1.2kV BIL	696	4700	\$ 5.17	\$ 42.21	\$ 47.38	\$ 4.37	\$ 51.74
*225 KVA 1 PH, 1.2kV BIL	748	5050	\$ 5.56	\$ 45.36	\$ 50.92	\$ 4.69	\$ 55.61
250 KVA 1 PH, 1.2kV BIL	800	5400	\$ 5.94	\$ 48.51	\$ 54.46	\$ 5.02	\$ 59.47
333 KVA 1PH 1.2kV BIL	1000	6600	\$ 7.37	\$ 60.50	\$ 67.87	\$ 6.23	\$ 74.10
*10 kVA 3 PH, 1.2kV BIL	83	400	\$ 0.56	\$ 4.88	\$ 5.44	\$ 0.47	\$ 5.91
*15 KVA 3 PH, 1.2kV BIL	125	650	\$ 0.86	\$ 7.39	\$ 8.25	\$ 0.73	\$ 8.98
*30 KVA 3PH, 1.2kV BIL	250	1300	\$ 1.72	\$ 14.79	\$ 16.51	\$ 1.45	\$ 17.96
*45 KVA 3 PH, 1.2kV BIL	300	1800	\$ 2.15	\$ 17.98	\$ 20.12	\$ 1.81	\$ 21.94
*75 KVA 3 PH, 1.2kV BIL	400	2400	\$ 2.86	\$ 23.97	\$ 26.83	\$ 2.42	\$ 29.25
*112.5 KVA 3 PH, 1.2kV BIL	600	3400	\$ 4.22	\$ 35.76	\$ 39.98	\$ 3.57	\$ 43.55
125 KVA 3PH, 1.2kV BIL	633	3767	\$ 4.52	\$ 37.90	\$ 42.42	\$ 3.82	\$ 46.24
*150 KVA 3 PH, 1.2kV BIL	700	4500	\$ 5.12	\$ 42.23	\$ 47.35	\$ 4.32	\$ 51.67
*175 KVA 3PH, 1.2kV BIL	766	4767	\$ 5.54	\$ 46.06	\$ 51.61	\$ 4.68	\$ 56.29
*200 KVA 3PH, 1.2kV BIL	833	5033	\$ 5.98	\$ 49.95	\$ 55.92	\$ 5.05	\$ 60.97
*225 KVA 3 PH, 1.2kV BIL	900	5300	\$ 6.41	\$ 53.83	\$ 60.24	\$ 5.41	\$ 65.65
*300 KVA 3 PH, 1.2kV BIL	1100	6300	\$ 7.77	\$ 65.62	\$ 73.39	\$ 6.56	\$ 79.95
*450 KVA 3PH, 1.2kV BIL	2075	7275	\$ 13.00	\$ 119.36	\$ 132.36	\$ 10.98	\$ 143.34
*500 KVA 3 PH, 95kV BIL	2400	7600	\$ 14.75	\$ 137.27	\$ 152.01	\$ 12.45	\$ 164.47
*750 KVA 3 PH, 95kV BIL	3000	12000	\$ 19.33	\$ 173.99	\$ 193.32	\$ 16.32	\$ 209.64
*1000 KVA 3 PH, 95kV BIL	3400	13000	\$ 21.69	\$ 196.61	\$ 218.30	\$ 18.32	\$ 236.62
*1500 KVA 3 PH, 95kV BIL	4500	18000	\$ 28.99	\$ 260.99	\$ 289.98	\$ 24.48	\$ 314.46
*2000 KVA 3 PH, 95kV BIL	5400	21000	\$ 34.58	\$ 312.61	\$ 347.18	\$ 29.20	\$ 376.38
*2500 KVA 3 PH, 95kV BIL	6500	25000	\$ 41.52	\$ 376.02	\$ 417.54	\$ 35.06	\$ 452.60
*3000 KVA 3PH, 95kV BIL	7700	29000	\$ 48.97	\$ 444.84	\$ 493.81	\$ 41.35	\$ 535.16
*3750 KVA 3PH, 95kV BIL	9500	35000	\$ 60.13	\$ 548.08	\$ 608.22	\$ 50.78	\$ 658.99
*5000 KVA 3PH, 95kV BIL	11000	39000	\$ 69.08	\$ 633.15	\$ 702.24	\$ 58.34	\$ 760.57

No Load and load losses from CSA standard C802-94: Maximum losses for distribution, power and dry-type transformers commercial use.

Average load factor = 0.46 average loss factor = 0.2489

*For non-preferred KVA ratings no load and load losses are interpolated as per CSA standard

REVENUE PER RATE CLASS UNDER CURRENT AND PROPOSED RATES

1. INTRODUCTION

This Schedule outlines Hydro Ottawa's revenue per rate class under current and proposed rates. Please see Table 1 below for detailed calculations of revenue per rate class under 2020 rates, and a reconciliation of rate class revenue at 2020 rates and other revenue to total revenue requirement.

The revenue deficiency/sufficiency was determined by calculating what the revenue would have been using 2020 rates, and the forecasted 2024 load and customer/connection numbers. This produces the amount of revenue Hydro Ottawa would collect at 2020 rates with an updated load forecast. The 2024 Transformer Ownership Credit ("TOC") is used to adjust the revenue at 2020 rates to produce Hydro Ottawa's revenue requirement after other revenues. Rather than updating for 2023 rates, Hydro Ottawa compiled the analysis in this manner as the 2020 rates offer a stable base of comparisons to its 2021-2025 Custom Incentive Rate-setting ("Custom IR") Application.

Detailed calculations of revenue requirement at proposed rates can be found in Sheet 13: Rate Design of Attachment 6-1-1(A): OEB Workform - 2024 Revenue Requirement Workform.

1 **Table 1 - Revenue per Rate Class and Reconciliation to 2024 Revenue Requirement¹**

Rate Class	Average # Customers / Connections	2024 Consumption		2020 Rates		Revenues at 2020 Rates (\$'000s)	2024 TOC (\$'000s)	Difference (\$'000s)
		MWh	KW	Monthly SC	Vol. R (kWh/KW)			
Residential	325,932	2,339,674		\$27.79	n/a	\$108,692	n/a	\$108,692
GS< 50kW	25,846	717,823		\$19.32	\$0.0250	\$23,938	n/a	\$23,938
GS > 50 to 1,499 kW	3,022	2,904,475	6,966,627	\$200.00	\$4.8760	\$41,222	\$351	\$40,871
GS > 1,500 to 4,999 kW	68	710,450	1,567,693	\$4,193.93	\$4.4562	\$10,408	\$406	\$10,002
Large Use	11	577,069	1,057,124	\$15,231.32	\$4.2422	\$6,495	\$323	\$6,172
Standby Power	3		7,440	\$145.13	1.7766	\$18	n/a	\$18
Unmetered Scattered Load	3,321	12,285	n/a	\$5.09	\$0.0242	\$500	n/a	\$500
Sentinel Lighting	55	47	132	\$3.17	\$14.8502	\$4	n/a	\$4
Street Lighting	65,564	23,893	66,152	\$0.91	\$6.3414	\$1,135	n/a	\$1,135
Total Revenue at 2020 Rates						\$192,413	\$1,079	\$191,334
						Other Revenue		\$9,757
						Total Revenue		<u>\$201,091</u>
						2024 Revenue Requirement		<u>\$245,213</u>
						2024 Revenue Deficiency		<u>\$44,122</u>

¹ Totals may not sum due to rounding.

BILL IMPACT INFORMATION

1. INTRODUCTION

This Schedule describes bill impacts for typical customers in each rate class arising from Hydro Ottawa's revenue requirement adjusted for cost allocation.

Details of the impacts of the proposed rates are provided in Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges. Attachment 8-10-1(A) illustrates individual and combined impacts of the distribution component of the rate transmission and network charges, as well as the total bill impact based upon the typical consumption levels used for each rate class.

2. SUMMARY OF RATE IMPACTS

Table 1 below provides a summary of bill impacts per rate class including the total change in monthly bill, and is expressed in both monetary and percentage terms. The summary is inclusive of variance accounts. Additional bill impacts are provided in Attachment 8-10-1(A): OEB Workform - 2023 Current and 2024 Proposed Tariff of Rates and Charges.

1

Table 1 – Summary of Rate Impacts

Rate Class		Approved	Proposed
		2023	2024
Residential (750 kWh)	Distribution Charge	\$32.39	\$34.19
	Change in Distribution Charge		\$1.80
	% Distribution Increase		5.56%
	% Increase of Total Bill		2.87%
Residential (232 kWh)	Distribution Charge	\$32.39	\$34.19
	Change in Distribution Charge		\$1.80
	% Distribution Increase		5.56%
	% Increase of Total Bill		3.84%
General Service <50kW (2000 kWh)	Distribution Charge	\$79.84	\$84.54
	Change in Distribution Charge		\$4.70
	% Distribution Increase		5.89%
	% Increase of Total Bill		3.05%
General Service 50-1,499 kWh (250 KW)	Distribution Charge	\$1,634.20	\$1,743.35
	Change in Distribution Charge		\$109.15
	% Distribution Increase		6.68%
	% Increase of Total Bill		3.75%
General Service 1,500-4,999 kWh (2500 KW)	Distribution Charge	\$18,479.43	\$19,594.43
	Change in Distribution Charge		\$1,115.00
	% Distribution Increase		6.03%
	% Increase of Total Bill		3.88%
Large Use (7500KW)	Distribution Charge	\$57,472.07	\$60,870.32
	Change in Distribution Charge		\$3,398.25
	% Distribution Increase		5.91%
	% Increase of Total Bill		1.97%
Sentinel Lighting (0.4 KW)	Distribution Charge	\$14.84	\$17.04
	Change in Distribution Charge		\$2.20
	% Distribution Increase		14.80%
	% Increase of Total Bill		9.71%
Street Lighting (50 KW)	Distribution Charge	\$740.15	\$922.04
	Change in Distribution Charge		\$181.89
	% Distribution Increase		24.57%
	% Increase of Total Bill		9.16%
Unmetered Scattered Load (470 kWh)	Distribution Charge	\$20.20	\$22.03
	Change in Distribution Charge		\$1.83
	% Distribution Increase		9.05%
	% Increase of Total Bill		4.07%

3. RATE MITIGATION PLANS

According to Chapter 2¹ and Chapter 3² *Filing Requirements for Electricity Rate Applications* issued by the OEB on December 15, 2022 and June 15, 2023 respectively, LDCs are to file a rate mitigation plan for any customer class that has a total bill impact that exceeds 10%. Without a rate mitigation plan, Hydro Ottawa has two rate classes that would have total bill impacts that exceed 10%.

The below sections outline two proposed rate mitigation plans, one for each rate class. Please note, these proposed rate mitigation plans may be updated once the OEB releases its Cost of Capital Parameters for 2024.

3.1. STREET LIGHTING CLASS

As part of its 2023 Distribution Rate Application,³ Hydro Ottawa received approval to dispose of the 2017-2020 Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA") balances over a three year period starting in 2023. The Street Lighting's 2024 approved Lost Revenue Adjustment Mechanism ("LRAM") rate rider is \$7.3388 per kW. In order to keep the Street Lighting class's proposed 2024 total bill increase under 10%, Hydro Ottawa is proposing to extend the disposal period of the 2017-2020 LRAMVA balance by an additional year. The proposed amended 2024 LRAM rate rider is \$4.8930. Please see Exhibit 9-3-1: Disposition of Deferral and Variance Accounts for more details.

Table 2 below outlines what the total bill increase for the Street Lighting rate class would be with and without the extended disposal period to 2026 for the LRAM rate rider. The proposed amended LRAM rate rider disposal period results in a bill impact for 2024 under the 10% threshold.

¹ Ontario Energy Board, *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*, (December 15, 2022), page 57.

² Ontario Energy Board, *Chapter 3 Filing Requirements for Electricity Distribution Rate Applications*, (June 15, 2023), page 8.

³ Ontario Energy Board, *Decision and Rate Order*, EB-2022-0042 (December 8, 2021).

Table 2 – Street Lighting Rate Impact with Amended and Currently Approved LRAM recovery period

Rate Class		Approved 2023	2024 Currently approved LRAM	2024 Proposed amended LRAM
Street Lighting (50 kW)	Distribution Charge	\$740.15	\$1,044.36	\$922.04
	Change in Distribution Charge		\$304.21	\$181.89
	% Distribution Increase		41.10%	24.57%
	% Increase of Total Bill		13.43%	9.16%

3.2 SENTINEL LIGHTING CLASS

As noted in Exhibit 7-1-1: Cost Allocation, Hydro Ottawa agreed to bring the Sentinel Lighting rate class's cost allocation into the OEB's revenue-to-cost ratio range over the five year period.⁴ In order to maintain the Sentinel Lighting rate class's proposed 2024 total bill increase under 10%, a smaller adjustment in 2024 is proposed than illustrated in the Settlement Agreement⁵ (the illustrative percentage adjustments produced total bill impacts of less than 10% for all years in the rate plan). Hydro Ottawa still intends to bring the Sentinel Lighting rate class within the OEB's revenue-to-cost ratio range by the end of 2025.

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 27.

⁵ *Ibid.*, page 27

SUMMARY OF CURRENT DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

This Schedule provides a summary of currently held deferral and variance accounts (“DVAs”), as of December 31, 2022. A continuity schedule for current DVAs can be found in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

Details of new accounts for which approval is being sought as part of this Application are included in Exhibit 9-2-1: New Deferral and Variance Accounts. Details of the accounts for which Hydro Ottawa is seeking disposition are discussed in Exhibit 9-3-1: Disposition of Deferral and Variance Accounts.

2. DETAILS OF DVAs

Tables 1 and 2 below present a complete list of Hydro Ottawa’s active DVAs. The DVAs are categorized based on the OEB’s report on the *Electricity Distributors’ Deferral and Variance Account Review Initiative*¹ (“EDDVAR Report”), which categorizes the DVAs into Group 1 and Group 2 Accounts. In Table 1, Uniform System of Accounts (“USofA”) Account 1595 will have a Sub-Account for each year from 2016-2023. In Hydro Ottawa’s 2021-2025 Approved Settlement Agreement,² the Sub-Accounts for 2016 and 2017 were cleared on a final basis. Subsequently in Hydro Ottawa’s 2022 and 2023 Rate Applications, Sub-Accounts 1595 (2018) and 1595 (2019) were cleared on a final basis, respectively.

Hydro Ottawa confirms that DVAs are being used as prescribed in the OEB’s *Accounting Procedures Handbook* (“APH”). Please refer to Exhibit 9-1-2: Group 1 Accounts and Exhibit 9-1-3: Group 2 Accounts for additional information on these Accounts.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative* (EDDVAR), EB-2008-0046 (July 31, 2009).

² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 33,41 & 65.

Table 1 – Group 1 DVAs

Group 1 Account – Description	Account
Low Voltage (“LV”) Variance Account	1550
Smart Meter Entity Charge Variance Account	1551
Retail Settlement Variance Account (“RSVA”) – Wholesale Market Service Charge	1580
RSVA – Retail Transmission Network Charge	1584
RSVA – Retail Transmission Connection Charge	1586
RSVA – Power (excluding Global Adjustment)	1588
RSVA – Global Adjustment	1589
Disposition and Recovery/Refund of Regulatory Balances (2018-2023)	1595

Table 2 – Group 2 DVAs

Group 2 Account – Description	Account
Other Regulatory Assets	1508
Impacts Arising from the COVID-19 Emergency	1509
Pension & Other Post-Employment Benefits (“OPEB”) Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522
Lost Revenue Adjustment Mechanism (“LRAM”) Variance Account	1568
PILS and Tax Variance	1592

3. CONTINUITY SCHEDULE

A complete continuity schedule for all DVAs, including Sub-Accounts, can be found in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). Hydro Ottawa is using the DVA Workform provided by the OEB via email on June 27, 2023. The utility has completed the model using audited balances to the end of 2022.

For more details on Hydro Ottawa’s proposed disposition of DVAs, please see Exhibit 9-3-1: Disposition of Deferral and Variance Accounts.

4. CARRYING CHARGES

The interest rate used for the calculation of all carrying charges to applicable Accounts is prescribed by the OEB and published quarterly on its website. Table 3 includes the interest rates up to Q3 2023. Hydro Ottawa confirms that it uses these interest rates, where applicable.

Table 3 – 2022 ACTUALS – Interest Rates for Carrying Charges on DVAs

Prescribed Interest Rate		
Period(s) Used	Approved for Deferral and Variance Accounts	CWIP Account - Prescribed Interest Rate
Q2 2023 to Q3 2023	4.98%	5.01%
Q1 2023	4.73%	5.01%
Q4 2022	3.87%	5.01%
Q3 2022	2.20%	4.66%
Q2 2022	1.02%	3.31%
Q1 2022	0.57%	2.72%
Q2 2021 to Q4 2021	0.57%	2.29%
Q4 2020 to Q1 2021	0.57%	2.03%
Q3 2020	0.57%	2.48%
Q2 2020	2.18%	2.48%

5. RECONCILIATION OF CONTINUITY SCHEDULE VS. REPORTING AND RECORD KEEPING REQUIREMENTS

Appendix A of Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule) provides a list of differences between account balances as of December 31, 2022 as reported in the Continuity Schedule and 2.1.7 of the OEB's RRR. One immaterial difference relates to an interest correction for 2022 made to Sub-Account 1595 (2022) in 2023. Accounts 1588 and 1589 differences relate to current year principal adjustments on RPP/non-RPP volume true-ups made in 2023 on 2022 balances. The adjustments are consistent with OEB's accounting guidance related to commodity pass-through Accounts 1588 and 1589. Refer to details provided in the tab titled: 'Principal adjustments' in Attachment 9-3-1 (A) OEB Workform - 2024 Global Adjustment Analysis.

6. NEW DVAs AND SUB-ACCOUNTS

Please see Exhibit 9-2-1: New Deferral and Variance Accounts for information on new DVAs and Sub-Accounts.

7. ADJUSTMENTS TO DVAs

Hydro Ottawa confirms that it has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

8. STATUS OF GROUP 2 ACCOUNTS

Hydro Ottawa identified active Group 2 Accounts in Table 2 above. Table 4 below outlines how the utility has planned action for the Group 2 Accounts in 2024 (i.e. continue or discontinue). For information on those Accounts for which Hydro Ottawa is continuing, please see Exhibit 9-1-3: Group 2 Accounts. Please note Group 2 Accounts that were discontinued per Hydro Ottawa's 2021-2025 Approved Settlement Agreement have been removed from these Tables.³

³ Hydro Ottawa Limited, 2021-2025 *Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 37.

1

Table 4 – Proposed Action on Group 2 Accounts for 2024

Group 2 Account - Description	Account	Continue/Discontinue
Other Regulatory Assets - Sub-Accounts		
Incremental Capital Charges	1508	Continue
Capital Charges	1508	Continue
Pension & OPEB	1508	Continue
Gains and Loss on Disposal of Fixed Assets Variance Account	1508	Continue
Earnings Sharing Mechanism ("ESM") Variance Account	1508	Continue
Connection Cost Recovery Agreement Payment	1508	Continue
Efficiency Adjustment Mechanism Deferral Account	1508	Continue
OEB Cost Assessment Variance	1508	Continue
CCRA Payments	1508	Continue
Capital Variance Account	1508	Continue
POAM Accounts	1508	Continue
Pole Attachment Revenue Variance	1508	Continue
Designated Broadband Project Impacts	1508	New generic
Ultra-Low Overnight ("ULO") Implementation Costs	1508	New generic
Green Button Initiative Costs	1508	New generic
Impacts Arising from COVID-19 Emergency	1509	Continue
Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	1522	Continue
LRAM Variance Account	1568	Continue
PILS and Tax Variances - Sub-Account: CCA Changes	1592	Continue

ATTACHMENT 9-1-1(A)

OEB Workform Deferral and Variance Account (Continuity

Schedule)

(Refer to the attachment in Excel format)

GROUP 1 ACCOUNTS

1. INTRODUCTION

As per the OEB's report on the *Electricity Distributors' Deferral and Variance Account Review Initiative* ("EDDVAR Report"), Group 1 accounts include account balances that are cost pass-through and accounts whose original balances were approved by the OEB in a previous proceeding.¹ Please see Table 1 in Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts for a list of Hydro Ottawa's active Group 1 deferral and variance accounts ("DVAs").

2. ENERGY SALES AND COST OF POWER AND pool EXPENSE BALANCES

The sale of energy and the purchase of power are pass-through transactions. Hydro Ottawa records monthly retail settlement variance entries related to any difference between the Power Recovery revenue and Purchased Power expense. Under International Financial Reporting Standards (and specifically, of IFRS 14 - Regulatory Deferrals Accounts ["IFRS 14"]), the impact of regulatory deferral account balances, including retail settlement variance accounts, are presented as "Net movements in regulatory balances, net of tax" on Hydro Ottawa's statements of profit and loss.

Totals for Energy Sales (Power Recovery Revenue) and Cost of Power (Purchased Power), per the Uniform System of Accounts ("USofA"), are reconciled to the audited financial statements in Table 1 below.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (EDDVAR), EB-2008-0046 (July 31, 2009).

1 **Table 1 – Power Recovery Revenue and Purchased Power Reconciliation to Audited Financial**
2 **Statements(\$)**

	2022
Total Power Recovery as per Audited Financial Statements	\$(863,544,733)
Revenue Adjustment – Net Movement	\$461,247
RSVA - General Energy Sales	\$2,274,548
RSVA – Wholesale Market Service Charge – Net Movement	\$959,872
RSVA - Retail Transmission Network Charge - Net Movement	\$0
RSVA – Retail Transmission Connection Charge – Net Movement	\$2,396,262
LV Variance Account – Net Movement	\$0
IFRS Regulatory Balance Adjustment (IFRS 14)	\$4,617,965
Total Power Recovery as per RRR	\$(852,834,838)
Total Purchased Power as per Audited Financial Statements	\$886,897,608
LV Variance Account – Net Movement	\$(43,638)
RSVA – Power (excluding Global Adjustment) – Net Movement	\$0
RSVA – Global Adjustment – Net Movement	\$0
RSVA – Wholesale Market Service Charge – Net Movement	\$(13,478,511)
RSVA – Retail Transmission Network Charge – Net Movement	\$(6,822,690)
IFRS Regulatory Balance Adjustment (IFRS 14)	\$(13,717,932)
Total Purchased Power as per RRR	\$852,834,838
NET POWER RECOVERY REVENUE AND PURCHASED POWER as per RRR	\$(0)

Totals for Power Recovery Revenue and Purchased Power by USofA are presented in Table 2 below.

Table 2 – Power Recovery Revenue and Purchased Power (\$)

Account and Description	2022
4006 Residential Energy Sales	\$(251,899,777)
4020 Energy Sales to Large Users	\$(48,548,688)
4025 Street Lighting Energy Sales	\$(2,070,794)
4030 Sentinel Lighting Energy Sales	\$0
4035 General Energy Sales	\$(419,947,088)
4050 Revenue Adjustment	\$461,247
4062 Billed – WMS	\$(27,704,502)
4066 Billed – NW	\$(63,081,427)
4068 Billed – CN	\$(38,673,264)
4075 Billed – LV	\$(350,356)
4076 Billed – Smart Metering Entity Charge	\$(1,020,189)
Total Power Recovery Revenue	\$(852,834,838)
4705 Power Purchased	\$535,123,899
4707 Charges - Global Adjustment	\$186,881,201
4708 Charges – WMS	\$27,704,502
4714 Charges – NW	\$63,081,427
4716 Charges – CN	\$38,673,264
4750 Charges – LV	\$350,356
4751 Charges – Smart Metering Entity Charge	\$1,020,189
Total Purchased Power	\$852,834,838
NET POWER RECOVERY REVENUE AND PURCHASED POWER	\$0

3. CLASS A & CLASS B GLOBAL ADJUSTMENT AND COMMODITY

Total wholesale purchases include purchases from the Independent Electricity System Operator (“IESO”), Hydro One Networks Inc. (“Hydro One”) and various embedded generators. On a monthly basis, Hydro Ottawa accrues purchased power cost, which includes cost for CT 148 - Class B Global Adjustment (“GA”) and CT 1115 - Real-Time Energy Settlement Amount for Non-Dispatchable Loads (formally CT 101 - Commodity). Hydro Ottawa records such amounts into pass-through Class B GA expense and Commodity expense accounts, respectively. Hydro Ottawa also accrues unbilled Power Recovery Revenue, which includes revenue for Class B GA and Commodity. The utility records amounts into pass-through Class B GA revenue and Commodity revenue accounts, respectively.

Hydro Ottawa bills all Class B non-Regulated Price Plan (“RPP”) customers on the first GA rate posted on the IESO’s website. For Commodity, Hydro Ottawa bills RPP customers either the Standard Time of Use (“TOU”) or Tier RPP (“Tiered”).² Non-RPP customers are billed the weighted average hourly spot price (“WAHSP”). The RPP portion of the CT 148 GA Charge is recorded into the Commodity expense account. Hydro Ottawa confirms that journal entries are recorded as instructed in the OEB’s accounting guidance related to commodity pass-through Accounts 1588 and 1589.³

The estimates for unbilled Power Recovery Revenue are based on preliminary metered data. An interval class customer’s unbilled estimate is based on preliminary metered hourly data, while a non-interval class customer’s unbilled data is based on preliminary smart metered data. Where meter data is missing, a class average is used as an estimate.

By the fourth business day of the following month, Hydro Ottawa submits to the IESO the difference between fixed price for TOU, Tiered and ULO purchases, the estimated weighted average price for RPP customers, and the RPP portion of the GA Charge which is based upon the second GA rate multiplied by the estimated TOU, Tiered and ULO kWh (billed and unbilled). The RPP portion of the GA Charge is recorded into Account 1588. The RPP proration is based on billed and estimated unbilled kWh. This is requested through CT 142.

² Hydro Ottawa Limited intends to begin offering the Ultra-Low Overnight (“ULO”) price plan during 2023.

³ Ontario Energy Board, *Accounting Procedures Handbook Update - Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589* (Re-Issued May 23, 2023), pages 11-30.

1 RPP settlement CT 142 first true-up is completed the month following the initial settlement claim and
2 consists of updating the GA second rate to actual GA rate paid. At the same time, the updates are made
3 to the wholesale purchased power cost (price and volume) to actual price and quantity. Additional true-
4 ups are completed when actual kWh sales for RPP customers vs. non-RPP customers are known. All
5 changes are recorded in the general ledger. Final true-up between 1588 and 1589 will be completed up
6 to and as at May 31 of each subsequent year for the previous calendar year. Final reviews for 2022 were
7 completed and are reported as part of this Application. Hydro Ottawa bills its Class A customers the
8 amount the utility pays for Class A global adjustment.

9
10 Hydro Ottawa has no embedded distributors in its service territory. Wholesale metered customers are
11 billed directly from the IESO for Commodity and Global Adjustment charges. Hydro Ottawa submits kWh
12 to the IESO for embedded generation within its service territory.

13
14 Hydro Ottawa calculates and maintains both GA Retail Settlement Variance Accounts ("RSVAs") for
15 Class A and Class B separately in Sub-Accounts of Account 1589.

GROUP 2 ACCOUNTS

1. INTRODUCTION

As per the OEB's report on the *Electricity Distributors' Deferral and Variance Account Review Initiative* ("EDDVAR Report"),¹ Group 2 Accounts include deferral and variance accounts ("DVAs") that require a prudency review by the OEB. Please see Table 2 in Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts for a list of Hydro Ottawa's active Group 2 DVAs.

This Schedule discusses Group 2 Accounts, with the exception of the following:

- Account 1592 (for details on this Account, please see Exhibit 9-1-4: Account 1592 PILS and Tax Variance);
- 1568 Lost Revenue Adjustment Mechanism ("LRAM") Variance Account (for details, please see Exhibit 4-4-2: LRAM Variance Account); and
- 1508 Sub-Accounts that are now closed.

More information on the disposition of these accounts is available in Exhibit 9-3-1: Disposition of Deferral and Variance Accounts. The 2022 balances of Group 2 Accounts can be viewed in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). Hydro Ottawa is not seeking to clear the Group 2 balances as part of this Application.

2. DVAs EFFECTIVE PRIOR TO JANUARY 1, 2016

This section provides an overview of Group 2 Accounts that were effective prior to the effective date of the OEB's Decision and Order on Hydro Ottawa's 2016-2020 Custom IR Application² (i.e. prior to January 1, 2016) and are still active.

¹ Ontario Energy Board, *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* (EDDVAR), EB-2008-0046 (July 31, 2009).

² Ontario Energy Board, *Decision and Order*, EB-2015-0004 (December 22, 2015), pages 12-14.

2.1. P&OPEB DEFERRAL ACCOUNT

Sub-Account 1508 - Other Regulatory Assets - Other Post-Employment Benefits ("OPEB") Deferral Account is used to record cumulative actuarial gains or losses in Hydro Ottawa's post-retirement benefits. This Account was originally approved in Hydro Ottawa's 2012 rate application.³ This Sub-Account is still active.

3. UTILITY SPECIFIC DVAs EFFECTIVE AFTER JANUARY 1, 2016

As part of the Approved 2016-2020 Settlement Agreement and the Approved 2021-2025 Settlement Agreement a number of new DVAs were established. Each of the Accounts is recorded into a Sub-Account of 1508. As per the 2021-2025 Approved Settlement Agreement,⁴ many of these Sub-Accounts have been fully disposed of and as a result are not discussed as part of this application. The status of active Accounts are discussed below.

The DVAs established effective January 1, 2016, (some of which were modified) are as follows:

- Sub-Account 1508 - Other Regulatory Assets - Gains and Losses on Disposal of Fixed Assets Variance Account, to record the difference between the forecast and actual loss on the disposal of fixed assets, related to retirement of assets or damage to plant. This Sub-Account is still active. See further details below in section 3.1;
- Sub-Account 1508 - Other Regulatory Assets - Earnings Sharing Mechanism ("ESM") Variance Account, to record amounts related to any earnings above Hydro Ottawa's approved Return on Equity ("ROE") to be shared on a 50/50 basis between Hydro Ottawa and its ratepayers with no dead band. This Sub-Account is still active. See further details below in section 3.2;
- Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement ("CCRA") Payments Deferral Account, to move the identified payments out of the proposed revenue requirement and establish the CCRA Regulatory Account. See further details below in section 3.3;

³ Ontario Energy Board, *Decision and Order*, EB-2011-0054 (December 28, 2011).

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

- Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement (“CCRA”) Payments Differential Variance Account, to record the revenue requirement difference between what Hydro Ottawa has included in base rates and what actual CCRA payments were made to Hydro One Networks Inc. (“Hydro One”). This Sub-Account is still active. See further details below in section 3.4;
- Sub-Account 1508 - Other Regulatory Assets - Revenue Requirement Differential Variance Account related to Capital Additions, to record the revenue requirement impact of underspending on Hydro Ottawa’s capital plan by specific categories. This Sub-Account is still active. See further details below in section 3.5;
- Sub-Account 1508 - Other Regulatory Assets - Efficiency Adjustment Mechanism (“EAM”) Deferral Account, to record the proxy stretch factor related to any Hydro Ottawa efficiency ranking declines during the Custom Incentive Rate-setting (“Custom IR”) term for 2016-2020. This Sub-Account was active until December 31, 2020. For further detail, refer to section 3.6 below; and
- Sub-Account 1508 - Other Regulatory Assets - Performance Outcomes Accountability Mechanism (“POAM”) Deferral Account, to link the execution of certain aspects of Hydro Ottawa’s 2021-2025 Distribution System Plan (“DSP”) to the recovery of amounts included in the agreed-upon revenue requirement. There are five performance metrics linked to specific outcomes identified in the DSP, each of which will have an annual target. For further details, refer to section 3.7 below.

3.1. GAINS AND LOSSES ON DISPOSAL OF FIXED ASSETS VARIANCE ACCOUNT

The purpose of this Account is to record the difference between the forecast and actual gain or loss on the disposal of fixed assets related to retirement of assets or damage to plant (including storm-related costs). Examples include losses on meters, station equipment, poles, and vehicles. As part of the 2021-2025 Approved Settlement Agreement, the Parties⁵ agreed to the continuation of this Sub-Account. In addition, balances accumulated up until December 31, 2019, were approved for disposal.

⁵ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defence, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

For the 2016-2020 Custom IR term, there was an annual estimate of \$198K gain per year, with a total five-year estimate of \$1.0M. The forecast for 2021-2025 Custom IR term fluctuates annually and is an overall estimated loss of \$2.243M.⁶

Damage costs related to storms are unpredictable, as climate change is causing extreme weather events with increased frequency which are outside of Hydro Ottawa's control. These events (e.g. freezing rain, high wind, temperature and precipitation extremes, tornadoes, etc.) have the ability to cause extensive damage to assets of various life spans. Accordingly, this Account includes the difference between the original estimate of damage to plant and the actual cost of damage to plant as a result of severe weather events.

Balances related to this Account can be viewed in Tables 1 and 2 below, as well as in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

Table 1 provides Hydro Ottawa's actual 2020-2022 costs related to the gain or loss on the disposal of utility and other property in relation to retirement of assets or damage to plant (including storm-related costs).

Table 1 – 2020 to 2022 Loss from Retirement of Utility and Other Property (\$'000s)⁷

Net (Gain)/Loss	2020 Historical	2021 Historical	2022 Historical
USofA 4362 OEB-Approved	\$(198)	\$389	\$751
Actual	\$87	\$(201)	\$1,234
USofA 1508 Variance	\$(285)	\$590	\$(483)

Table 2 provides Hydro Ottawa's 2021-2025 estimated costs related to the gain or loss on the disposal of fixed assets in relation to retirement of assets or damage to plant (including storm-related costs).

⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2019-0261 (February 10, 2020, Updated May 29, 2020).

⁷ Variance totals may not sum due to rounding.

Table 2 – Estimated 2021-2025 Loss from Retirement of Utility and Other Property (\$'000s)

Net (Gain)/Loss	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved	TOTAL
Estimate ⁸	\$389	\$751	\$323	\$336	\$445	\$2,243

3.2. EARNINGS SHARING MECHANISM VARIANCE ACCOUNT

The ESM Account credits ratepayers for 50% of any earnings above Hydro Ottawa's approved regulatory ROE, with no dead band. The ratepayer share of the earnings shall be grossed up for any tax impacts and credited to this Account. The Account is asymmetrical, meaning if Hydro Ottawa under earns, no amount will be collected from ratepayers.

The regulatory net income for the purpose of earnings sharing is to be calculated in the same manner as net income for regulatory purposes under the Reporting and Record Keeping Requirements ("RRR") filings. This will exclude revenue and expenses that are not otherwise included for regulatory purposes, such as settlement of any regulatory assets or regulatory liabilities, including the LRAM and changes in taxes/Payments in Lieu of Taxes ("PILS") to which the USofA 1592 – PILS and Tax Variance for 2006 and Subsequent Years applies.

In addition, the ESM calculation may require adjustments to ensure there is an appropriate treatment of amounts recorded and/or recovered by way of DVAs. As part of the 2016-2020 Approved Settlement Agreement,⁹ the ESM was calculated on an individual yearly basis. As per the 2021-2025 Approved Settlement Agreement,¹⁰ the Account has been modified such that starting in 2021 the ESM will function as a cumulative account. The balance (if any) will be cleared and credited on a final basis to customers at the end of the five-year rate term. Other components of the previous ESM will remain the same.

⁸ Totals may not sum due to rounding.

⁹ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2015-0004 (April 29, 2015, Updated June 29, 2015).

¹⁰ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 34-35.

Amounts related to 2016-2018 were approved for disposition as part of the 2021-2025 Approved Settlement Agreement.

3.3. CONNECTION COST RECOVERY AGREEMENT PAYMENTS DEFERRAL ACCOUNT

As part of Hydro Ottawa's 2016-2020 Custom IR Application, \$5.0M of unidentified CCRA payments to Hydro One were estimated per year. As part of the 2016-2020 Approved Settlement Agreement, it was agreed to move the unidentified payments out of the proposed revenue requirement and establish the CCRA Regulatory Account. The CCRA Regulatory Account allows Hydro Ottawa to record (and later recover from customers) the annual revenue requirement of CCRA payments that commence in the year in which the facilities (to which each CCRA payment relates) provide services to Hydro Ottawa customers.

Hydro Ottawa recorded the revenue requirement related to eligible projects 2017 through 2020. No revenue requirement was recorded in 2016. The 2017-2019 balance was disposed of as part of the 2021-2025 Approved Settlement Agreement.

Hydro Ottawa has used the Capital Cost Allowance ("CCA") Class 14.1 rules for eligible capital property effective January 1, 2017 for the PILS calculation. As per OEB guidance, any impact of Bill C-97 prior to rebasing, or due to any other legislative or regulatory changes to tax rates, is being recorded in Sub-Account of 1592. Please see Exhibit 9-1-4: Account 1592 PILs and Tax Variance for further details.

3.4. CONNECTION COST RECOVERY AGREEMENT PAYMENTS DIFFERENTIAL VARIANCE ACCOUNT

This Account is to recover the difference between the forecasted new (known and unknown) and true-up CCRA payments made to Hydro One. The Account is symmetrical and effective January 1, 2021 replaces the existing Sub-Account 1508 - Other Regulatory Assets - Connection Cost Recovery Agreement ("CCRA") Payments Deferral Account.

3.5. REVENUE REQUIREMENT VARIANCE ACCOUNT RELATED TO CAPITAL ADDITIONS

The purpose of this Account is to track revenue requirement impacts resulting from any underspending in Hydro Ottawa's three capital spending categories: System Renewal/System Service, System Access, and General Plant.¹¹ The Account is computed and tracked on an annual basis and calculated on a cumulative basis. If overspending occurs, no amount will be recorded into this Account.

For the years 2016-2020, Hydro Ottawa spent more than planned in each of the three spending categories. As a result, no amount has been recorded into this variance account.

As per 2021-2025 Approved Settlement Agreement,¹² for the years 2021-2025, the System Renewal/System Service, System Access (excluding the subset of System Access related to plant relocation requested by third parties and residential expansion) and General Plant the Capital Additions Revenue Requirement Differential Variance Accounts will be asymmetrical, in that overspending will not result in recording amounts to be recovered from customers during this period. For the sub-set of System Access Capital Additions that consist of third party-driven plant relocation and residential expansion capital additions, the Revenue Requirement Variance Accounts will be symmetrical and Hydro Ottawa will record the revenue requirement difference to overspending or underspending in the utility's capital plan.

3.6. EFFICIENCY ADJUSTMENT MECHANISM DEFERRAL ACCOUNT

This Account was established to provide ratepayers a credit should Hydro Ottawa's efficiency ranking decline during any year of the Custom IR term. The year 2014 was the starting efficiency ranking point. Hydro Ottawa could not benefit from moving into a more efficient cohort except to mitigate future adjustments. 2020 was the fourth (and last) year for which the efficiency adjustment mechanism ("EAM") assessment was to be performed. The 2017-2019 balance was disposed of as part of the 2021-2025 Approved Settlement Agreement. As per 2021-2025 Approved Settlement Agreement,¹³ the EAM will be

¹¹ The System Renewal and System Service categories have been merged into one category to reflect Hydro Ottawa's standard operating practice to shift funds between the two categories, as warranted by customer and operational requirements.

¹² Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), Attachment 6, pages 5-8.

¹³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), Attachment 6, pages 35-36.

replaced with the Performance Outcomes Accountability Mechanism ("POAM"), please see section 3.7 for further details.

3.7. PERFORMANCE OUTCOMES ACCOUNTABILITY MECHANISM DEFERRAL ACCOUNT

As part of the Approved 2021-2025 Approved Settlement Agreement, the Parties agreed to the establishment of a Performance Outcomes Accountability Mechanism ("POAM") Deferral Account. The Deferral Account is based on specific performance-based outcomes and targets over the five-year Test period. The Account relies on outcomes of certain aspects of Hydro Ottawa's 2021-2025 Distribution System Plan ("DSP").

There are five performance metrics which have an annual target. If the target is not met in any year of the five year term Hydro Ottawa will credit the deferral account up to \$200K. The maximum amount that can be credited in any year is \$1.0M for all five targets. If all targets are met, no credit will be recorded into this account.

These metrics will use a "Green-Yellow-Red" indicator system to determine if Hydro Ottawa has achieved its designated target. The five performance metrics that will be measured over the five-year term are:

- Number of Interruptions Caused by Defective Equipment (Overhead System) - Excluding Major Event Days;
- Number of Interruptions Caused by Defective Equipment (Underground System) - Excluding Major Event Days and Leaking Padmount Transformers;
- System Average Interruption Duration Index ("SAIDI")¹⁴ - Excluding Major Event Days and Loss of Supply;
- Wood Pole Replacement Unit Cost; and
- Underground Cable Replacement Unit Cost.

¹⁴ The target for this metric is sourced from Table B in the response to interrogatory CCC-38, from Hydro Ottawa's 2021-2025 Custom IR Application. In addition, it is acknowledged that this approach deviates from the OEB's use of five-year averages to calculate a distributor's SAIDI target. However, the Parties agree to the use of a three-year average so as to maintain consistency across the three reliability-related performance metrics that are utilized under this accountability mechanism.

In 2021 Hydro Ottawa reported that one POAM target was not met, the Wood Pole Replacement Unit Cost, as a result \$107,638 was credited to the POAM Deferral Account. Subsequently, it was determined that this target was met and the credit was reversed. In 2022 Hydro Ottawa did not meet two POAM targets, SAIDI - Excluding Major Event Days and Loss of Supply and Wood Pole Replacement Unit Cost, as a result \$400K was credited to the POAM Deferral Account. As these performance metrics are being measured over a five-year term, Hydro Ottawa is not proposing to dispose of this 1508 Sub-Account as part of this Rate Application.

4. NEW GENERIC DVAs EFFECTIVE AFTER JANUARY 1, 2016

This section discusses the DVAs that were (i) established by the OEB, (ii) made effective after January 1, 2016, and (iii) not part of either the 2016-2020 Approved Settlement Agreement¹⁵ or the 2021-2025 Approved Settlement Agreement.¹⁶

4.1. OEB COST ASSESSMENT VARIANCE

As per the OEB's revisions to the Cost Assessment Model, the OEB established Account 1508 Other Regulatory Assets - Sub-Account - OEB Cost Assessment Variance for electricity distributors to record any material differences between OEB cost assessments that were built into rates at the time of the issuance of the OEB's revisions, and cost assessments that would result from the application of the new Cost Assessment Model effective April 1, 2016.¹⁷ Per the 2021-2025 Approved Settlement Agreement,¹⁸ Hydro Ottawa cleared balances in this account until the end of December 31, 2019. Hydro Ottawa continued to use this Sub-Account to record amounts until December 31, 2020.

4.2. REGULATORY TREATMENT OF PENSION AND OTHER POST-EMPLOYMENT BENEFITS

On September 14, 2017, the OEB issued its final report on the regulatory treatment of pension and OPEB costs establishing the use of accrual accounting as the default method on which to set rates for pension

¹⁵ Hydro Ottawa Limited, *2016-2020 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2015-0004 (December 7, 2015).

¹⁶ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020).

¹⁷ Ontario Energy Board, Letter re: *Revisions to the Ontario Energy Board Cost Assessment Model* (February 9, 2016).

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

1 and OPEB amounts in cost-based applications.¹⁹ Moreover, this report also provides for the
2 establishment of a variance account (Account 1522) to track the difference between the forecasted
3 accrual amount in rates and actual cash payment(s) made, with an asymmetric carrying charge in favour
4 of ratepayers applied to the differential.

5
6 Hydro Ottawa provides pension benefits for its employees through the Ontario Municipal Employees
7 Retirement System (“OMERS”) Fund (the “Fund”). Although the plan is a defined benefit plan, sufficient
8 information is not available to Hydro Ottawa to account for it as such, because it is not possible to attribute
9 the Fund assets and liabilities between the various employers who contribute to the Fund. As a result,
10 Hydro Ottawa accounts for the plan as a defined contribution plan. Contributions payable as a result of
11 employee service are expensed as incurred similar to short-term employee benefits.

12
13 Hydro Ottawa also provides other post-employment benefits such as life insurance and a retirement
14 grant. These plans provide benefits to certain employees when they are no longer providing active service
15 to the utility. Other post-employment benefits are recorded on an accrual basis. The accrued benefit
16 obligation and current service costs are calculated using the projected benefit method prorated on service
17 and based on assumptions that reflect Hydro Ottawa’s best estimates. The utility tracks the difference
18 between the forecast accrual amount in rates and actual cash payments in a variance account, as set
19 out in the OEB’s final report on the regulatory treatment of pension and OPEB costs.

20
21 Hydro Ottawa confirms that it is recording amounts into the tracking account for the purpose of recording
22 carrying charges. The utility further confirms that carrying charges are being calculated using the OEB-
23 prescribed Construction Work in Progress (“CWIP”) rate.

24 25 **4.3. REGULATORY ASSETS FOR RETAIL SERVICE CHARGES INCREMENTAL REVENUE**

26 As part of the 2021-2025 Approved Settlement Agreement, Hydro Ottawa received approval for utility-
27 specific Retail Service Charges (“RSCs”). Subsequently, on November 29, 2018, the OEB issued a Report
28 on Energy Retailer Services Charges, which stated that updated RSCs would be established and applied

¹⁹ Ontario Energy Board, *Report of the Ontario Energy Board - Regulatory Treatment of Pension and Other Post-Employment Benefits Costs*, EB-2015-0040 (September 14, 2017).

1 to all electricity distributors.²⁰ The report specifically indicated that the updated RSCs would apply to Hydro
2 Ottawa. The Decision and Rate Order for the new RSCs had an effective date of May 1, 2019.²¹ The OEB
3 issued a Decision and Rate Order on November 28, 2019, with updated rates for RSCs effective January
4 1, 2020.²²

5
6 As per the OEB's Decision and Order regarding energy retailer service charges, Hydro Ottawa recorded
7 the difference between revenues collected at the previously approved charges and the revenue collected
8 based on the charges established pursuant to the OEB report.²³ Hydro Ottawa had discontinued recording
9 amounts into the Retail Cost and Variance Accounts ("RCVAs") 1518 and 1548, as such, consistent with
10 OEB direction, the utility set up a sub-account under 1508 Other Regulatory Assets for Retail Service
11 Charges Incremental Revenue. Hydro Ottawa cleared balances in this Account until the end of December
12 31, 2019, as part of the 2021-2025 Approved Settlement Agreement. Hydro Ottawa continued to use this
13 Sub-Account to record amounts until December 31, 2020. Balances in these 1508 Incremental Sub-
14 Accounts will be proposed to dispose of in a future rate application.

15 16 **4.4. REGULATORY ASSET FOR ACCOUNT 1509 - IMPACTS ARISING FROM THE COVID-19** 17 **EMERGENCY**

18 On March 25, 2020 and April 29, 2020, the OEB issued accounting orders for the establishment of deferral
19 accounts to record impacts arising from the COVID-19 Emergency.²⁴ The OEB established Account 1509
20 - Impacts Arising from the COVID-19 Emergency, which included three Sub-Accounts. These Sub-
21 Accounts are for costs associated with billing and system changes related to the Government of Ontario's
22 emergency order regarding time-of-use pricing, lost revenue, and other incremental costs.²⁵

²⁰ Ontario Energy Board, *Report of the Ontario Energy Board - Energy Retailer Service Charges*, EB-2015-0304 (November 29, 2018), page 20.

²¹ Ontario Energy Board, *Decision and Rate Order*, EB-2015-0304 (February 14, 2019).

²² Ontario Energy Board, *Decision and Rate Order*, EB-2019-0280 (November 28, 2019), Schedule A.

²³ Ontario Energy Board, *Decision and Order - In the matter of energy retailer service charges effective May 1, 2019 - Schedule B - Accounting Order*, EB-2015-0304 (February 14, 2019), pages 11-13.

²⁴ Ontario Energy Board, *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency*, (March 25, 2020), pp. 1-3; Ontario Energy Board, *Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency for Ontario Power Generation Inc. and Electricity Transmitters*, (April 29, 2020), page 1-2.

²⁵ Ontario Regulation 80/20: Order under Subsection 7.0.2 (4) of the *Emergency Management and Civil Protection Act* - Electricity Price for RPP Consumers.

During the month of August 2020, through the issuance of two separate accounting orders, the OEB confirmed the establishment of two additional Sub-Accounts under Account 1509.²⁶ Their names and descriptions are as follows:

- Foregone Revenues from Postponing Rate Implementation Sub-Account - the purpose of which is to record forgone revenues due to the postponement of rate implementation as a result of the COVID-19 emergency; and
- Bad Debt Sub-Account - which is intended for recording amounts related to bad debt resulting from COVID-19.

As per the 2021-2025 Approved Settlement Agreement,²⁷ the parties agreed that, as of January 1, 2021, Hydro Ottawa will not record any amounts in the first three Sub-Accounts established under Account 1509 (Costs Associated with Billing and System Changes, Lost Revenues, and Other Incremental Costs), or any additional Sub-Accounts that may be created on a generic basis.²⁸ The only exception to this provision is if during the 2021-2025 Custom IR term, there is material change in Ontario's public health and economic circumstances (relative to those existing at the time of filing the Settlement Agreement) which is directly caused by the COVID-19 pandemic and which has significant negative impact on Hydro Ottawa's operations or financial circumstances. By way of an illustrative example, such a material change could consist of the City of Ottawa and/or the Province of Ontario reverting to economic restrictions that are materially more severe than those in place at the time of filing the Settlement Proposal.

Per the 2021-2025 Approved Settlement Agreement, the Parties agreed that Hydro Ottawa will be permitted to continue recording amounts in the Bad Debt Sub-Account for as long as the OEB permits this Sub-Account to remain in place. The utility will follow the methodology and guidelines from the OEB's

²⁶ Ontario Energy Board, *Accounting Order for the Establishment of a Sub-account to Record Impacts Arising from the COVID-19 Emergency for Foregone Revenues from Postponing Rate Implementation*, (August 6, 2020), p. 1-4; Ontario Energy Board, *Accounting Order for the Establishment of a Sub-account to Record Impacts Arising from the COVID-19 Emergency from Bad Debt*, (August 14, 2020), pages 1-3.

²⁷ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 39-41.

²⁸ To confirm, this provision is intended to apply to costs incurred and/or lost revenue from the 2021-2025 period that would have otherwise been eligible for recording within the three sub-accounts. It does not apply to costs incurred in 2020 and/or lost revenue from 2020. It is acknowledged that journal entries for 2020 costs and losses may occur after December 31, 2020.

consultation, outlined in the OEB's Report for Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, including the means test to use this sub-account.²⁹

With respect to the Sub-Account associated with the Foregone Revenues from Postponing Rate Implementation, Hydro Ottawa confirms that it is not applicable, and the utility's rate implementation was not postponed.

4.5. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - POLE ATTACHMENT REVENUE VARIANCE ACCOUNT

On December 10, 2020, the OEB decided to suspend increases to the Wireline Pole Attachment Order³⁰ and use of an inflationary adjustment on an interim basis.

As part of Hydro Ottawa's 2021-2025 Custom Incentive Rate-setting Application the Parties agreed that most Specific Services Charges would be updated manually, including the associated revenue requirement. Maintaining the pole attachment charge without inflation shifted revenue requirement collected through base rates. Given the timing of the Pole Attachment Decision Hydro Ottawa chose not to update its 2021 base revenue requirement and indicated that any change as a result of the outcomes of the OEB review would be adjusted in accordance with the Settlement Agreement starting in 2022.³¹

On November 23, 2021, Hydro Ottawa sent a letter to the OEB seeking guidance regarding the incorporation of the for Pole Attachments³² charge into its 2022 distribution revenue, as a rate had not been released effective January 1, 2022. Specifically Hydro Ottawa indicated, "should the Pole Attachment Charge not be set in time for rates effective January 1, 2022, Hydro Ottawa intends to request any relevant variance accounts at the time of the Final Decision and Order related to the Pole Attachment

²⁹ Ontario Energy Board, *Impacts Arising from the COVID-19 Emergency*, EB-2020-0133 (June 17, 2021), pages 2-3.

³⁰ Ontario Energy Board, *Order - Wireline Pole Attachment Charge*, EB-2020-0288 (December 10, 2020).

³¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Distribution Rate Application*, EB-2019-0261 (February 10, 2020, Updated May 29, 2020).

³² Hydro Ottawa Limited, *2022 Electricity Distribution Rate Application (EB-2021-0035) Distribution Rates and Charges - Pole Attachment Guidance*, (November 23, 2021) pages 1-2.

Charge.” On November 29, 2021, the OEB sent a response³³ to Hydro Ottawa acknowledging that a variance account to allow distributors an opportunity to true-up any material differences in pole attachment revenue may be needed and that the OEB did not anticipate the decision to be released before setting Hydro Ottawa’s 2022 distribution revenue.

On December 16, 2021, the OEB released its Decision and Order³⁴ as well as Accounting Guidance³⁵ for a Wireline Pole Attachment Charge whereby the OEB approved a generic pole attachment rate of \$34.76 effective January 1, 2022. The aforementioned Accounting Guidance indicates that distributors, that rebased their rates and are impacted by the updated pole attachment charge, are permitted to reopen the sub-account 1508 - Pole Attachment Revenue Variance Account effective January 1, 2021, to record any revenue impact, until the effective date of the utilities next rebasing application.

Hydro Ottawa confirms that for 2022, the variance between the generic rate of \$34.76 per pole and Hydro Ottawa’s approved rate of \$44.5 per pole has been recorded into the sub-account 1508 - Pole Attachment Revenue Variance Account. For further information on Wireline Attachments, please see Exhibit 3-2-2: Specific Service Charges, section 2.2.1 - Specific Access to Power Poles - Wireline Attachments.

4.6. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - DESIGNATED BROADBAND PROJECT IMPACTS DEFERRAL ACCOUNT

In a letter³⁶ dated July 7, 2022, the OEB established a new generic deferral account to record the impacts pertaining to Ontario Regulation 410/22, Electricity Infrastructure - Designated Broadband Projects, under the *Ontario Energy Board Act, 1998*. The regulation requires that electricity distributors who have designated broadband projects in their service territory, as defined by the *Building Broadband Faster Act*,

³³ Ontario Energy Board, *Hydro Ottawa Limited - Application for 2022 Rates Pole Attachment Guidance*, EB-2021-0035 (November 29, 2021), pages 1-2.

³⁴ Ontario Energy Board, *Decision and Order - Wireline Pole Attachment Charge*, EB-2021-0302 (December 16, 2021), pages 1-6.

³⁵ Ontario Energy Board, *Accounting Guidance for Wireline Pole Attachment Charge*, EB-2021-0302 (December 16, 2021), pages 1-3.

³⁶ Ontario Energy Board, Letter re: *Accounting Order (001-2022) for the Establishment of a Deferral Account to Record Impacts Pertaining to Ontario Regulation 410/22 (Electricity Infrastructure – Designated Broadband Projects)* (July 7, 2022).

2021, record all incremental costs and revenues related to carrying out activities pertaining to these projects. Any amounts recorded within this deferral account will require a prudence review.

4.7. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - GREEN BUTTON INITIATIVE DEFERRAL ACCOUNT

In a letter³⁷ dated November 1, 2021, the OEB established a new generic deferral account to record the incremental costs directly attributable to the implementation of the Green Button initiative. Pursuant to amendments to the *Electricity Act, 1998* that came into force on November 1, 2021, Ontario's electricity and natural gas utilities are required to implement the Green Button standard by November 1, 2023. The Green Button is a data standard that provides residential and business energy customers access to their hourly consumption data. The accounting order states that electricity distributors may record incremental costs directly attributable to the implementation of Green Button as set out in the Green Button Regulation. Any amounts recorded within this deferral account will require a prudence review.

4.8. REGULATORY ASSET FOR SUB-ACCOUNT 1508 - ULTRA-LOW OVERNIGHT ("ULO") REGULATED PRICE PLAN OPTION

In a letter³⁸ dated March 2, 2023, the OEB established a new generic deferral account to record the impacts arising from Implementing the Ultra-Low Overnight ("ULO") Regulated Price Plan Option. Pursuant to amendments to O. Reg. 95/05 (Classes of Consumers and Determination of Rates) under the Ontario Energy Board Act, 1998 (OEB Act) that came into force on January 1, 2023, distributors are required to offer the new ULO price plan to RPP consumers no later than November 1, 2023. The accounting order states that electricity distributors can track the revenue requirement impacts of their one-time material costs of implementing the ULO option in a deferral account. Any amounts recorded within this deferral account will require a prudence review.

³⁷ Ontario Energy Board, Letter Re: *Accounting Order (003-2021) for the Establishment of a Deferral Account to Record Impacts Arising from Implementing the Green Button Initiative*, EB-2021-0183 (November 1, 2021).

³⁸ Ontario Energy Board, Letter Re: *Accounting Order (001-2023) for the Establishment of a Deferral Account to Record Impacts Arising From Implementing the Ultra-Low Overnight (ULO) Regulated Price Plan Option*, EB-2022-0160 (March 2, 2023).

ACCOUNT 1592 PILS AND TAX VARIANCE

1. INTRODUCTION

Account 1592 per the *Accounting Procedures Handbook for Electricity Distributors* (“APH”) is used to record the tax impact of the following differences that are not reflected in a distributor’s rates:

1. legislative or regulatory changes to tax rates; and
2. rules or disclosure of a new assessing or administrative policy published by federal or provincial public tax bulletins.¹

For further information on the Payments in Lieu of Taxes (“PILS”) impact related to utility-specific Regulatory Assets which are unrelated to changes defined as part of Account 1592 per the APH (e.g. the Earnings Sharing Mechanism), please refer to Exhibit 9-1-3: Group 2 Accounts.

2. PILS ACCELERATED INVESTMENT INCENTIVE

Bill C-97, also known as the *Budget Implementation Act, 2019*, was passed by the Parliament of Canada and received Royal Assent in June 2019. The legislation provides for accelerated Capital Cost Allowance (“CCA”) deductions for eligible property available for use and acquired after November 20, 2018. The OEB released guidance on July 25, 2019 which instructed utilities to record 100% of the rule change in a Sub-Account of 1592 - PILs and Tax Variances - CCA Changes. The guidance states that “The OEB therefore expects that all Utilities will record the full revenue requirement impact of any changes in CCA rules that are not reflected in base rates.”²

As directed, Hydro Ottawa recorded the impact of the legislative change for 2018-2020 in Sub-Account 1592 - PILs and Tax Variances - CCA Changes. Per Hydro Ottawa’s 2021-2025 Approved Settlement Agreement,³ the Accelerated CCA Rules for Approved Additions and portions related to New Facilities were fully disposed of.

¹ Ontario Energy Board, *Accounting Procedures Handbook for Electricity Distributors* (December 2011), page 75. NOTE: Also any differences in 2006 PILs that result in changes to a distributor’s “opening” 2006 balances, which are no longer relevant.

² Ontario Energy Board, Letter re: *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance* (July 25, 2019), page 2.

³ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 30, 33, 34, 58, 66, 67 & Attachment 6.

For the change in CCA (due to accelerated CCA), related to the Connection Cost Recovery Agreement (“CCRA”) Payments, the amounts to the end of 2019 were fully disposed of. The balance for 2020 will be disposed of in a future rate application as per Hydro Ottawa’s 2021-2025 Approved Settlement Agreement.⁴

Please see Exhibit 9-1-3: Group 2 Accounts for more information related to the CCRA Payments Regulatory Account.

3. 2021 FEDERAL BUDGET TEMPORARY IMMEDIATE EXPENSING

The 2021 Federal Budget announced changes to allow temporary immediate expensing of certain properties acquired that would otherwise qualify for CCA, providing up to a maximum of \$1.5M of additional CCA per taxation year. Bill C-19 which includes this income tax measure received Royal Assent on June 23, 2022.⁵ Eligible property includes any capital property subject to the CCA rules, except for property included in Classes 1-6, 14.1, 17, 47, 49 and 51. The immediate expensing is only available in the year the property becomes available for use, and the half-year rule is suspended where this measure applies. The \$1.5M limit is shared amongst associated members of a group. Entities acquiring more than \$1.5M of eligible property in a taxation year may decide which CCA class to apply the immediate expensing rules to, with any excess capital cost over \$1.5M subject to the normal CCA rules. The immediate expensing measure applies to eligible property acquired after April 18, 2021 that is available for use before 2024. Hydro Ottawa will record the impact of this legislative change in Sub-Account 1592 - PILs and Tax Variances - CCA Changes. Any balance in this Sub-Account will be disposed of in a future rate application.

⁴ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), pages 30, 33, 34, 58, 66, 67 & Attachment 6.

⁵ Parliament of Canada, *Bill C-19 Statutes of Canada 2022, Chapter 10, Income Tax Regulations 36 (1), Section 1104 Definitions (3.1)*, (June 23, 2022), page 34.

NEW DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

This Schedule describes Hydro Ottawa's proposal for establishing the use of one new deferral and variance account ("DVA"). Below, Hydro Ottawa describes the eligibility criteria regarding causation, materiality, and prudence for the proposed new account.

2. GROUP 1 SUB-ACCOUNT 1595 (2023)

Per Hydro Ottawa's 2021-2025 Approved Settlement Agreement,¹ Hydro Ottawa will follow the OEB's instruction regarding the clearance of Group 1 Accounts. The OEB's Chapter 3 *Filing Requirements for Electricity Distribution Rate Applications*, as updated on June 15, 2023, maintains a disposition threshold of \$0.001 per kWh (debit or credit).² In addition, pursuant to a letter from the OEB dated July 25, 2014, distributors may elect to dispose of Group 1 Account balances below the threshold. Hydro Ottawa's balances meet the above-mentioned threshold for Group 1 Accounts.

Hydro Ottawa proposes to dispose of a number of Group 1 DVAs by way of this Application and move the balance into a newly established 1595 (2023) Sub-Account. Please refer to Exhibit 9-3-1: Disposition of Deferral and Variance Accounts for further information and detail on the disposal of certain Group 1 DVAs in this Application. Opening the proposed Sub-Account follows direction in the OEB's *Accounting Procedures Handbook* ("APH")³ and the OEB's Frequently Asked Questions from July 2012.⁴

2.1. Z-FACTOR

In its *Handbook for Utility Rate Applications*, the OEB affirmed its policy that "[a]n acceptable adjustment during a Custom IR term is a Z factor mechanism for cost recovery of unforeseen events."⁵

¹ Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Settlement Proposal*, EB-2019-0261 (September 18, 2020), page 66 and Attachment 4.

² Ontario Energy Board, *Chapter 3 Filing Requirements for Electricity Distribution Rate Application*, (June 15, 2023) page 10.

³ Ontario Energy Board, *Accounting Procedures Handbook for Electricity Distributors* (December 2011), Article 220 pages 39-40.

⁴ Ontario Energy Board, *Accounting Procedures Handbook, Frequently Asked Questions* (July 2012), Question 3, page 5.

⁵ Ontario Energy Board, *Handbook for Utility Rate Applications* (October 13, 2016), page 27.

1 As per Hydro Ottawa's 2021-2025 Approved Settlement Agreement, Hydro Ottawa may apply for Z-
2 Factor relief in the event that the utility incurs costs arising from unforeseen events, decisions, or activities
3 the results of which cannot be reasonably anticipated or qualified at this time and where the costs exceed
4 the utility's \$1.0M materiality threshold. The criteria for any Z-Factor relief will be consistent with OEB-
5 approved policies and decisions.⁶ In addition, the Parties in the aforementioned Settlement Agreement⁷
6 agreed with Hydro's Ottawa's proposal to apply the OEB's existing policy with respect to off-ramps,
7 wherein a regulatory review may be initiated in the event Hydro Ottawa performs outside of an annual
8 ROE dead band of plus or minus 300 basis points. Examples include unforeseen weather events or
9 changes to laws or regulations requiring significant implementation investment.

10
11 Hydro Ottawa is not requesting a Z-Factor Account as part of this Application.

⁶ This includes the following finding made by the OEB on page 43 of its Decision and Order in EB-2017-0049 dated March 7, 2019: "The OEB disagrees that the OEB's policy on Z-Factors precludes a symmetrical treatment. The policy is set out in the Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors and does not state that a Z-Factor is asymmetrical. There is nothing to prevent the OEB from imposing Z-factor treatment for an unforeseen event that materiality reduces costs and meets all of the Z-Factor criteria, should one be identified."

⁷ Hydro Ottawa and the following intervenor groups: Building Owners and Managers Association, Consumers Council of Canada, Distributed Resource Coalition, Environmental Defense, Energy Probe Research Foundation, Pollution Probe, School Energy Coalition, Vulnerable Energy Consumers Coalition.

DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS

1. INTRODUCTION

In this Schedule, Hydro Ottawa is requesting disposition of its Group 1 deferral and variance accounts (“DVAs”), in compliance with the *Electricity Distributors’ Deferral and Variance Account Review Initiative* (“EDDVAR Report”).

Details regarding DVAs can be found in the following Exhibits:

- Exhibit 9-1-1: Summary of Current Deferral and Variance Accounts;
- Exhibit 9-1-2: Group 1 Accounts;
- Exhibit 9-1-3: Group 2 Accounts; and
- Exhibit 9-1-4: Account 1592 PILS and Tax Variance.

Hydro Ottawa has included the 1595 (2020) Sub-Account for proposal of disposition as part of the Group 1 Accounts proposed for disposition. Hydro Ottawa confirms that this Sub-Account is proposed to be cleared on a final basis and no further transactions are expected to flow through the 1595 (2020) Sub-Account once the residual balance has been disposed of. Hydro Ottawa also confirms that the assessment of the residual balance is less than the materiality threshold of plus or minus 10% and is thus not material.

2. ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION

As part of this Application, Hydro Ottawa is requesting disposition of all of its Group 1 Accounts as presented in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule) based on December 31, 2022 audited balances.

Table 1 below provides a summary of the Group 1 DVAs by Uniform System of Accounts (“USofA”) for which Hydro Ottawa is seeking disposition. For the completed DVA Continuity Schedule, please see Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule).

1 Per the DVA Continuity Schedule, principal balances are up to December 31, 2022 and interest is
2 forecasted to December 31, 2023.

3
4 Hydro Ottawa is seeking disposition of a net debit balance of \$14.2M.

5
6 As part of this Application, Hydro Ottawa has provided Attachment 9-3-1(A): OEB Workform - Global
7 Adjustment Analysis Workform using data from the 2022 audited financial statements. The unresolved
8 difference as a percentage of expected Global Adjustment ("GA") is below the materiality threshold of
9 plus or minus 10%, and thus further investigation is not required. Hydro Ottawa received approval on a
10 final basis to dispose of balances in Group 1 Accounts as at December 31, 2021 over a two year term
11 and Group 2 LRAMVA as at December 31, 2020 over a three year term as part of its 2023 Rate
12 Application.¹ Please see section 5.2 of this Schedule for a proposed amendment to the Group 2 LRAMVA
13 disposition period for the Street Lights class only.

14
15 In Exhibit 4-4-2: LRAM Variance Account, Hydro Ottawa has indicated that the disposition of LRAMVA
16 balances related to 2021 and subsequent years will be requested in a future rate application. For this
17 reason Hydro Ottawa will not be proposing a mechanistic adjustment for eligible LRAMVA amounts in
18 this rate application.²

¹ Hydro Ottawa Limited, *2023 Decision and Rate Order*, EB-2022-0042 (December 8, 2022), pages 15-17.

² Ontario Energy Board, *Updates to Chapter 3 Filing Requirements and Accounting Webinar*, (June 21, 2023) pages 17-18.

Table 1 – Proposed DVA Dispositions

Group	USofA Number	Group 1 Deferral/Variance Account Description	Amount (\$)	Principal (\$)	Interest (\$)
1	1550	LV Variance Account	\$44,729	\$43,638	\$1,091
1	1551	Smart Metering Entity Charge Variance Account	\$(1,055,491)	\$(998,249)	\$(57,242)
1	1580	RSVA - Wholesale Market Service Charge	\$14,071,299	\$13,193,911	\$877,389
1	1580	Variance WMS - Sub-account CBR Class A	\$0	\$0	\$0
1	1580	Variance WMS - Sub-account CBR Class B	\$(724,963)	\$(675,272)	\$(49,690)
1	1584	RSVA - Retail Transmission Network Charge	\$7,269,684	\$6,822,690	\$446,995
1	1586	RSVA - Retail Transmission Connection Charge	\$(2,542,500)	\$(2,396,262)	\$(146,237)
1	1588	RSVA - Power (excluding Global Adjustment)	\$(264,941)	\$(267,201)	\$2,260
1	1589	RSVA - Global Adjustment	\$(2,455,401)	\$(2,286,434)	\$(168,967)
1	1595	Disposition and Recovery/Refund of Regulatory Balances (2020)	\$(148,399)	\$(95,658)	\$(52,742)
		Group 1 Subtotal (Excluding Global Adjustment)	\$16,649,419	\$15,627,595	\$1,021,824
		Global Adjustment	\$(2,455,401)	\$(2,286,434)	\$(168,967)
		TOTAL DVA BALANCE (Group 1) TO BE MOVED TO 1595 (2024)	\$14,194,018	\$13,341,161	\$852,857

3. ALLOCATION OF DVAs AND LENGTH OF DISPOSITION PERIOD

Hydro Ottawa is requesting a one year rate rider for the proposed disposition period for the Group 1 Accounts.

Please refer to Tab "5. Allocation of balances" within Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule) for the explanation of how the Group 1 rate riders were allocated.

As part of the 2023 Application, the following rate riders were approved for a two-year and three-year period and the second year of disposition will occur in 2024:

- Two year period - Rate Rider for Disposition and Variance Accounts; and
- Three year period - Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery.

4. BILLING DETERMINANTS

Hydro Ottawa has used the 2022 Reporting and Record Keeping Requirements ("RRR") billing determinants, as presented in RRR 2.1.5.4 - Demand and Revenue and RRR 2.1.2 Customer Numbers. This includes 2022 actuals for kWh, kW, billing determinants for Non-Regulated Price Plan ("RPP") customers, Wholesale Market Participants, distribution revenue and customer numbers. Hydro Ottawa has allocated the 1595 sub-account Disposition and Recovery/Refund of Regulatory Balances (2020) balance to rate classes in proportion to the established share when the rate riders were implemented.

5. CONTINUED, PROPOSED AMENDMENT & NEWLY PROPOSED RATE RIDERS

5.1. CONTINUED RATE RIDERS

Tables 2 and 3 provide the approved Group 1 rate riders and table 4 provides the approved Lost Revenue Adjustment Mechanism ("LRAM") rate rider that continue through 2024 as part of the 2023 Decision and Order.³

³ Ontario Energy Board, *Decision and Rate Order*, EB-2022-0042 (December 8, 2021), pages 13-15.

Table 2 – Approved Rate Riders for Group 1 Accounts, excluding Global Adjustment Year 2 (2023)⁴

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,454,365,237	\$1,963,131	0.0008	\$/kWh
General Service < 50 kW	kWh	680,716,895	\$566,281	0.0008	\$/kWh
General Service 50 to 1,499 kW	kW	6,559,760	\$998,949	0.1523	\$/kW
General Service 1,500 to 4,999 kW	kW	1,418,024	\$558,362	0.3938	\$/kW
Large Use	kW	1,029,229	\$497,344	0.4832	\$/kW
Unmetered Scattered Load	kWh	14,083,301	\$11,894	0.0008	\$/kWh
Sentinel Lighting	kW	122	\$37	0.3033	\$/kW
Street Lighting	kW	63,940	\$19,292	0.3017	\$/kW
TOTAL			\$4,615,288		

Table 3 - Approved Rate Riders for Group 1 Accounts 1580 & 1588 - Non-WMP Year 2 (2023)⁵

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,454,365,237	\$0	0	\$/kWh
General Service < 50 kW	kWh	680,716,895	\$0	0	\$/kWh
General Service 50 to 1,499 kW	kW	6,500,509	\$1,278,117	0.1966	\$/kW
General Service 1,500 to 4,999 kW	kW	1,418,024	\$0	\$0	\$/kW
Large Use	kW	1,029,229	\$0	0	\$/kW
Unmetered Scattered Load	kWh	14,083,301	\$0	0	\$/kWh
Sentinel Lighting	kW	122	\$0	0	\$/kW
Street Lighting	kW	63,940	\$0	0	\$/kW
TOTAL			\$1,278,117		

⁴ Ontario Energy Board, *Decision and Order*, EB-2022-0042 (December 8, 2022).

⁵ *Ibid.*

Table 4 provides the approved LRAM rate riders from the 2023 Decision and Order that continue through 2024 for all classes except the Street Lighting rate class.

Table 4 - Approved Rate Riders for Accounts 1568 Year 2- Non-Street Lighting (2023)⁶

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	# of Customers	324,728	\$ 962,663	0.2500	\$
General Service < 50 kW	kWh	680,716,895	\$ 496,534	0.0007	\$/kWh
General Service 50 to 1,499 kW	kW	6,559,760	\$ (1,624,741)	-0.2477	\$/kWh
General Service 1,500 to 4,999 kW	kW	1,418,024	\$ 286,560	0.2021	\$/kWh
Large Use	kW	1,029,229	\$ 207,004	0.2011	\$/kWh
Unmetered Scattered Load	kWh	14,083,301	\$ -	0.0000	\$/kWh
Sentinel Lighting	kWh	122	\$ -	0.0000	\$/kWh
TOTAL			\$ 328,020		

5.2. PROPOSED RATE RIDER AMENDMENT

The Street Lighting approved LRAM rate rider for 2024 is \$7.3388 per kW.⁷ Without a rate mitigation plan, the Street Lighting rate class would incur a total bill impact that exceeds 10%. As such, Hydro Ottawa is proposing to amend the approved LRAM recovery, for the Street Lighting rate class only, by extending the disposition period by one year. This will result in an annual rate rider of \$4.8930 per kW. Tables 5 to 7 provides a proposed amended rate rider to dispose of the LRAM portion of Account 1595 (2023) that relates to the Street Lighting rate class. Please refer to Exhibit 8-12-1: Bill Impact Information for more details on the resulting bill impacts and the rate mitigation plan.

Table 5 - Proposed Rate Rider for Account 1568 Year 2 - Street Lighting (2023)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Street Lighting	kW	63,940	\$312,830	4.8925	\$/kW

⁶ Ontario Energy Board, *Decision and Order*, EB-2022-0042 (December 8, 2022).

⁷ *Ibid.*, page 15.

Table 6 - Proposed Rate Rider for Account 1568 Year 3 - Street Lighting (2023)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Street Lighting	kW	63,940	\$312,830	4.8925	\$/kW

Table 7 - Proposed Rate Rider for Account 1568 Year 4 - Street Lighting (2023)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Street Lighting	kW	63,940	\$312,830	4.8925	\$/kW

5.3. NEWLY PROPOSED RATE RIDER

Tables 8 through 11 outline the new proposed rate riders to clear the DVA balances as at December 31, 2022 in the Group 1 Accounts for which Hydro Ottawa is seeking disposition.

Table 8 - Proposed Rate Riders for Group 1 Accounts, excluding Global Adjustment (2024)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,438,179,034	\$5,243,076	0.0022	\$/kWh
General Service < 50 kW	kWh	728,927,141	\$1,785,082	0.0024	\$/kWh
General Service 50 to 1,499 kW	kW	6,683,606	\$1,811,808	0.2711	\$/kW
General Service 1,500 to 4,999 kW	kW	1,377,470	\$1,657,109	1.2030	\$/kW
Large Use	kW	988,207	\$1,444,866	1.4621	\$/kW
Unmetered Scattered Load	kWh	13,981,077	\$36,032	0.0026	\$/kWh
Sentinel Lighting	kW	120	\$115	0.9613	\$/kW
Street Lighting	kW	61,708	\$56,852	0.9213	\$/kW
TOTAL			\$12,034,940		

Table 9 – Proposed Rate Riders for Group 1 Accounts 1580 & 1588 - Non-WMP (2024)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,438,179,034	\$0	0	\$/kWh
General Service < 50 kW	kWh	728,927,141	\$0	0	\$/kWh
General Service 50 to 1,499 kW	kW	6,625,338	\$5,339,442	0.8059	\$/kW
General Service 1,500 to 4,999 kW	kW	1,377,470	\$0	\$0	\$/kW
Large Use	kW	988,207	\$0	0	\$/kW
Unmetered Scattered Load	kWh	13,981,077	\$0	0	\$/kWh
Sentinel Lighting	kW	44,760	\$0	0	\$/kW
Street Lighting	kW	22,059,316	\$0	0	\$/kW
TOTAL			\$5,339,442		

Table 10 – Proposed Rate Riders for Account 1580 - Sub Account CBR Class B (2024)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	2,438,179,034	\$(295,567)	-0.0001	\$/kWh
General Service < 50 kW	kWh	728,927,141	\$(88,364)	-0.0001	\$/kWh
General Service 50 to 1,499 kW	kWh	2,359,725,918	\$(286,056)	-0.0001	\$/kWh
General Service 1,500 to 4,999 kW	kWh	156,945,646	\$(19,026)	-0.0001	\$/kWh
Large Use	kWh	0	\$ -	0.0000	\$/kWh
Unmetered Scattered Load	kWh	13,981,077	\$(1,695)	-0.0001	\$/kWh
Sentinel Lighting	kWh	44,760	\$(5)	-0.0001	\$/kWh
Street Lighting	kWh	22,059,316	\$(2,674)	-0.0001	\$/kWh
TOTAL			\$(693,387)		

Table 11 outlines the proposed rate rider for Account 1589 - Global Adjustment for Class B Non-RPP, which includes a rate rider for the Large Use rate class. Currently Hydro Ottawa has not forecasted any

Large Use Class B Customer. However, if there is a new Large Use Class B customer in 2024 (for example due to a Customer reclassification), the proposed rate rider would be applied.

Table 11 - Proposed Rate Rider for Account 1589 - Global Adjustment (2024)

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	24,287,682	\$(24,592)	-0.0010	\$
General Service < 50 kW	kWh	107,267,930	\$(108,612)	-0.0010	\$/kWh
General Service 50 to 1,499 kW	kWh	2,008,831,668	\$(2,034,005)	-0.0010	\$/kWh
General Service 1,500 to 4,999 kW	kWh	156,945,646	\$(158,912)	-0.0010	\$/kWh
Large Use	kWh	0	\$ -	-0.0010	\$/kWh
Unmetered Scattered Load	kWh	0	\$ -	0.0000	\$/kWh
Sentinel Lighting	kWh	0	\$ -	0.0000	\$/kWh
Street Lighting	kWh	22,059,316	\$(22,336)	-0.0010	\$/kW
TOTAL			\$(2,348,457)		

6. GA AND WHOLESALE MARKET SERVICE CAPACITY BASED RECOVERY (“CBR”) CLASS A ADJUSTMENT

In order to capture customer-specific impacts of transitioning Class A customers, Hydro Ottawa has provided customer level consumption in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule). The total amount allocated to Class A transitioning customers for GA is a credit of \$106,944 and for CBR is a credit of \$31,575. The monthly equal payment column has been grayed out in tab ‘6.2a CBR B_Allocation’ in Attachment 9-1-1(A): OEB Workform - Deferral and Variance Account (Continuity Schedule), as Hydro Ottawa proposes to apply the customer-specific Class A GA adjustments and WMS CBR as a one-time adjustment rather than monthly. Unlike the use of rate riders, these adjustments are a manual process for Hydro Ottawa.

7. PROPOSED ESTABLISHMENT OF NEW DVAs

Please see Exhibit 9-2-1: New Deferral and Variance Accounts for new Accounts for which approval is being sought as part of this Application.

ATTACHMENT 9-3-1(A)

OEB Workform - 2024 Global Adjustment Analysis

(Refer to the attachment in Excel format)