



2025 COS RATE APPLICATION

Combined Table of Contents

EXHIBIT 1 - APPLICATION OVERVIEW AND ADMINISTRATION

1.1	Application	8
1.2	Application Summary and Business Plan	9
1.2.1	Revenue Requirement	11
1.2.2	Load Forecast Summary	12
1.2.3	Rate Base and Distribution System Plan (DSP)	14
1.2.4	Operations, Maintenance, and Administration Expenses	17
1.2.5	Cost of Capital	19
1.2.6	Cost Allocation and Rate Design	19
1.2.6.1	Cost Allocation	19
1.2.6.2	Rate Design	20
1.2.7	Deferral and Variance Accounts	21
1.2.8	Bill Impacts	22
1.3	Administration	22
1.3.1	Executive Certification	22
1.3.2	Primary Contact Information	23
1.3.3	Legal Representation	23
1.3.4	Internet Address and Social Media	23
1.3.5	Statement of Publication	24
1.3.6	Material Impacts on Customers	24
1.3.7	Materiality Threshold	24
1.3.8	Form of Hearing	24
1.3.9	Requested Effective Date of Rate Order	25
1.3.10	Changes to Methodologies used in Previous Application	25
1.3.11	OEB Directions from Previous Decisions and/or Orders	25
1.3.12	Conditions of Service	25
1.3.13	Corporate and Distributor Organizational Structure	26
1.3.14	List of Specific Approvals Requested	27
1.4	Distribution System Overview	28
1.4.1	Host vs. Embedded Distributor	29
1.4.2	Transmission or High Voltage Assets	29
1.5	Customer Engagement	29
1.5.1	Ongoing Customer Engagement	30
1.5.2	Application-Specific Customer Engagement	32

1.6	Performance Measurement	38
1.6.1	Scorecard	39
1.6.1.1	Customer Focus	40
1.6.1.2	Operational Effectiveness	41
1.6.1.3	Public Policy Responsiveness	47
1.6.1.4	Financial Performance	47
1.6.2	Activity and Program-based Benchmarking	48
1.6.2.1	Billing O&M	48
1.6.2.2	Metering O&M	49
1.6.2.3	Vegetation Management O&M	49
1.6.2.4	Lines O&M	50
1.6.2.5	Stations O&M	51
1.6.2.6	Poles, Towers O&M	52
1.6.2.7	Station CAPEX	52
1.6.2.8	Poles, Towers Capex	53
1.6.2.9	Line Transformers Capex	53
1.6.2.10	Meters Capex	53
1.7	Facilitating Innovation	54
1.7.1	Grid Modernization	54
1.7.2	System Control Operation	55
1.7.3	Shared Services	56
1.8	Financial Information	56
1.8.1	Audited Financial Statements	56
1.8.2	Annual Report and MD&A	57
1.8.3	Rating Agency Report	57
1.8.4	Prospectuses and Information Circulars for Recent and Planned Issuances	57
1.8.5	Change in Tax Status	57
1.8.6	Existing Accounting Orders	57
1.8.7	Departures from USoA	57
1.8.8	Accounting Standards	57
1.8.9	Accounting Treatment of Non-Utility Business	58
1.9	Distributor Consolidation	58
1.10	Impacts of COVID-19 Pandemic	58
Appendix 1-A: WHESC 2025 Business Plan		
Appendix 1-B: Executive Certification		
Appendix 1-C: OEB 2023 Scorecard		

Appendix 1-D: WHESC 2023 Audited Financial Statements
 Appendix 1-E: WHESC 2022 Audited Financial Statements
 Appendix 1-F: Customer Engagement Survey
 Appendix 1-G: 2025 Cost of Service Checklist
 Appendix 1-H: WHESC Updates/Amendments to Models

EXHIBIT 2 - RATE BASE AND CAPITAL

2.1	Rate Base	5
2.1.1	Overview	5
2.1.2	Variance Analysis of Rate Base	7
2.2	Fixed Asset Continuity Schedule	10
2.2.1	Breakdown by Function	10
2.2.2	Gross Assets Variance Analysis	11
2.2.2.1	2017 Actual vs 2017 Board Approved	11
2.2.2.2	2018 Actual vs 2017 Actual	14
2.2.2.3	2019 Actual vs 2018 Actual	17
2.2.2.4	2020 Actual vs 2019 Actual	20
2.2.2.5	2021 Actual vs 2020 Actual	24
2.2.2.6	2022 Actual vs 2021 Actual	27
2.2.2.7	2023 Actual vs 2022 Actual	29
2.2.2.8	2024 Bridge Year vs 2023 Actual	33
2.2.2.9	2025 Test Year vs 2024 Bridge Year	36
2.4	Depreciation, Amortization and Depletion	39
2.4.1	Depreciation Policy	39
2.4.2	Asset Retirement Obligations	42
2.5	Allowance for Working Capital	42
2.5.1	Working Capital Allowance	42
2.5.1.1	Controllable Costs	43
2.5.1.2	Cost of Power	43
2.6	Distribution System Plan	47
2.7	Policy Options for the Funding of Capital	48
2.8	Addition of Previously Approved ACM and ICM Project Assets to Rate Base	48
2.9	Capitalization	48
2.9.1	Capitalization Policy	48
2.9.2	Overhead Costs	49
2.9.3	Burden Rates	50

2.10 Costs of Eligible Investments for the Connection of Qualifying Generation Facilities 50

- Appendix 2-A: OEB Appendix 2-AA – Capital Projects Table
- Appendix 2-B: OEB Appendix 2-AB – Capital Expenditures
- Appendix 2-C: OEB Appendix 2-BA – Fixed Asset Continuity Schedules
- Appendix 2-D: OEB Appendix 2-C – Depreciation and Amortization Expense
- Appendix 2-E: Distribution System Plan

EXHIBIT 3 - CUSTOMER AND LOAD FORECAST

3.1 Load Forecasts	5
3.1.1 Multivariate Regression Model	8
3.1.1.1 Purchased kWh Load Forecast	9
3.1.1.2 Billed kWh Load Forecast	11
3.1.1.3 Billed kWh Load Forecast and Customer/Connection Forecast by Rate Class	12
3.1.1.4 Billed kW Load Forecast	15
3.1.2 Normalized Average Use per Customer Model	17
3.1.3 Incorporating CDM Impacts in the Load Forecast for Distributors	17
3.2 Accuracy of Load Forecast and Variance Analyses	17
3.2.1 2017 Board Approved vs 2017 Actual	18
3.2.2 2017 Actual vs 2018 Actual	18
3.2.3 2018 Actual vs 2019 Actual	19
3.2.4 2019 Actual vs 2020 Actual	19
3.2.5 2020 Actual vs 2021 Actual	20
3.2.6 2021 Actual vs 2022 Actual	21
3.2.7 2022 Actual vs 2023 Actual	21
3.2.8 2023 Actual vs 2024 Bridge Year	22
3.2.9 2024 Bridge Year vs 2025 Test Year	22

Appendix 3-A: MONTHLY DATA USED FOR REGRESSION ANALYSIS

Appendix 3-B: CHAPTER 2 APPENDICES – LOAD FORECAST

Appendix 3-C: CUSTOMER DEMOGRAPHICS

EXHIBIT 4 - OPERATING EXPENSES

4.1 Overview	7
4.1.1 2025 Test Year OM&A Summary	7
4.1.2 OM&A Budgeting Process	8
4.1.3 Associated Cost Drivers and Significant Changes	9
4.1.4 Overall Trends	10

4.1.5	Inflation Rate Used	13
4.1.6	Business Environment Changes	13
4.2	Summary and Cost Drivers	16
4.2.1	Summary of Recoverable OM&A Expenses	16
4.2.2	Cost Driver Tables	16
4.2.2.1	Wages and Benefits Cost Driver	17
4.2.2.2	Billing Contract Services	19
4.2.2.3	Information Systems and Support	19
4.2.2.4	Locates	19
4.2.2.5	Stores Material	20
4.2.2.6	Postage	20
4.2.2.7	ADMS Software	20
4.2.2.8	Tree Trimming Activities	20
4.2.2.9	Cyber Security Services	21
4.2.3	OM&A Cost Per Customer & Full Time Equivalents	21
4.2.3.1	OM&A Cost per Customer	21
4.2.3.2	OM&A Cost per FTE	21
4.2.4	Capitalized OM&A	23
4.3	Program Delivery and Variance Analysis	23
4.3.1	Workforce Planning and Employee Compensation	57
4.3.1.1	Overview	57
4.3.1.2	Age Demographics	59
4.3.1.3	FTE Summary and Costs	61
4.3.1.4	FTEs by Department	61
4.3.1.5	FTE Wage & Benefit Variance Analysis	64
4.3.1.6	Employee Benefit Programs	68
4.3.2	Shared Services and Corporate Cost Allocation	71
4.3.2.1	Shared Services to Affiliates	77
4.3.2.2	Corporate Cost Allocations	77
4.3.2.3	Variance Analysis	77
4.3.3	Purchases of Non-Affiliate Services	78
4.3.4	One Time Costs	78
4.3.5	Regulatory Costs	79
4.3.6	Low-income Energy Assistance Programs (LEAP)	79
4.3.7	Charitable & Political Donations	80
4.4	Conservation and Demand Management Costs	80

Appendix 4-A:	OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses
Appendix 4-B:	OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table
Appendix 4-C:	OEB Appendix 2-L – Recoverable OM&A Cost per Customer and per FTE
Appendix 4-D:	OEB Appendix 2-JC – OM&A Programs Table
Appendix 4-E:	OEB Appendix 2-K – Employee Costs
Appendix 4-F:	WHESC Post-Employment Benefits Actuary Report
Appendix 4-G:	OEB Appendix 2-M – Regulatory Cost Schedule
Appendix 4-H:	WHESC Purchasing Policy

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5.1	Capital Structure	4
5.1.1	Parameters Used	4
5.1.2	Completed Appendix 2-OA	5
5.1.3	Completed Appendix 2-OB	6
5.1.4	Variance Analysis of Capital Structure	8
5.2	Cost of Capital (Return on Equity and Cost of Debt)	9
5.2.1	Cost of Short-Term Debt	11
5.2.2	Return on Equity	11
5.2.3	Profit or Loss on Redemption of Debt and/or Preferred Shares	11
5.2.4	Current Notes or Debt with Affiliates	11
5.2.5	Anticipated New Debt	11
5.2.6	Historical Return on Equity Achieved	12
5.3	Not-for-Profit Corporations	12

EXHIBIT 6 - REVENUE REQUIREMENT AND REVENUE DEFICIENCY OR SUFFICIENCY

6.0	Overview	5
6.0.1	Determination of Net Utility Income	6
6.0.2	Statement Of Rate Base	7
6.0.3	Actual Utility Return on Rate Base	7
6.0.4	Indicated Rate of Return	8
6.0.5	Requested Rate of Return	8
6.0.6	Gross Revenue Deficiency	8
6.0.7	Cost Drivers on Revenue Deficiency	9
6.0.8	Change in Methodology	10
6.1	Revenue Requirement Work Form	10
6.2	Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes	11
6.2.1	Income Taxes or PILs	12

6.2.1.1	Calculation of PILs	12
6.2.1.2	2023 Tax Return and Financial Statements	12
6.2.1.3	Tax Credits	12
6.2.1.4	Loss Carry Forwards	12
6.2.1.5	Other Additions and Deductions	12
6.2.1.6	Integrity Checks	12
6.2.1.7	Accelerated CCA	13
6.2.2	Other Taxes	13
6.2.3	Non-Recoverable and Disallowed Expenses	14
6.3	Other Revenue	14
6.3.1	Other Revenue Variance Analysis	15
6.3.2	Other revenue from Specific Service Charges	17
6.3.3	Revenue from Affiliate Transactions	17
6.3.4	MicroFIT Charges	17
6.3.5	Other Revenue Account Breakdown	18
Appendix 6-A: Revenue Requirement Work Form		
Appendix 6-B: PILS Model		
Appendix 6-C: WHESC 2023 Tax Return		
EXHIBIT 7 - COST ALLOCATION		
7.1	Cost Allocation Study Requirements	5
7.1.1	Load Profiles and Demand Allocators	7
7.1.2	Specific Customer Classes	8
7.1.2.1	Large General Service and Large Use Classes	8
7.1.2.2	Embedded Distributor Class	8
7.1.2.3	Unmetered Loads (including Street Lighting)	8
7.1.2.4	MicroFIT Class	8
7.1.2.5	Standby Rates	8
7.1.3	New Customer Classes	8
7.1.4	Eliminated Customer Classes	8
7.2	Class Revenue Requirements	8
7.3	Revenue-to-Cost Ratios	9
Appendix 7-A: OEB Cost Allocation Model		
Appendix 7-B: 2025 Load Profile Data for Cost Allocation		
EXHIBIT 8 - RATE DESIGN		
8.1	Fixed/Variable Portion	6

8.1.1	Current Fixed / Variable Proportion	6
8.1.1.1	Proposed Fixed Rates	6
8.1.1.2	Proposed Variable Rates	7
8.1.1.3	Proposed Adjustment for Transformer Allowance	8
8.1.1.4	Proposed Distribution Rates	8
8.2	Retail Transmission Service Rates (RTSRs)	9
8.3	Retail Service Charges	10
8.4	Regulatory Charges	10
8.4.1	Wholesale Market Service Rate	10
8.4.2	Rural or Remote Rate Plan	11
8.4.3	Standard Supply Service Charge	11
8.5	Specific Service Charges	11
8.6	Low Voltage Service Rates	11
8.7	Smart Meter Entity Charge	12
8.8	Loss Adjustment Factors	12
8.8.1	Overview	12
8.8.2	Calculation of Losses	12
8.8.3	Materiality Analysis on Distribution Losses	13
8.8.4	Reconciliation of Loss Factor	13
8.9	Tariff of Rates and Charges	14
8.10	Revenue Reconciliation	14
8.11	Bill Impact Information	15
8.12	Rate Mitigation	16
8.13	Rate Harmonization Mitigation Issues	16
Appendix 8-A: OEB RTSR Workform		
Appendix 8-B: Current Tariff of Rates and Charges – Effective May 1, 2024		
Appendix 8-C: Proposed Tariff of Rates and Charges – Effective May 1, 2025		
Appendix 8-D: OEB Bill Impact Sheets		
 EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS		
9.1	Disposition of Deferral and Variance Accounts	7
9.1.1	Disposition of Accounts 1588 and 1589	17
9.1.1.1	Account 1588 Cost of Power	18
9.1.1.2	Account 1589 Global Adjustment	19
9.1.2	Disposition of Account 1580, Sub-account CBR B Variance	21
9.1.3	Disposition of Account 1595	22

9.1.4	Disposition of Retail Service Charges Related Accounts	23
9.1.5	Disposition of Account 1592, Sub-account CCA Changes	24
9.1.6	Disposition of Account 1509 Impacts Arising from the COVID-19 Emergency	25
9.1.7	Disposition of Account 1508, Sub-account Pole Attachment Revenue Variance	25
9.1.8	Disposition of Distributor-Specific Accounts	26
9.2	Establishment of New Deferral and Variance Accounts	27
9.3	Lost Revenue Adjustment Mechanism Variance Account	27
Appendix 9-A: OEB 2025 Deferral/Variance Account Workform		
Appendix 9-B: 2025 GA Analysis Workform		
Appendix 9-C: 2018 Corporate Tax Return – Schedule 8		
Appendix 9-D: 2019 Corporate Tax Return – Schedule 8		
Appendix 9-E: 2020 Corporate Tax Return – Schedule 8		
Appendix 9-F: 2021 Corporate Tax Return – Schedule 8		
Appendix 9-G: 2022 Corporate Tax Return – Schedule 8		
Appendix 9-H: 2023 Corporate Tax Return – Schedule 8		