# EXHIBIT 7 - COST ALLOCATION

## 2025 Cost of Service

Atikokan Hydro Inc.
EB-2024-0008

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# 2.7. Cost Allocation Study Requirements

## 2.7.1 Overview of Cost Allocation

Atikokan has prepared a cost allocation information filing consistent with Atikokan's understanding of the Directions and Policies in Board's reports of November 28, 2007 Application of Cost Allocation for Electricity Distributors, and March 31, 2011 Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219) (the Cost Allocation Reports). Further Atikokan adhered to the Chapter 2 Filing Requirements dated December 15, 2022 and the instructions in the Model.

A completed model has been filed in live Microsoft Excel in conjunction with this application.

The revenue to cost ratios from the 2017 application are presented below for a point of reference.

**Table 7.1: Previously Approved 2017 Ratios (2017 COS); EB-2016-0056**

| Customer Rate Class | 2017 Approved Revnue to Cost Ratios |
|---|---|
| Residential | 97.95% |
| General Service < 50 kW | 120.00% |
| General Service 50 to 4999 kW | 86.19% |
| Street Lighting | 120.00% |

The cost allocation study for the 2025 allocates the 2025 test year costs to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class and count counts, etc.

The Cost Allocation model is consistent with the test year load forecast, including consumption, demand values and customer count. The 2025 demand values are based on the weather normalized load forecast used to design rates.

Atikokan completed its cost allocation using Board Approved Model, Cost Allocation version 1.0. The results of the Model reflecting future loads and costs for the 2025 Test Year, along with proposed ratios presented in this Exhibit, in Appendix A.

Atikokan referred to section 2.64 of the March 31, 2011 Cost Allocation Report concerning weighting factors and distributors are expected to develop their own weighing factors. For this reason, Atikokan has developed weighing factors as outlined below based on discussions with staff experienced in the subject area.

## Weighting Factors

### Services (Account 1855) Weighting Factors

Weighting factors for services is not applicable for Atikokan as no costs are recorded in account 1855. Atikokan therefore used default values of 1 in the cost allocation model. This same methodology applied for Atikokan's previously approved Cost of Service Rate Application (EB-2016-0056).

### Billing and Collection Weighting Factors

Atikokan has applied the same Billing Collecting Weight factor which supported the cost allocation in Atikokan's 2017 Cost of Service Rate Application (EB-2016-0056). These weighting factors were based on internal consultation with those experienced with the level of effort and time necessary for billing and collecting activities for each type of customer.

The weighting factors applied to Billing and Collecting costs are as follows:

**Table 7.2: Weighting Factors for Billing & Collecting**

| Customer Rate Class | Weighting Factors for Billing & Collecting |
|---|---|
| Residential | 1 |
| General Service < 50 kW | 1 |
| General Service 50 to 4999 kW | 10 |
| Street Lighting | 3 |

Residential weighting factor is set at "1" per the Cost Allocation instruction sheet.

Interval MIST accounts (General Service > 50 kW) require additional steps and complexity in the billing process to produce a bill. This takes more time and effort. Additionally, greater level of effort and focus on accuracy of billing; to verifying for completeness and accuracy of readings and demands. Furthermore these customers are periodically monitored to assess their demand and where the customer should be moved to another General Service rate class.

Street lighting requires greater level of effort compared to residential bills in terms of the accuracy of billing and requires manual entry of the demands.

### Meter Capital

The purpose of this input is to derive at the weighting factors of each customer class for the allocator which is used to allocate installation costs per meter. The meter capital costs per meter were calculated based on the actual costs of the meters. Atikokan has historically recorded the costs of meters including those purchased for reserves directly to UsoA 1860; therefore, the actual labour and truck costs for installing a meter are not directly recorded to capital. For this reason, Atikokan only used the cost of the meters for this weighting factor.

#### 2.7.1.1 Load Profiles and Demand Allocations

In Atikokan's prior Cost of Service Application, EB-2016-0052, the modeled weather normalized data was based on the Hydro One load profiles by rate classification provided for the initial cost allocation study and for the coincident and non-coincident peaks for each classification. The filing requirements were updated in 2017 to require distributors to update all classes' load profiles to produce updated demand allocators. This is Atikokan's first applicable filing since the filing requirements were updated requiring updated load profiles.

To achieve the updated load profiles and demand allocators, the historical average method was used to determine the demand allocators, utilizing the most recent 3 years of historical data, 2021, 2022 and 2023. Atikokan consulted Utilis Consulting to complete the load profile and demand allocators. For each of the three historical years, demand allocators for the year were produced from the load profile. The three years of demand allocators were averaged to produce the demand allocators used in the cost allocation model. There was no requirement to scale up the resulting values to match the 2025 load forecast.

### 2.7.1.2 Specific Customer Class (es)

#### Embedded distributor Class

Atikokan Hydro Inc. is not a host to any distributor.

#### Unmetered Loads (including Street Lighting)

Atikokan will communicate with its Street Lighting customer, who is owned by Atikokan Hydro's shareholder, The Town of Atikokan, applicable rate changes impacting Street Lighting. The shareholder is aware Atikokan is in midst a cost-of-service rate application, but specific rate proposals have not been shared at this time. Atikokan is cautious to share proposed changes that may not be approved. Communication will occur as the application's OEB approval process progresses with the OEB.

#### MicroFIT Class

In accordance with the Chapter 2 Filing Requirements, December 15, 2022, the microFIT class has not been included as a separate class in the cost allocation model. Atikokan is requesting to maintain the uniform Board approved rate of $4.55 until the Board updates the uniform microFIT rate in the future.

#### Standby Rates

Atikokan is not seeking approval of standby charges.

### 2.7.1.3 New Customer Class (es)

Atikokan is not proposing to add new customer classes nor changes to existing customer classes. The customer classes approved in Atikokan's last Cost of Service Rate Application EB-2016-0056 remain the same for the 2025 Test year and forward. The classes are as follows:

- Residential

- General Service Less Than 50 kW
- General Service 50 to 4999 kW
- Street Lighting
- MicroFIT

#### 2.7.1.4 Eliminated Customer Class

Atikokan is not proposing to eliminate or combine any existing customer classes.

## Summary of Results and Proposed Changes

The data used in the updated cost allocation study is consistent with Atikokan's cost data that supports the proposed 2025 revenue requirement outlined in this application. Consistent with the instructions Atikokan's assets were broken out into primary and secondary distribution functions using breakout percentages consistent with the original cost allocation information filing. (2006) The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available to Atikokan, engineering records, its customers and financial information systems.

Capital contributions, depreciation and accumulated depreciation by UsoA are consistent with the information provided in the 2025 continuity statement shown in Exhibit 2. The rate class customer data used is in the updated cost allocation study is consistent with the 2025 customer forecast outlined in Exhibit 3.

## 2.7.2 Class Revenue Requirements

Table 7.3 below shows the results of the 2017 Cost Allocation study (2017 Cost of Service), EB-2016-0052. These results are used as a comparison to the proposed 2025 Test year rates.

**Table 7.3: Previously Approved Ratios (2017 Cost of Service)**

| Customer Rate Class | 2017 Base Revenue Requirement | | 2017 Miscellaneous Revenue | | 2017 ServiceRevene Requirement | |
|---|---|---|---|---|---|---|
| Residential | 777,839 | 55.49% | 54,280 | 56.68% | 832,119 | 55.56% |
| General Service < 50 kW | 232,626 | 16.59% | 13,454 | 14.05% | 246,080 | 16.43% |
| General Service 50 to 4999 kW | 268,512 | 19.15% | 17,650 | 18.43% | 286,162 | 19.11% |
| Street Lighting | 122,913 | 8.77% | 10,386 | 10.84% | 133,299 | 8.90% |
| **Total** | **1,401,890** | **100.0%** | **95,770** | **100.0%** | **1,497,660** | **100.0%** |

The following table 7.4 shows the allocation percentage and base revenue requirement allocation under three scenarios: existing rates, prorated existing rates that would yield the test year base revenue requirement and 2025 proposed class revenues allocation. These figures provided in the table are supported by the Revenue Requirement Workform Tab 11; Cost Allocation and Rate Design.

**Table 7.4: Base Revenue Requirement under three scenarios**

| Customer Rate Class | 2025 Revenue Requirement at Existing Rates | | 2025 Proposed Revenue Allocated at Existing Rates Prorated [Cost Allocation] | | 2025 Proposed Allocated Rates | |
|---|---|---|---|---|---|---|
| Residential | 898,106 | 54.80% | 961,779 | 55.33% | 971,775 | 55.90% |
| General Service < 50 kW | 273,829 | 16.71% | 292,962 | 16.85% | 292,969 | 16.85% |
| General Service 50 to 4999 kW | 327,868 | 20.00% | 334,504 | 19.24% | 334,521 | 19.24% |
| Street Lighting | 139,208 | 8.49% | 149,130 | 8.58% | 139,110 | 8.00% |
| **Total** | **1,639,011** | **100.0%** | **1,738,375** | **100.0%** | **1,738,375** | **100.0%** |

Note the above Table 7.4 is for base revenue only; this excludes miscellaneous revenue and is proposed revenue to be earned by rate classes solely from rates. The following Table 7.5 illustrates the total proposed Service Revenue Requirement Offset by the Miscellaneous Revenue. Again this is supported by Revenue Requirement Workform Tab 11; Cost Allocation and Rate Design.

**Table 7.5: Miscellaneous Revenue offset Allocation**

| Customer Rate Class | Proposed Allocated Service revenue | Proposed Miscellaneous Revenue Offset (row 24) | Proposed Allocated Service Revenue (Distribution revenue) |
|---|---|---|---|
| Residential | 1,071,955 | - 100,180 | 971,775 |
| General Service < 50 kW | 317,697 | - 24,728 | 292,969 |
| General Service 50 to 4999 kW | 365,068 | - 30,547 | 334,521 |
| Street Lighting | 156,913 | - 17,803 | 139,110 |
| **Total** | **1,911,633** | **- 173,258** | **1,738,375** |

## 2.7.3 Revenue-to-Cost Ratios

The Board's March 31, 2011 Report on Revenue, on Cost Allocation, section 2.9.4, outlines the range of acceptable ratios. Further, the Board's June 12, 2015 letter, the revenue to cost ratio policy range for the street lighting class be moved from 70-120% to 80-120%. The filing requirements indicate distributor must ensure that their cost allocation proposals include adjustment to bring them within the OEB-approved ranges within a reasonable period of time. The following table portrays the previously approved ratios, the status quo ratios and the proposed ratios. Atikokan is proposing to make changes to the ratios. The table shows that all rate classes with the exception the Street Lighting class are within the OEB's acceptable policy range.

The following included tables illustrate the allocation costs from Atikokan's previous study (EB-2011-0293) and costs allocated in the Teat Year, 2025. The calculated class revenues are also illustrated as completed from RRWF and consistent with the Cost Allocation model.

**Table 7.6: Calculated Class Revenues**

| | Name of Customer Class | Load Forecast (LF) X current approved rates (7B) | LF X current approved rates X (1+d) (7C) | LF X Proposed Rates (7D) | Miscellaneous Revenues (7E) |
|---|---|---|---|---|---|
| 1 | Residential | $ 898,106 | $ 961,779 | $ 971,775 | $ 100,180 |
| 2 | General Servie Less than 50 kW | $ 273,829 | $ 292,962 | $ 292,969 | $ 24,728 |
| 3 | General Service greater than 50 kW | $ 327,868 | $ 334,504 | $ 334,521 | $ 30,547 |
| 4 | Street Lighting | $ 139,208 | $ 149,130 | $ 139,110 | $ 17,803 |
| 5 | | | | | |
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| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| | **Total** | $ 1,639,010 | $ 1,738,375 | $ 1,738,375 | $ 173,258 |

The status quo ratio for the Street Light class is 161.86% or 21.86% above the maximum range of 120%. Atikokan is proposing a ratio of 151.88%. This is still outside the range but less than the status quote. To adjust the Streetlight class down to the maximum it would put pressure on the other rate classes. The proposed Streetlight ratio would keep the rates status quo. The rate would not go down nor up. Atikokan is proposing to have the allocation so that the revenue requirement from the class remains. Atikokan believes this to be fair, while the costs are not declining for the customer, the costs remain consistent and will not put unfavorable adjustments to the other classes to offset the required adjustments.

**Table 7.7: Customer Class Ratios**

| Name of Customer Class | Previously Approved Ratios<br><br>Most Recent Year: 2017 | Status Quo Ratios | Proposed Ratios | Policy Range |
|---|---|---|---|---|
| Residential | 97.95% | 96.56% | 97.28% | 85 - 115 |
| General Service Less Than 50 kW | 120.00% | 118.68% | 118.69% | 80 - 120 |
| General Service 50 to 4,999 kW | 86.19% | 83.20% | 83.21% | 80 - 120 |
| Street Lighting | 120.00% | 161.86% | 151.88% | 80 - 120 |

As explained above, Atikokan has proposed to keep Street Lighting outside the OEB Policy Range but has lowered its ratio and as a result has made slight changes to General Service < 50, General Service > 50 to 4,999 kW and slightly to the residential class to balance the revenue requirement.

Atikokan does not propose to continue rebalancing rates after the cost-of-service test year. The following table, Rebalancing Revenues to Cost Ratios, from the Revenue Requirement Workform Model (similar to Table 7.7 above) illustrates the previously approved Cost of Service Cost to revenue ratios, status quo and the proposed ratios as described above to keep them aligned with the OEB Approved Policy Range.

## Table 7.8: Rebalancing Revenue to Cost Ratios

| | Name of Customer Class | Previously Approved Ratios Most Recent Year: 2017 % | Status Quo Ratios (7C + 7E) / (7A) % | Proposed Ratios (7D + 7E) / (7A) % | Policy Range % |
|---|---|---|---|---|---|
| 1 | Residential | 97.95% | 96.38% | 97.28% | 85 - 115 |
| 2 | General Servie Less than 50 kW | 120.00% | 118.68% | 118.69% | 80 - 120 |
| 3 | General Service greater than 50 kW | 86.19% | 83.20% | 83.21% | 80 - 120 |
| 4 | Street Lighting | 120.00% | 161.58% | 151.88% | 80 - 120 |
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| 20 | | | | | |

The following table excerpted from the Revenue Requirement Workform simply illustrates Atikokan is proposing no change for the Price Cap IR Period of both 2026 and 2027. Atikokan proposes to make the Revenue to Cost allocation changes proposed for Residential, General Service 50 to 4,999 kW and Street Lighting from their existing ratios in the 2025 Test Year; effective May 1, 2025 rates.

## Table 7.9: Proposed Revenue to Cost Ratio

| | Name of Customer Class | Proposed Revenue-to-Cost Ratio Test Year 2025 | Price Cap IR Period 2026 | 2027 | Policy Range |
|---|---|---|---|---|---|
| 1 | Residential | 97.28% | 97.28% | 97.28% | 85 - 115 |
| 2 | General Servie Less than 50 kW | 118.69% | 118.69% | 118.69% | 80 - 120 |
| 3 | General Service greater than 50 kW | 83.21% | 83.21% | 83.21% | 80 - 120 |
| 4 | Street Lighting | 151.88% | 151.88% | 151.88% | 80 - 120 |
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| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |

# APPENDIX A: Outputs Cost Allocation Model

Sheet 16.1 of the Cost Allocation Model


**EB-2024-0008**

**Sheet I6.1 Revenue Worksheet -**

| | |
|---|---|
| **Total kWhs from Load Forecast** | 29,118,803 |

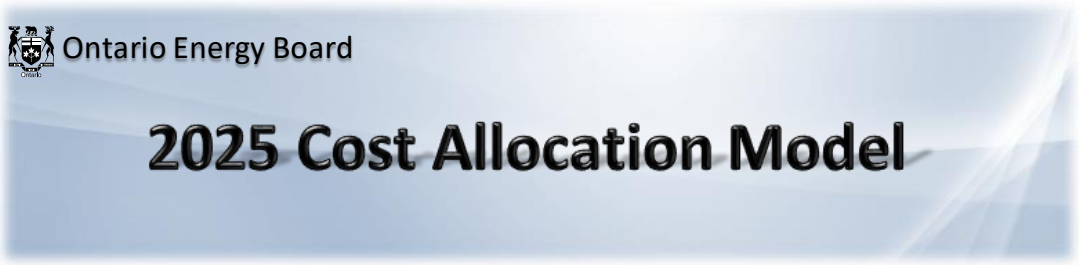
| | |
|---|---|
| **Total kWs from Load Forecast** | 47,695 |

| | |
|---|---|
| **Deficiency/sufficiency ( RRWF 8. cell F51)** | - 115,661 |

| | |
|---|---|
| **Miscellaneous Revenue (RRWF 5. cell F48)** | 173,258 |

| | | | 1 | 2 | 3 | 7 |
|---|---|---|---|---|---|---|
| | **ID** | **Total** | **Residential** | **GS <50** | **GS>50-Regular** | **Street Light** |
| **Billing Data** | | | | | | |
| Forecast kWh | **CEN** | 29,118,803 | 8,776,264 | 4,495,158 | 15,506,375 | 341,006 |
| Forecast kW | **CDEM** | 47,695 | | | 46,637 | 1,058 |
| Forecast kW, included in CDEM, of customers receiving line transformer allowance | | 41,649 | | | 41,649 | |
| Optional - Forecast kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank. | | - | | | | |
| KWh excluding KWh from Wholesale Market Participants | **CEN EWMP** | 29,118,803 | 8,776,264 | 4,495,158 | 15,506,375 | 341,006 |
| | | | | | | |
| Existing Monthly Charge | | | $54.81 | $89.51 | $661.90 | $16.95 |
| Existing Distribution kWh Rate | | | | $0.0054 | | |
| Existing Distribution kW Rate | | | | | $4.3996 | $11.9969 |
| Existing TOA Rate | | | | | $0.29 | |
| Additional Charges | | | | | | |
| Distribution Revenue from Rates | | $1,634,791 | $897,788 | $273,470 | $324,326 | $139,208 |
| Transformer Ownership Allowance | | $12,078 | $0 | $0 | $12,078 | $0 |
| Net Class Revenue | **CREV** | $1,622,713 | $897,788 | $273,470 | $312,248 | $139,208 |

Sheet 16.2 of the Cost Allocation Model




**EB-2024-0008**

**Sheet I6.2 Customer Data Worksheet -**

| | | | 1 | 2 | 3 | 7 |
|---|---|---|---|---|---|---|
| | ID | Total | Residential | GS <50 | GS>50-Regular | Street Light |
| **Billing Data** | | | | | | |
| Bad Debt 3 Year Historical Average | BDHA | $4,970 | $2,467 | $2,503 | $0 | $0 |
| Late Payment 3 Year Historical Average | LPHA | $7,538 | $5,083 | $1,715 | $582 | $159 |
| Number of Bills | CNB | 19,356 | 16,380 | 2,784.00 | 180.00 | 12.00 |
| Number of Devices | CDEV | | | | | 622 |
| Number of Connections (Unmetered) | CCON | 622 | | | | 622 |
| Total Number of Customers | CCA | 1,613 | 1,365 | 232 | 15 | 1 |
| Bulk Customer Base | CCB | 1,613 | 1,365 | 232 | 15 | 1 |
| Primary Customer Base | CCP | 1,676 | 1,365 | 232 | 15 | 64 |
| Line Transformer Customer Base | CCLT | 1,670 | 1,365 | 232 | 9 | 64 |
| Secondary Customer Base | CCS | 1,607 | 1,365 | 232 | 9 | 1 |
| Weighted - Services | CWCS | 2,228 | 1,365 | 232 | 9 | 622 |
| Weighted Meter -Capital | CWMC | 275,264 | 208,490 | 54,068 | 12,706 | - |
| Weighted Meter Reading | CWMR | 1,612 | 1,365 | 232 | 15 | - |
| Weighted Bills | CWNB | 21,000 | 16,380 | 2,784 | 1,800 | 36 |

**Bad Debt Data**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Historic Year:** | 2021 | 8,383 | 1,418 | 6,965 | | |
| **Historic Year:** | 2022 | 5,117 | 4,572 | 545 | | |
| **Historic Year:** | 2023 | 1,411 | 1,411 | | | |
| **Three-year average** | | **4,970** | **2,467** | **2,503** | **-** | **-** |

**Street Lighting Adjustment Factors**

| | |
|---|---|
| **NCP Test Results** | 4 NCP |

| | Primary Asset Data | | Line Transformer Asset Data | |
|---|---|---|---|---|
| **Class** | **Customers/ Devices** | **4 NCP** | **Customers/ Devices** | **4 NCP** |
| **Residential** | 1,365 | 8,490 | 1,365 | 8,490 |
| **Street Light** | 622 | 399 | 622 | 399 |

| Street Lighting Adjustment Factors | |
|---|---|
| Primary | 9.6960 |
| Line Transformer | 9.6960 |

Sheet I8 of the Cost Allocation Model

Ontario Energy Board

# 2025 Cost Allocation Model

**EB-2024-0008**

**Sheet I8 Demand Data Worksheet -**

**This is an input sheet for demand allocators.**

| CP TEST RESULTS | 12 CP |
|---|---|
| NCP TEST RESULTS | 4 NCP |

| Co-incident Peak | Indicator |
|---|---|
| 1 CP | CP 1 |
| 4 CP | CP 4 |
| 12 CP | CP 12 |

| Non-co-incident Peak | Indicator |
|---|---|
| 1 NCP | NCP 1 |
| 4 NCP | NCP 4 |
| 12 NCP | NCP 12 |

| Customer Classes | | Total | 1 Residential | 2 GS <50 | 3 GS>50-Regular | 7 Street Light |
|---|---|---|---|---|---|---|
| | | CP Sanity Check | Pass | Pass | Pass | Pass |
| **CO-INCIDENT PEAK** | | | | | | |
| **1 CP** | | | | | | |
| Transformation CP | TCP1 | 5,790 | 1,496 | 830 | 3,430 | 34 |
| Bulk Delivery CP | BCP1 | 5,790 | 1,496 | 830 | 3,430 | 34 |
| Total Sytem CP | DCP1 | 5,790 | 1,496 | 830 | 3,430 | 34 |
| **4 CP** | | | | | | |
| Transformation CP | TCP4 | 22,352 | 6,603 | 2,962 | 12,554 | 233 |
| Bulk Delivery CP | BCP4 | 22,352 | 6,603 | 2,962 | 12,554 | 233 |
| Total Sytem CP | DCP4 | 22,352 | 6,603 | 2,962 | 12,554 | 233 |
| **12 CP** | | | | | | |
| Transformation CP | TCP12 | 60,979 | 19,021 | 7,818 | 33,841 | 299 |
| Bulk Delivery CP | BCP12 | 60,979 | 19,021 | 7,818 | 33,841 | 299 |
| Total Sytem CP | DCP12 | 60,979 | 19,021 | 7,818 | 33,841 | 299 |
| **NON CO_INCIDENT PEAK** | | | | | | |
| | | NCP Sanity Check | Pass | Pass | Pass | Pass |
| **1 NCP** | | | | | | |
| Classification NCP from Load Data Provider | DNCP1 | 6,777 | 2,230 | 962 | 3,485 | 100 |
| Primary NCP | PNCP1 | 6,777 | 2,230 | 962 | 3,485 | 100 |
| Line Transformer NCP | LTNCP1 | 5,383 | 2,230 | 962 | 2,091 | 100 |
| Secondary NCP | SNCP1 | 5,383 | 2,230 | 962 | 2,091 | 100 |
| **4 NCP** | | | | | | |
| Classification NCP from Load Data Provider | DNCP4 | 25,876 | 8,490 | 3,580 | 13,407 | 399 |
| Primary NCP | PNCP4 | 25,876 | 8,490 | 3,580 | 13,407 | 399 |
| Line Transformer NCP | LTNCP4 | 20,513 | 8,490 | 3,580 | 8,044 | 399 |
| Secondary NCP | SNCP4 | 20,513 | 8,490 | 3,580 | 8,044 | 399 |
| **12 NCP** | | | | | | |
| Classification NCP from Load Data Provider | DNCP12 | 68,031 | 21,665 | 9,263 | 35,906 | 1,197 |
| Primary NCP | PNCP12 | 68,031 | 21,665 | 9,263 | 35,906 | 1,197 |
| Line Transformer NCP | LTNCP12 | 53,669 | 21,665 | 9,263 | 21,544 | 1,197 |
| Secondary NCP | SNCP12 | 53,669 | 21,665 | 9,263 | 21,544 | 1,197 |

1 Sheet O1 of the Cost Allocation Model

Ontario Energy Board

# 2025 Cost Allocation Model

**EB-2024-0008**

**Sheet O1 Revenue to Cost Summary Worksheet -**

**Instructions:**
Please see the first tab in this workbook for detailed instructions

**Class Revenue, Cost Analysis, and Return on Rate Base**

| Rate Base Assets | | Total | 1 Residential | 2 GS <50 | 3 GS>50-Regular | 7 Street Light |
|---|---|---|---|---|---|---|
| crev | Distribution Revenue at Existing Rates | $1,622,713 | $897,788 | $273,470 | $312,248 | $139,208 |
| mi | Miscellaneous Revenue (mi) | $173,258 | $100,016 | $24,255 | $31,270 | $17,716 |
| | | Miscellaneous Revenue Input equals Output | | | | |
| | **Total Revenue at Existing Rates** | $1,795,971 | $997,804 | $297,725 | $343,518 | $156,924 |
| | Factor required to recover deficiency (1 + D) | 1.0713 | | | | |
| | Distribution Revenue at Status Quo Rates | $1,738,374 | $961,779 | $292,962 | $334,504 | $149,130 |
| | Miscellaneous Revenue (mi) | $173,258 | $100,016 | $24,255 | $31,270 | $17,716 |
| | **Total Revenue at Status Quo Rates** | $1,911,632 | $1,061,795 | $317,217 | $365,774 | $166,846 |
| | **Expenses** | | | | | |
| di | Distribution Costs (di) | $558,646 | $296,439 | $72,886 | $143,589 | $45,731 |
| cu | Customer Related Costs (cu) | $271,437 | $210,127 | $41,471 | $16,228 | $3,611 |
| ad | General and Administration (ad) | $539,184 | $323,424 | $74,398 | $109,918 | $31,444 |
| dep | Depreciation and Amortization (dep) | $247,835 | $132,031 | $37,614 | $68,835 | $9,355 |
| INPUT | PILs (INPUT) | $1,445 | $686 | $203 | $492 | $65 |
| INT | Interest | $152,591 | $72,463 | $21,401 | $51,904 | $6,823 |
| | **Total Expenses** | $1,771,138 | $1,035,171 | $247,972 | $390,967 | $97,028 |
| | **Direct Allocation** | $0 | $0 | $0 | $0 | $0 |
| NI | Allocated Net Income (NI) | $140,494 | $66,718 | $19,704 | $47,789 | $6,282 |
| | **Revenue Requirement (includes NI)** | $1,911,632 | $1,101,889 | $267,676 | $438,756 | $103,311 |
| | | Revenue Requirement Input equals Output | | | | |
| | **Rate Base Calculation** | | | | | |
| | Net Assets | | | | | |
| dp | Distribution Plant - Gross | $6,938,284 | $3,395,180 | $1,007,496 | $2,262,582 | $273,026 |
| gp | General Plant - Gross | $2,197,582 | $1,042,665 | $310,539 | $745,371 | $99,007 |
| accum dep | Accumulated Depreciation | ($4,816,116) | ($2,388,296) | ($707,614) | ($1,542,790) | ($177,417) |
| co | Capital Contribution | ($845,521) | ($399,981) | ($122,443) | ($284,061) | ($39,036) |
| | **Total Net Plant** | $3,474,230 | $1,649,568 | $487,979 | $1,181,103 | $155,580 |
| | **Directly Allocated Net Fixed Assets** | $0 | $0 | $0 | $0 | $0 |
| COP | Cost of Power (COP) | $3,155,979 | $955,650 | $487,125 | $1,676,339 | $36,865 |
| | OM&A Expenses | $1,369,267 | $829,990 | $188,755 | $269,735 | $80,786 |
| | Directly Allocated Expenses | $0 | $0 | $0 | $0 | $0 |
| | ***Subtotal*** | *$4,525,246* | *$1,785,641* | *$675,880* | *$1,946,074* | *$117,651* |
| | **Working Capital** | $339,393 | $133,923 | $50,691 | $145,956 | $8,824 |
| | **Total Rate Base** | $3,813,623 | $1,783,491 | $538,670 | $1,327,058 | $164,404 |
| | | Rate Base Input equals Output | | | | |
| | **Equity Component of Rate Base** | $1,525,449 | $713,396 | $215,468 | $530,823 | $65,762 |
| | **Net Income on Allocated Assets** | $140,494 | $26,624 | $69,244 | ($25,193) | $69,818 |
| | **Net Income on Direct Allocation Assets** | $0 | $0 | $0 | $0 | $0 |
| | **Net Income** | $140,494 | $26,624 | $69,244 | ($25,193) | $69,818 |
| | **RATIOS ANALYSIS** | | | | | |
| | **REVENUE TO EXPENSES STATUS QUO%** | 100.00% | 96.36% | 118.51% | 83.37% | 161.50% |
| | EXISTING REVENUE MINUS ALLOCATED COSTS | ($115,661) | ($104,085) | $30,049 | ($95,238) | $53,613 |
| | | Deficiency Input equals Output | | | | |
| | STATUS QUO REVENUE MINUS ALLOCATED COSTS | ($0) | ($40,094) | $49,540 | ($72,982) | $63,536 |
| | RETURN ON EQUITY COMPONENT OF RATE BASE | 9.21% | 3.73% | 32.14% | -4.75% | 106.17% |

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Sheet O2 of the Cost Allocation Model

Ontario Energy Board

# 2025 Cost Allocation Model

**EB-2024-0008**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet -**

**Output sheet showing minimum and maximum level for Monthly Fixed Charge**

## Summary

| | 1 Residential | 2 GS <50 | 3 GS>50-Regular | 7 Street Light |
|---|---|---|---|---|
| Customer Unit Cost per month - Avoided Cost | $14.87 | $17.17 | $96.92 | $0.43 |
| Customer Unit Cost per month - Directly Related | $23.11 | $26.47 | $159.30 | $0.74 |
| Customer Unit Cost per month - Minimum System with PLCC Adjustment | $51.53 | $56.36 | $170.60 | $12.97 |
| Existing Approved Fixed Charge | $54.81 | $89.51 | $661.90 | $16.95 |

## Information to be Used to Allocate PILs, ROD, ROE and A&G

| | Total | 1 Residential | 2 GS <50 | 3 GS>50-Regular | 7 Street Light |
|---|---|---|---|---|---|
| **General Plant - Gross Assets** | $2,197,582 | $1,042,665 | $310,539 | $745,371 | $99,007 |
| **General Plant - Accumulated Depreciation** | ($1,515,153) | ($718,879) | ($214,105) | ($513,906) | ($68,262) |
| **General Plant - Net Fixed Assets** | $682,430 | $323,786 | $96,434 | $231,465 | $30,745 |
| **General Plant - Depreciation** | $95,656 | $45,385 | $13,517 | $32,444 | $4,310 |
| **Total Net Fixed Assets Excluding General Plant** | $2,791,800 | $1,325,782 | $391,545 | $949,638 | $124,835 |
| **Total Administration and General Expense** | $539,184 | $323,424 | $74,398 | $109,918 | $31,444 |
| **Total O&M** | $830,083 | $506,566 | $114,358 | $159,817 | $49,342 |