Exhibit 7:
Cost Allocation

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TABLES

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7. 1 COST ALLOCATION STUDY REQUIREMENTS

7.1.1 Overview

The OEB's requirements for Exhibit 7 - Cost Allocation are contained in section 2.7 of the Chapter 2 Filing Requirements. On September 29, 2006, the Ontario Energy Board (OEB) issued its directions on Cost Allocation 4 Methodology for Electricity Distributors (the "Directions"). On November 15, 2006, the OEB issued the Cost Allocation Information Filing Guidelines for Electricity Distributors (the Guidelines). This Application follows the Directions, the Guidelines, the OEB's Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219) dated March 31, 2011, the OEB's June 12, 2015 letter regarding the treatment of Street Lighting connections, and the OEB's 2026 Cost Allocation Model version (CA Model) issued on February 5, 2025.

For purposes of this Application, Oshawa Power has undertaken a 2026 Cost Allocation Study using the 2026 CA Model for the 2026 Test Year and complied with the internal documentation contained in that model. The CA Model has been used to determine the proportion of Oshawa Power's total revenue requirement that is recoverable from each rate class. The revenue-to-cost ratios for each class have been determined using the total revenues over costs in the 2026 Test Year.

7.2 WEIGHTING FACTORS

7.2.1 Weighting Factor for Services (Account 1855)

Oshawa Power does not separately identify service costs into USoA account 1855 – these costs are allocated to other USoA accounts as appropriate, primarily USoA accounts 1835 (Overhead Conductors and Devices) and 1845 (Underground Conductors and Devices). While there are no costs in USoA account 1855 to allocate, Oshawa Power has used a weighting factor of 1.0 for only the Residential Rate Class in its CA model. All General Service customer classes install and pay for their own services. Oshawa Power does not own or perform any maintenance work on customer owned services.

Table 7-1: Weighting Factors for Services

Rate Class	Weighting Factor for Services
Residential	1.0
General Service < 50 kW	0.0
General Service 50 to 999 kW	0.0
General Service 1,000 to 4,999 kW	0.0
Large Use	0.0
Street Lighting	0.0
Sentinel Lighting	0.0
Unmetered Scattered Load	0.0

7.2.2 Weighting Factor for Billing and Collecting

An analysis of billing and collecting costs in Accounts 5305-5340 was conducted in order to assign weighting factors to each rate class. This analysis consisted of a detailed review of each individual expense within these accounts resulting in an expense specific weighting factor for each rate class. These weighting factors multiplied by the total weighted customers was used to allocate costs per customer in each rate class. With the total cost per customer for the Residential rate class set to one, the relative weight of each of the other rate classes were calculated.

In general, an equal weighting factor was assigned to each rate class and/or bill with the exception of Collection Costs. Oshawa Power has not required any collections effort for the General Service 1,000 to 4,999 kW, Large Use, Street Lights, Sentinel Lights or Unmetered Scattered Load rate classes. Accordingly, these rate classes do not receive a share of collecting costs.

The weighting factors for billing and collecting are set out in Table 7-2 below.

Table 7-2: Weighting Factors for Billing and Collecting

Rate Class	Weighting Factor for Billing & Collecting
Residential	1.0
General Service < 50 kW	1.1
General Service 50 to 999 kW	2.0
General Service 1,000 to 4,999 kW	0.9
Large Use	0.9
Street Lighting	0.9
Sentinel Lighting	0.9
Unmetered Scattered Load	0.9

7.2.3 Installation Cost per Meter

Oshawa Power's installation costs per meter were calculated based on current meter costs, labour rates, truck rates, and IT costs, if applicable. The installed costs of general service meters include higher capital and installation costs, as shown in Table 7-3 below.

Table 7-3: Installation Cost per Meter

Meter Types	Cost Per Meter (Installed)
Smart Meter (no IT, secondary, Single Phase 200 Amp Urban)	$275
Smart Meter (3-phase, no demand, no IT)	$900
Smart Meter (with IT, 3-phase)	$1,775
Smart Meter (with IT, primary)	$8,400
Network Meter	$475
Demand without IT (3-phase)	$800
Demand (with IT, interval capability, secondary)	$1,050
Demand (with IT, interval capability, primary)	$12,600
Demand (with IT, interval capability, wholesale metering point)	$15,750
FIT meter (no IT)	$900
FIT meter (with IT)	$1,800
Generation Meter	$6,800

7.2.4 Weighting Factors for Meter Reading

Oshawa Power meters are read through Advanced Metering Infrastructure (AMI) or MV90. The meters read through AMI largely consist of residential and commercial smart meters while the meters read through MV90 consist of interval and large commercial meters. The AMI smart meter reads are automated and relatively routine while the MV90 interval meter reads are associated with more labour and greater data collection costs. Oshawa Power completed an analysis of the costs included in meter reading and assigned the costs to the appropriate type of meter based on the nature of the cost.

The weighting factors, weighted by type of meter in each customer class, are set out in Table 7-4 below.

Table 7-4: Weighting factors for Meter Reading

Rate Class	Weighting Factor for Meter Reading
Residential	1.0
General Service < 50 kW	1.9
General Service 50 to 999 kW	5.1
General Service 1,000 to 4,999 kW	7.9
Large Use	7.9
Street Lighting	0.0
Sentinel Lighting	0.0
Unmetered Scattered Load	0.0

7. 3 LOAD PROFILES AND DEMAND ALLOCATORS

7.3.1 Load Profile Derivation

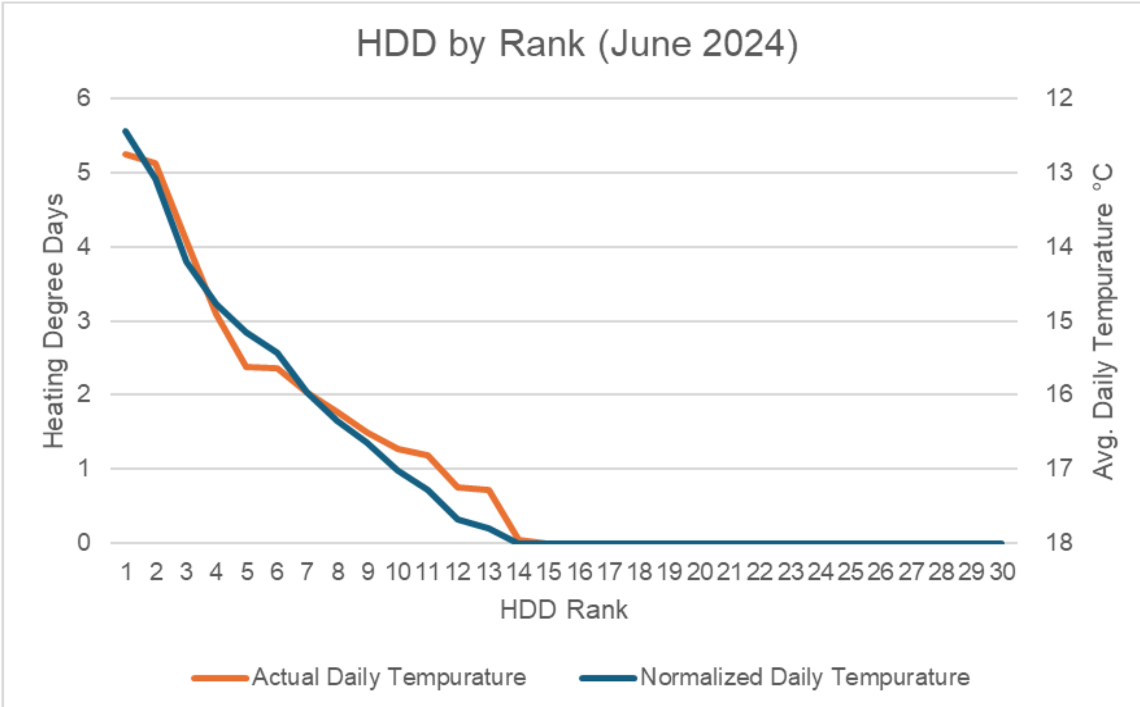
Oshawa Power's load profiles have been updated for all rate classes. Load profiles were derived using weather-normalized January 2021 to June 2024 hourly load data provided by Oshawa Power. Adjustments were then made to align the January 2021 to December 2021, January 2022 to December 2023, and January 2023 to December 2023 load profiles with the proposed 2026 Load Forecast (i.e. consumption forecast). The weather-normalization process involves three steps:

a) Derive weather profile of a typical year;
b) Derive the impact of heating degree days (HDD) and cooling degree days (CDD) on hourly load; and
c) Adjust actual load to typical load with the degree day impacts.

The weather profile of a typical year in Oshawa Power's service territory is calculated using average daily temperatures from July 2014 to June 2024. Average daily temperatures are defined as the average highest to lowest daily temperatures within a month (i.e. average of the coldest July day in each July from 2014 to 2023), rather than average temperatures on a specific calendar date (i.e. the average temperature on each July 1st). This process maintains the shape of the load profiles by determining typical monthly peaks and lows without smoothing those peaks.

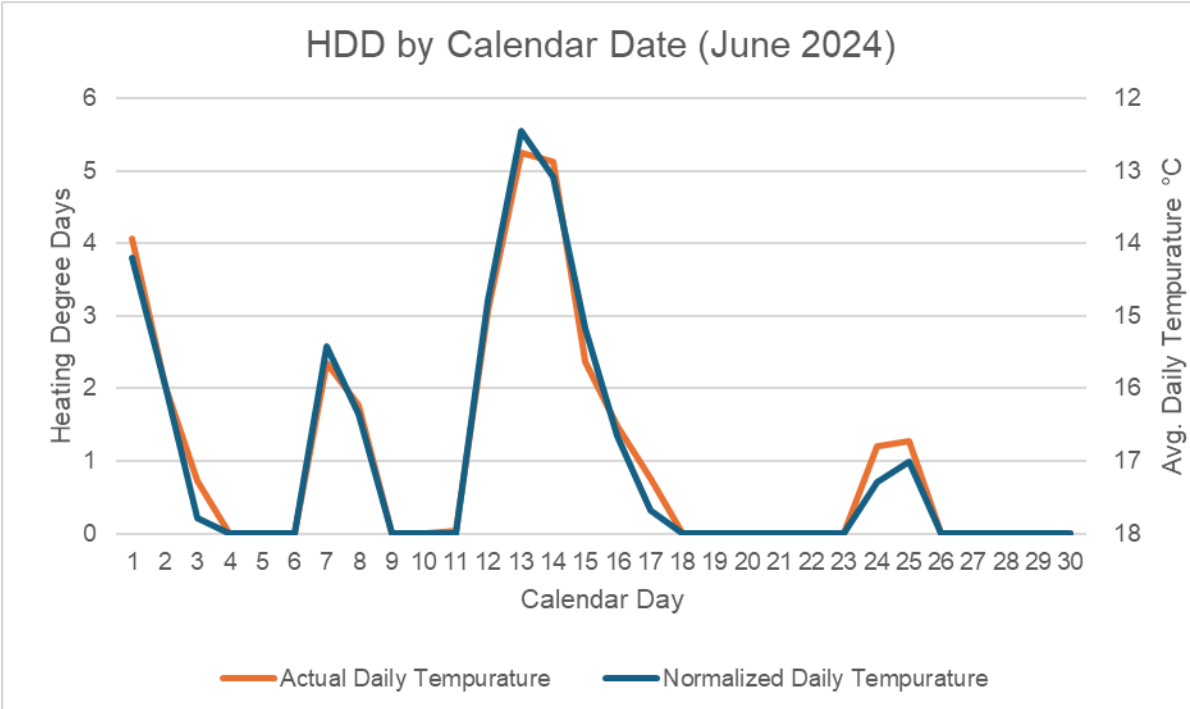
Average daily temperatures are derived by first ranking each day in each month from July 2014 to June 2024 from highest to lowest by HDD as measured at Environment Canada's Oshawa Weather Station. HDD and CDD base values other than relative to 18°C are considered, which is discussed in further detail in Exhibit 3. The average HDDs among equivalently ranked days within a given month are then used as the average HDD for that ranked day in that month. For example, the days in June 2015 are ranked from 1 to 30 by HDD and this is repeated for each year from 2016 to 2024. The average HDD of the June days ranked 1 is calculated to provide the typical highest HDD day in June. All days in June ranked 1 are assigned this calculated average HDD. This process is repeated for the June days ranked 2 to 30. An example of average daily temperatures from June 2015 to June 2024 and actual temperatures in June 2024 ranked from 1 to 30 is provided in Figure 7-1 below.

1 **Figure 7-1: 10-Year Avg. Daily HDD and Actual June 2024 HDD by Rank**



2 Average daily temperatures reflect the June normal-weather profile in Oshawa Power's
3 service area. Figure 7-2 below displays the same information by calendar date using the
4 average and actual temperatures associated with each ranked day.

Figure 7-2: 10-Year Avg. Daily HDD and Actual June 2024 HDD by Calendar Date



Typical daily CDDs are determined by the same ranking and averaging methodology described above, using average daily CDD data from June 2014 to May 2024, as shown in Figures 7-2 and 7-3.

Figure 7-3: 10-Year Avg. Daily CDD and Actual June 2024 CDD by Rank

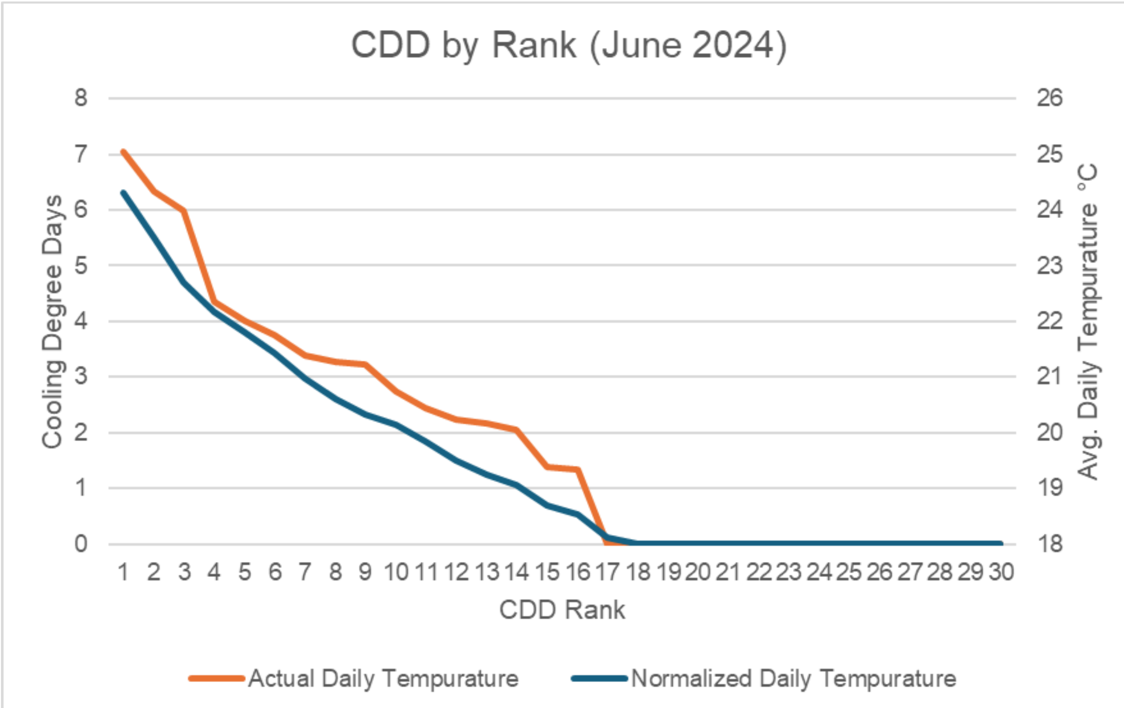
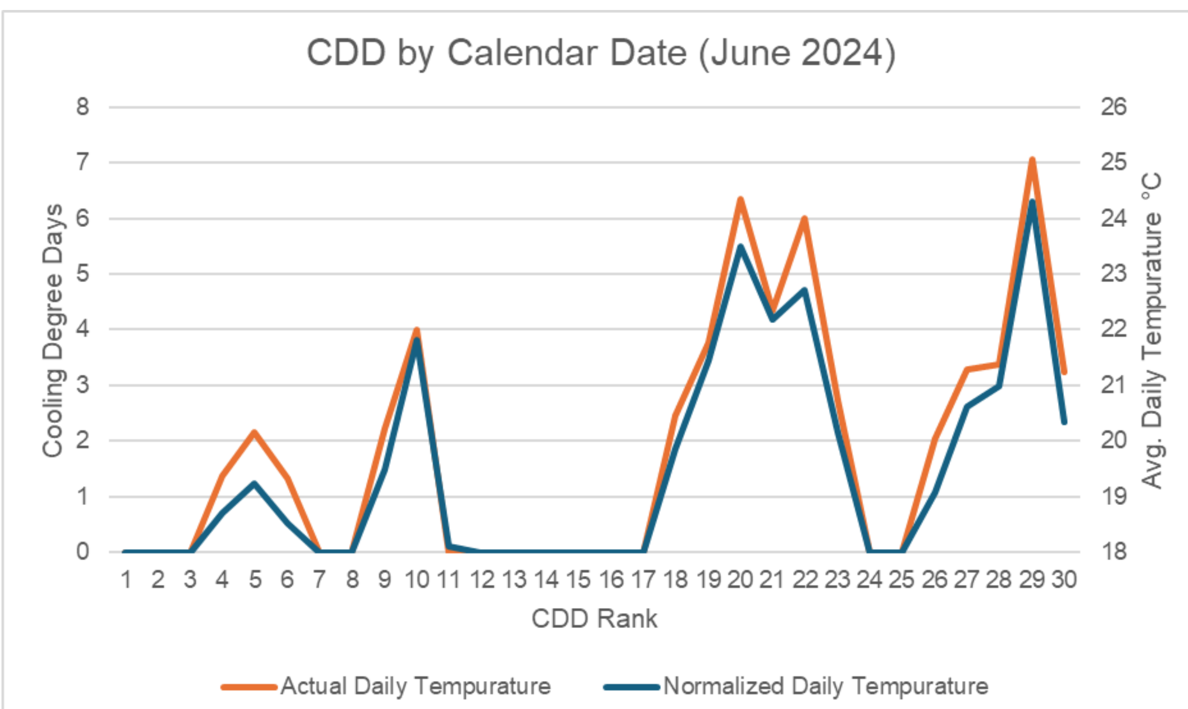


Figure 7-4: 10-Year Avg. Daily CDD and Actual June 2024 CDD by Calendar Date



The impact of HDDs and CDDs on hourly load is calculated with a regression of three and a half years of actual hourly loads (December 2021 to June 2024) on daily HDDs and CDDs. The regression results provide the estimated impact of a change in degree days on load.

Temperatures impact load differently depending on the time of the day. Consequently, HDD and CDD variables are converted to interaction variables between degree days, the hour of the day, and whether the day is a weekday or a weekend/holiday. There are 24 variables for each weekday HDD, weekday CDD, weekend/holiday HDD, and weekend/holiday CDD equal to the actual degree days in the corresponding hour and 0 in all other hours. A set of 24 binary variables, equal to 1 in the corresponding hour and 0 in all other hours, a time trend, and a binary weekend/holiday flag variable are also included. The resulting coefficients reflect the impact of one HDD or CDD that considers different impacts depending on the hour of the day and type of day.

Actual January 2023 to December 2023 hourly load is adjusted by calculating the difference between actual hourly temperatures and the corresponding ranked typical hourly temperature and applying the regression coefficient to the difference. After January 2023 to December 2023 weather normalized demand is derived for each hour, the load in each hour is adjusted by the same factor such that the sum of hourly loads is equal to the proposed 2026 Load Forecast (i.e. consumption forecast) excluding incremental EV and heating loads. Incremental EV and heating loads were then added based on an average hourly use profile for EVs and a weather-normal HDD profile for heating loads.

Table 7-5 below provides the calculations used to adjust actual January 1, 2023 weather variables to typical weather for the Residential class.

Table 7-5: January 1 Noon Residential Example

Date	Hour	Temp °C	HDD (16)	HDD Rank	Average HDD at Rank	CDD (16)	CDD Rank	Average CDD at Rank
		A	B = 16 – A	C	D	E = A - 16	F	G
1-Jun	12	4.1	11.9	30	12.4	0	2	0

Date	Hour	2023 Load (kW)	HDD Diff.	HDD16 Coef.	CDD Diff.	CDD16 Coef.	2023 Normal Load (kW)
		H	I = D - B	J	K = G - E	L	M = H + (I * J) + (K * L)
1-Jun	12	69,278	0.5	1,631	0	4,406	70,061

Date	Hour	2023 Normal Load (kW)	Sum of 2023 Normal Loads	2026 Forecast Consumption Excluding EVs & Heating	2023 to 2026 Load Adjustment	2026 Normal Load (kW) Excluding EV & Heating
		M	N	O	P = O / N	Q = M * P
1-Jun	12	70,061	514,440,874	545,203,781	1.060	74,250

Date	Hour	2026 Normal Load (kW) Excl. EV&H	2026 EV Load (kWh)	Hourly EV Load	2026 Heating Load	HDD in Hour	Hourly Heating Load (kWh)	Total 2026 Normal Load (kW)
		Q	R	S = R * 0.0132%	T	U	V = T * U	W = Q + S + V
1-Jun	12	74,250	2,799,009	371	3,501,517	0.022%	780	75,381

The HDD at noon on January 1, 2023 was 11.9 HDD, which was the 30th highest HDD in the month. The 30th highest January HDD in each year from 2014 to 2023 was, on average, 12.4 HDD. The difference, 0.5 HDD, is multiplied by the weekday HDD Hour 13 coefficient of 1,631 kW/CDD from the load profile regression to produce the 783 kW adjustment. This adjustment is applied to actual load in the noon hour of January 1, 2023 (69,278 kW) to reach the weather-normalized load (70,061 kW). The 2026 Residential load forecast, excluding additional EV and heating loads, is 6.0% higher than the sum of 2023 weather-normalized hourly loads and as such, the initial January 1, 2026 weather-normalized demand increases to 74,250 kW. Incremental EV load of 371 kW is added using an indicative residential EV demand profile from New York state. Incremental hourly heating load is added by multiplying the total annual incremental heating load by the share of total weather-normal HDD in the noon hour of January 1, which is 0.022% or 780 kW.

General Service < 50 kW, General Service 50 to 999 kW, General Service 1,000 to 4,999 kW, and Large Use load profiles are derived by the same methodology. A correlation between hourly demand and weather variables was not found for each hour for the General Service 1,000 to 4,999 kW and Large Use classes. The Street Light and Sentinel Light classes are not weather sensitive and as such their loads are not weather-normalized. The USL class was assumed to have a constant load. After load profiles are derived for all classes, total system and class-specific peaks within each month are compiled to produce Coincident Peak (CP) and Non-Coincident Peak (NCP) figures. Load profiles are derived separately based on weather normalization applied to the January 2021 to December 2021, January 2022 to December 2022, and January 2023 to December 2023 load profiles. The average of the resulting CP and NCP figures based on both profiles is used in Tab “I8 Demand Data” of the CA Model. A live excel model illustrating how demand data was derived has been filed with this Application.

7.3.2 Demand Allocators

The following Table 7-6 outlines the demand allocators used by rate class:

Table 7-6: Demand Allocators by Rate Class

	Residential	GS <50	GS 50 to 999	GS 1,000 to 4,999	Large Use	Street Light	Sentinel Light	USL
1CP	128,342	25,044	52,433	14,832	5,678	-	-	327
4CP	502,667	90,947	195,855	53,969	19,107	729	3	1,309
12CP	1,254,393	241,247	560,670	138,651	52,895	6,039	30	3,927
1NCP	136,932	26,961	58,730	15,429	7,601	1,106	9	327
4NCP	519,248	102,554	225,214	58,910	27,391	4,421	32	1,309
12NCP	1,296,869	274,474	619,363	149,605	71,744	13,176	79	3,927

7.4 SUMMARY OF RESULTS AND PROPOSED CHANGES

The data used in the updated Cost Allocation Study is consistent with Oshawa Power’s cost data that supports the proposed 2026 Test Year Revenue Requirement outlined in this Application. Consistent with the Guidelines, Oshawa Power’s assets were broken out into primary and secondary distribution functions. Oshawa Power also updated the kilometers of roads with distribution plant. An Excel version of the updated cost allocation study has been included with the filed application material.

Capital contributions, depreciation and accumulated depreciation by USoA are consistent with the information provided in the 2026 Test Year continuity statement shown in Exhibit 2. The rate class customer data used in the updated Cost Allocation Study is consistent with the 2026 Test Year customer forecast outlined in Exhibit 3.

7.5 CLASS-SPECIFIC DETAILS

7.5.1 New Customer Class

Oshawa Power is not proposing to include any new customer classes or make changes to its existing rate classes.

7.5.2 Elimination of Customer Class

Oshawa Power is not proposing to eliminate or combine any customer classes.

7.5.3 Standby Rates

Oshawa Power currently does not have stand-by rates, and it is not proposing to establish stand-by rates in this Application.

7.5.4 MicroFIT

Oshawa Power is not proposing to include MicroFIT as a separate class in the CA Model in the 2026 Test Year.

7.5.6 Embedded Distributor Class

Oshawa Power confirms that it is not a host utility or an embedded distributor, and no partially embedded distributor status exists.

7.6 CLASS REVENUE REQUIREMENTS

The allocated cost by rate class for the 2021 OEB Approved and the 2026 Test Year are provided in the following Table 7-7 below.

Table 7-7: 2021 OEB Approved and 2026 Test Year Allocated Costs

Rate Class	2021 OEB Approved Cost Allocation Study	%	2026 Proposed Cost Allocation Study	%
Residential	$18,746,577	67.07%	$29,235,411	69.07%
GS < 50	$3,049,686	10.91%	$4,333,891	10.24%
GS 50-999	$4,783,605	17.11%	$6,560,392	15.50%
GS 1,000-4,999	$549,408	1.97%	$908,903	2.15%
Large Use	$263,648	0.94%	$358,651	0.85%
Street Light	$480,662	1.72%	$852,126	2.01%
Sentinel Lights	$1,952	0.01%	$3,582	0.01%
USL	$75,973	0.27%	$74,044	0.17%
Total	**$27,951,512**	**100.00%**	**$42,326,999**	**100.00%**

The following Table 7-8 provides information on calculated class revenue which is consistent with table A in tab '11. Cost Allocation' of the Revenue Requirement Workform. The resulting Proposed Base Revenue will be the amount used in Exhibit 8 to design the proposed distribution charges in this Application.

Table 7-8: Calculated Class Revenue

Rate Class	Load Forecast at Existing Rates	Load Forecast at Status Quo Rates (1+d)	2026 Proposed Base Revenue	Miscellaneous Revenues
Residential	$ 21,275,512	$ 25,685,597	$ 25,714,951	$ 2,591,030
GS < 50	$ 3,829,107	$ 4,622,822	$ 4,622,822	$ 336,233
GS 50-999	$ 5,292,591	$ 6,389,664	$ 6,389,664	$ 389,600
GS 1,000-4,999	$ 760,134	$ 917,698	$ 917,698	$ 48,759
Large Use	$ 293,436	$ 354,261	$ 354,261	$ 21,674
Street Light	$ 635,129	$ 766,781	$ 766,781	$ 81,205
Sentinel Lights	$ 2,325	$ 2,806	$ 3,110	$ 359
USL	$ 90,503	$ 109,263	$ 79,606	$ 9,246
Total	**$ 32,178,736**	**$ 38,848,892**	**$ 38,848,892**	**$ 3,478,107**

7.7 REVENUE-TO-COST RATIOS

The results of a Cost Allocation Study are typically presented in the form of revenue-to-cost ratios. The ratio is shown by rate classification and is the distribution revenue collected by rate classification, at the proposed Test Year load forecast with a status quo rate increase, compared to the costs allocated to the rate class. The percentage identifies the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing other classes of customers.

In the March 31, 2011 Cost Allocation Report, the OEB established what it considered to be the appropriate ranges of revenue-to-cost ratios. Table 7-9 provides Oshawa Power's OEB approved revenue to cost ratios from its 2021 Cost of Service application, the results of the 2026 Test Year CA model and proposed 2026 Test Year Revenue to Cost Ratios. This table is consistent with Table C of the Cost Allocation tab in the Revenue Requirement Workform.

Table 7-9: Revenue-to-Cost Ratios

Rate Class	2021 OEB Approved Cost Allocation Study	2026 Cost Allocation Study	2026 Proposed Ratios	Policy Range
Residential	97.65%	96.72%	96.82%	85 - 115
GS < 50	110.94%	114.43%	114.43%	80 - 120
GS 50-999	99.05%	103.34%	103.34%	80 - 120
GS 1,000-4,999	108.31%	106.33%	106.33%	80 - 120
Large Use	104.82%	104.82%	104.82%	85 - 115
Street Light	120.00%	99.51%	99.51%	80 - 120
Sentinel Lights	120.00%	88.35%	96.82%	80 - 120
USL	97.65%	**160.05%**	120.00%	80 - 120

The Unmetered Scattered Load (USL) class is outside the policy range by 40%. Oshawa

Power is proposing to reduce the USL revenue-to-cost ratio and increase the Sentinel Lighting and Residential ratios in the 2026 Test Year. Oshawa Power proposes increasing these two classes with the lowest revenue-to-cost ratios in order to maintain revenue neutrality.