



Via RESS

June 4, 2025

Mr. Ritchie Murray, Acting Registrar  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Mr. Murray:

**Subject: Hydro Ottawa Limited (Hydro Ottawa)  
Custom Incentive Rate-Setting (Custom IR) Application for 2026-2030  
Electricity Distribution Rates and Charges  
OEB File: EB-2024-0115**

OEB staff have posed a number of clarifying questions regarding Hydro Ottawa's 2026-2030 Custom IR Application. Hydro Ottawa has addressed the questions raised, and has provided additional details to support clarification of other relevant items. As per the Rules of Practice and Procedure, these updates to the evidence are detailed in Appendix A of this letter. Through this process, the following Schedules and associated Attachments have been updated:

- Attachment 1-1-3(A) - PEB Benchmarking Analysis
- Attachment 1-3-3(G) - OEB Benchmarking Spreadsheet Forecast Model
- Schedule 2-1-1 Rate Base Overview
- Schedule 2-2-1 Assets - Property Plant & Equipment Continuity Schedule
- Attachment 2-2-1(A) - OEB Appendix 2-BA - 2021-2025 Fixed Asset Continuity Schedule
- Schedule 2-3-1 Working Capital Requirement
- Attachment 2-5-5(A) - OEB Appendix 2-AA-Capital Programs Table
- Attachment 6-1-1(A) - OEB Workform - 2026 Revenue Requirement Workform
- Attachment 6-1-1(B) - OEB Workform - 2027 Revenue Requirement Workform
- Attachment 6-1-1(C) - OEB Workform - 2028 Revenue Requirement Workform
- Attachment 6-1-1(D) - OEB Workform - 2029 Revenue Requirement Workform
- Attachment 6-1-1(E) - OEB Workform - 2030 Revenue Requirement Workform
- Schedule 6-2-1 Payments in Lieu of Taxes
- Attachment 6-2-1(B) - HOL 2026-2030 PIL Tax Model

Updates to Schedules are highlighted in yellow, while changes to numbers in Excel models are noted in blue font.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Signed by:

*April Barrie*

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**April Barrie**

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CC: Charles Keizer, Torys LLP

## Appendix A - Hydro Ottawa Limited - Custom Incentive Rate-Setting Application (EB-2024-0115)

### Error Checking Items - June 4th, 2025

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
1	Attachment 2-5-5(A)	The excel file for Chapter 2 Appendices, Tab 2-AA is missing a numerical value in Cell C19.	Hydro Ottawa has updated the typo in cell C19 of file "HOL_Attachment-2-5-5(A) - OEB Appendix 2-AA - Capital Programs Table_20250603" as follows: As originally submitted: u As updated: 67,761
2	Schedule 2-3-1 & Attachment 4-1-2(B)	Table 2 of E2-T3-S1 shows annual OM&A Expense. The amounts included for 2024 and 2025 do not match the amounts shown in Chapter 2 Appendices, Tab 2-JC. Please reconcile.	<p>The amounts shown in Chapter 2 Appendices, Tab 2-JC are correct. The annual OM&amp;A Expenses in Table 2 of Schedule 2-3-1 - Working Capital Requirement for 2024 and 2025 have been updated to reflect the correct amounts, as follows:</p> <p>Table 2 - OM&amp;A Expenses  2024 - As originally submitted: \$114,280  2024 - As updated: \$115,320  2025 - As originally submitted: \$117,882  2025 - As updated: \$118,922</p> <p>As a result:  Table 2 - Total WCA  2024 - As originally submitted: \$73,914  2024 - As updated: \$73,992  2025 - \$75,171  2025 - \$75,249</p> <p>As a result of these changes, the following evidence in Schedule 2-1-1 - Rate Base Overview has also been updated:</p> <p>Table 2 - WCA  2024 - As originally submitted \$73,914  2024 - As updated: \$73,922  2025 - As originally submitted \$75,171  2025 - As updated: \$75,249</p> <p>Table 2 - Rate Base  2024 - As originally submitted \$1,369,386  2024 - As updated: \$1,364,464  2025 - As originally submitted \$1,430,910  2025 - As updated: \$1,430,988</p> <p>Table 3 - WCA Variance  2024 - As originally submitted \$(22,046)  2024 - As updated: \$(21,948)</p>

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
			<p>2025 - As originally submitted \$(24,223) 2025 - As updated: \$(24,145)</p> <p>Table 3 - Rate Base Variance 2024 - As originally submitted \$(4,768) 2024 - As updated: \$(4,690) 2025 - As originally submitted \$14,183 2025 - As updated: \$14,261</p> <p>Table 18 2025 - As originally submitted: WCA - \$75,171 Rate Base - \$1,430,911 2025 - As updated: WCA - \$75,249 Rate Base - \$1,430,989</p> <p>As Originally Submitted - page 27 of 31 Line 9 \$748.5M As Updated - page 28 of 34 Line 1 \$748.4M</p> <p>Furthermore, as a result of the changes to Bridge Years WCA and rate base, the following table in Schedule 6-2-1- Payments in Lieu of Taxes has also been updated:</p> <p>Table 5 2024 - As originally submitted: \$4,686 2024 - As updated: \$4,687 2025 - As originally submitted: \$7,525 2025 - As updated: \$7,526</p>
3	Attachments 6-1-1 (A-E)	<p>Hydro Ottawa filed separate Revenue Requirement Workforms (RRWF) for 2026 through 2030. The following discrepancy has been identified in the RRWF for each year. Please update the input sheet of the RRWF as needed.</p> <p>In the input sheet of the RRWF there is a labelled "Gross Fixed Assets (average)" [cell E16] and a field titled "Accumulated Depreciation (average)" [cell E17]. The sum of these two cells equals the "net fixed assets".</p>	<p>Hydro Ottawa has updated and re-filed Revenue Requirement Workforms for 2026 through 2030 as:</p> <p>HOL_Attachment 6-1-1(A) - OEB Workform - 2026 Revenue Requirement Workform_20250603 HOL_Attachment 6-1-1(B) - OEB Workform - 2027 Revenue Requirement Workform_20250603 HOL_Attachment 6-1-1(C) - OEB Workform - 2028 Revenue Requirement Workform_20250603 HOL_Attachment 6-1-1(D) - OEB Workform - 2029 Revenue Requirement Workform_20250603 HOL_Attachment 6-1-1(E) - OEB Workform - 2030 Revenue Requirement Workform_20250603</p>

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
3i.	Attachments 6-1-1 (A-E)	i. The annual depreciation has been entered into the value in the "Accumulated Depreciation (average)" cell. You will see the same value is entered into the field "Depreciation/Amortization" [cell E37].	<p>Attachments 6-1-1(A)-(E) cell E17 have been updated with the average accumulated depreciation values.</p> <p><u>As originally submitted:</u>  2026 - \$(67,205,474)  2027 - \$(75,391,956)  2028 - \$(82,256,307)  2029 - \$(88,364,278)  2030 - \$(94,410,474)</p> <p><u>As updated:</u>  2026 - \$(577,899,304)  2027 - \$(646,076,413)  2028 - \$(720,565,733)  2029 - \$(800,813,872)  2030 - \$(886,177,147)</p>
3ii.	Attachments 6-1-1 (A-E)	ii. The value that should be entered into the "Accumulated Depreciation (average)" is the average of the opening and closing Accumulated Depreciation contained in Chapter 2 Appendices Tab 2-BA, for example, the average of [cell J91] and [cell M91] for the year 2026.	Please reference the response to 3i.
3iii.	Attachments 6-1-1 (A-E)	iii. Similar to ii, the value that should be entered into the "Gross Fixed Assets (average)" is the average of the opening and closing Cost contained in Chapter 2 Appendices Tab 2-BA, for example, the average of [cell D91] and [cell G91] for the year 2026.	<p>Attachments 6-1-1(A)-(E) cell E16 have been updated with the average Gross Fixed Assets values.</p> <p><u>As originally submitted:</u>  2026 - \$1,520,122,001  2027 - \$1,695,360,663  2028 - \$1,904,876,208  2029 - \$2,066,603,467  2030 - \$2,184,008,649</p> <p><u>As updated:</u>  2026 - \$2,030,815,831  2027 - \$2,266,045,120  2028 - \$2,543,185,634  2029 - \$2,779,053,061  2030 - \$2,975,775,322</p>

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
4	Schedule 2-5-9 & Attachment 2-5-5(A)	The following does not reconcile between the Chapter 2 Appendices Tab 2-AA and E2-T5-S9 9 p. 25 (Exhibit 2 part 4, pdf page 603) for Customer Engagement Platform. Please reconcile.	Chapter 2 Appendix 2-AA is correct. For the Customer Engagement Platform, the gross capital 2021-2025 is \$7.5M.
4i.	Schedule 2-5-9	i. E2-T5-S9.9 p. 25 states gross 2021-2025 is \$7.1M.	Hydro Ottawa confirms that the correct amounts are included in Chapter 2 Appendix 2-AA.
4ii.	Attachment 2-5-5(A)	ii. 2-AA shows the gross 2021-2025 is \$7.5M.	The amount of \$7.5M in Chapter 2 Appendix 2-AA is the correct gross capital amount for Customer Engagement Platform.
5	Schedule 2-5-9 & Attachment 2-5-5(A)	The following does not reconcile between the Chapter 2 Appendices Tab 2-AA and E2-T5-S9 9 p. 81 (exhibit 2 part 4, pdf page 659) for Infrastructure and Cyber Security. Please reconcile.	The "Gross Spend" line in Table 26 of Schedule 2-5-9 - General Plant Investments, p. 81 (exhibit 2 part 4, pdf page 659) includes the total gross capital spend of both capital and OM&A Spend for 2026-2030. For the 2026-2030 years, this totals \$16.5M. Chapter 2 Appendix 2-AA does not include OM&A spend. The total of the "Capital" line in Table 26 of Schedule 2-5-9 is consistent with Tab 2-AA at \$15.4M for the 2026-2030 period.
5i.	Schedule 2-5-9	i. E2-T5-S9 9 p. 81 states gross 2026-2030 is \$16.5M.	The "Gross Spend" line in Table 26 of Schedule 2-5-9 - General Plant Investments is the sum of Capital and OM&A. The "Capital" line in Table 26 reconciles with Tab 2-AA.
5ii.	Attachment 2-5-5(A)	ii. 2-AA shows the gross 2026-2030 is \$15.4M.	Chapter 2 Appendix 2-AA shows the Gross Capital for Infrastructure and Cybersecurity as \$15.4M. This reconciles with the "Capital" line of Table 26 on page 81 of Schedule 2-5-9 - General Plant Investments.
6	Attachment 2-2-1(A) & Attachment 2-5-5(B)	For the years 2021 through 2023, the net actual capital expenditures in Chapter 2 Appendices Tab 2-AB do not reconcile to the total PP&E additions in Chapter 2 Appendices Tab 2-BA.	Resubmit Appendix 2-AB: 2021 Addition of 55K should have been included in the disposal balance. In 2023, Hydro Ottawa received a \$5.7M construction credit for the Cambrian Station project. The \$5.7M credit was inputted as an asset disposal instead of a reduction to capital additions. Both items have been corrected.  Schedule 2-2-1 - Assets - Property Plant & Equipment Continuity Schedule has been resubmitted to include a new Section 4, which details the reconciliation between Appendix 2-AB and Appendix 2-BA for the 2021-2030 Historical, Bridge, and Test Years. Please see pages 8-10 of Schedule 2-2-1 for details.
7		Please provide the 2024 tax return if available.	Hydro Ottawa's 2024 tax return is not currently available. It is anticipated that it will be available in late June 2025.

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
8	Attachment 6-2-1(B)	In the 2030 Income Tax PILS Workform, Tabs A0, H0 and B0 should show the calculation for the grossed up PILS.	The OEB's Income Tax/PILS Workform does not show the calculation for grossed up PILS for the Historical and Bridge Years. The workform only shows the calculation for grossed PILS in the Test Year. Hydro Ottawa has amended the modified PILS tax model to include the calculation of grossed up PILS for Hydro Ottawa's 2023 Historical Year (Tab H0) and Bridge Years (Tabs A0 and B0). Please reference "HOL_Attachment 6-2-1 (B) - OEB Workform - 2026-2030 IncomeTax/PILS Workform_20250603".
9	Attachment 6-2-1(B) & Attachment 2-2-1(B)	The bridge and test years' capital additions in the 2030 Income Tax PILS Workform Tabs A8, B8, T8 and C8 do not match the capital additions (before CWIP) in Chapter 2 Appendices Tab 2-BA.	No correction required. Capital additions for rate application accounting purposes (Chapter 2 Appendix 2-BA) generally do not match the capital additions for Income Tax PILS Workform tax purposes. Hydro Ottawa has updated Schedule 6-2-1 - Payments in Lieu of Taxes by adding Section 11 Table 7 for a reconciliation of capital additions as per Appendix 2-BA to capital additions for Income Tax PILS Workform included in Tabs A8, B8, T8 and C2 to C5.
10	Attachment 6-2-1(B) & Attachment 2-2-1(B)	For the years 2023 through 2030, the amortization amounts in 2030 Income Tax PILS Workform (Tabs H1, A1, B1, T1 and C1) do not reconcile to the depreciation for Rate Base Purposes reported in Chapter 2 Appendices, Tab 2-BA.	No correction required. Hydro Ottawa has added new Section 11 to Schedule 6-2-1 - Payments in Lieu of Taxes. In particular, see Table 8 of new Section 11 on page 12 of Schedule 6-2-1 for a reconciliation of depreciation for Rate Base Purposes as per Chapter 2 Appendix 2-BA to amortization for Income Tax PILS Workform included in Tabs H1, A1, B1, T1 and C1.
11	Attachment 9-3-1 (A)	The distribution revenue reported in Workform Deferral and Variance Account, Tab 4, Column I does not reconcile with the distribution revenue reported in 2026 RRWF, Tab 13, Column O.	As originally submitted, the distribution revenue initially reported in Column I of Tab 4 in Attachment 9-3-1(A) - OEB Workform - Deferral and Variance Account (Continuity Schedule) consisted of preliminary figures. Hydro Ottawa has recalculated the Group 2 rate riders using submitted revenue. Recalculated total bill impacts for Residential, GS < 50 kW and USL remain unchanged, while other customer classes saw adjustments ranging from 0.02% to 0.06%. Given the larger impact that the update for 2024 balances will create, no updates have been made at this time. Hydro Ottawa confirms that Attachment 9-3-1(A) will be resubmitted with the final 2024 Group 1 and Group 2 year-end balances.
12	Schedule 6-1-1	The Revenue Offset amount for 2025 shown in Exhibit 6, Table 3 and Table 4, do not reconcile with the 2025 amount shown in Chapter 2-H.	The numbers presented are correct. The revenue offsets (other revenue) values in Tables 3 and 4 of Schedule 6-1-1 are 2025 Approved amounts. Appendix 2-H details 2025 Bridge amount.
13	Attachment 1-3-3(A) & Attachment 1-3-3(G)	There is a discrepancy between the stated methodology used and the values included in file "HOL_Attachment 1-3-3(G) - OEB Benchmarking Spreadsheet Forecast Model_20250415.xlsx", outlined below. Please update or provide an explanation as appropriate.	Hydro Ottawa has updated Attachments 1-3-3(A) - PEG Benchmarking Analysis and 1-1-3(G) - OEB Benchmarking Spreadsheet Forecast Model to address responses 13 (i),(ii) and (iii).

Item #	Reference	OEB Staff Question	Hydro Ottawa Response
13i.	Attachment 1-3-3(G)	i. Tab Benchmarking Calculations, Cell G131: The value the methodology uses for 2023 Capacity Proxy is set to = the MAX of (the previous year's Capacity Proxy or this year's Annual Peak Demand). The value entered by Hydro Ottawa is this year's Annual peak Demand.	In the OEB-approved 2023 PEG model, Hydro Ottawa's capacity proxy equals 1,518,168. Hydro Ottawa's revised 2023 annual peak demand submitted in "HOL_Attachment 1-3-3(G) - OEB Benchmarking Spreadsheet Forecast Model_20250415.xlsx", tab Model Inputs, Cell G15, is 1,540,267. The 2023 annual peak demand exceeds the previous capacity proxy of 1,518,168, and therefore, it becomes the new capacity proxy for the network in 2023, which is the value in G131.
13ii.	Attachment 1-3-3(A) & Attachment 1-3-3(G)	ii. Tab Benchmarking Calculations, Cell G154: Hydro Ottawa stated it was using their own adjusted number for Deliveries, Average Line Length and Capacity Proxy due to their unique situation. In the excel model, Hydro Ottawa used PEG's original numbers for the Capacity Proxy.	<p>"HOL_Attachment 1-3-3(G) - OEB Benchmarking Spreadsheet Forecast Model_20250415.xlsx," tab Benchmarking Calculations, Cell G154 has been updated to reflect the revised value 2023 capacity proxy as follows:  As originally submitted: 1,518,168  Updated June 3, 2025: 1,540,267</p> <p>This change lowers Hydro Ottawa's 2023 cost performance score from 4.2% to 3.6%, as per the OEB Model's auto-calculation in tab Results, F16.</p> <p>As a result, Hydro Ottawa has updated the % Difference (Cost Performance) Column in Table 6 of Attachment 1-3-3(A) - PEG Benchmarking Analysis to include one decimal point for enhanced clarity. Note that the % Difference for 2013-2022 did not change - however a decimal point has been included for those years for consistency.</p>
13iii.	Attachment 1-3-3(G)	iii. Tab Results, Cell F23 and Cell G23: Hydro Ottawa did not state that they were using a different stretch factor methodology, however, the stretch factor for 2023 and 2024 are not assigned based on a 3-year average.	<p>Hydro Ottawa submitted the OEB's PEG forecast model consistent with the logic provided therein. The utility recognizes that the 2023 and 2024 results are not based on a three-year average in the model and therefore removed those results in tab Results, Cells F24.</p> <p>However, the utility recalculated its 2023 and 2024 three-year average performance using the original PEG model and results, and confirms that the correct stretch factor is 3 for the years 2023 and 2024. Annual stretch factors dating back to 2013, as calculated by the PEG model with the revised inputs are available in Table 6 of Attachment 1-3-3(A) - PEG Benchmarking Analysis.</p>