RATE BASE OVERVIEW

1. INTRODUCTION

This Schedule provides an overview of Hydro Ottawa's distribution rate base and a discussion of year-over-year variances. Variance explanations are provided for program costs with variances greater than $1M, consistent with the materiality threshold that the utility is employing for purposes of this Application.

In accordance with the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications*, dated December 9, 2024, this Schedule provides yearly information on Hydro Ottawa's rate base, including information on forecast 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.

The capital expenditure plan for the 2026-2030 period is outlined in Schedule 2-5-1 - Distribution System Plan Overview, Schedule 2-5-5 - Capital Expenditure Plan and Schedules 2-5-6 - System Access Investments, 2-5-7 - System Renewal Investments, 2-5-8 - System Service Investments, and 2-5-9 - General Plant Investments. The in-service additions included in rate base are not equal to capital expenditures outlined in Schedule 2-5-5 - Capital Expenditure Plan, as some expenditures start in one year and are energized in a different year, including outside the Custom IR period.

Details regarding WCA can be found in Schedule 2-3-1 - Working Capital Requirement.

2. SUMMARY OF 2021-2025 OEB-APPROVED AND ACTUAL RATE BASE

Table 1 below shows Hydro Ottawa's OEB-Approved rate base values for 2021-2025, as per the 2021-2025 Approved Settlement Agreement.[1] Table 1 provides the opening, closing, and average balances for gross assets and accumulated depreciation. The table further provides the closing approved balance for net fixed assets and Hydro Ottawa's WCA.

Table 1 – Summary of Approved Rate Base 2021-2025 ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
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**
Working Capital Allowance	$ 85,459	$ 88,279	$ 91,546	$ 95,940	$ 99,394
RATE BASE	**$ 1,218,679**	**$ 1,303,835**	**$ 1,349,183**	**$ 1,374,154**	**$ 1,416,727**

Table 2 below summarizes Hydro Ottawa's rate base for Historical Years 2021-2023, and Bridge Years 2024 and 2025.

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

Table 2 AS ORIGINALLY SUBMITTED – Summary of Historical and Bridge Year Rate Base 2021-2025 ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
Opening Gross Assets	$ 1,345,265	$ 1,469,459	$ 1,607,631	$ 1,692,408	$ 1,810,056
Closing Gross Assets	$ 1,469,459	$ 1,607,631	$ 1,692,408	$ 1,810,056	$ 1,931,368
Average Gross Assets	**$ 1,407,362**	**$ 1,538,545**	**$ 1,650,020**	**$ 1,751,232**	**$ 1,870,712**
Opening Accumulated Depreciation	$ (271,071)	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)
Closing Accumulated Depreciation	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)	$ (545,380)
Average Accumulated Depreciation	**$ (295,928)**	**$ (346,666)**	**$ (399,750)**	**$ (455,759)**	**$ (514,973)**
Opening Net Book Value	$ 1,074,194	$ 1,148,674	$ 1,235,084	$ 1,265,454	$ 1,325,491
Closing Net Book Value	$ 1,148,674	$ 1,235,084	$ 1,265,454	$ 1,325,491	$ 1,385,988
Average Net Book Value	**$ 1,111,434**	**$ 1,191,879**	**$ 1,250,269**	**$ 1,295,472**	**$ 1,355,739**
Working Capital Allowance	$ 70,733	$ 71,503	$ 71,908	$ 73,914	$ 75,171
RATE BASE	**$ 1,182,167**	**$ 1,263,382**	**$ 1,322,177**	**$ 1,369,386**	**$ 1,430,910**

Table 2 UPDATED JUNE 4, 2025 – Summary of Historical and Bridge Year Rate Base 2021-2025 ($'000s)

	Historical Years			Bridge Years	
	2021	**2022**	**2023**	**2024**	**2025**
Opening Gross Assets	$ 1,345,265	$ 1,469,459	$ 1,607,631	$ 1,692,408	$ 1,810,056
Closing Gross Assets	$ 1,469,459	$ 1,607,631	$ 1,692,408	$ 1,810,056	$ 1,931,368
Average Gross Assets	**$ 1,407,362**	**$ 1,538,545**	**$ 1,650,020**	**$ 1,751,232**	**$ 1,870,712**
Opening Accumulated Depreciation	$ (271,071)	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)
Closing Accumulated Depreciation	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)	$ (545,380)
Average Accumulated Depreciation	**$ (295,928)**	**$ (346,666)**	**$ (399,750)**	**$ (455,759)**	**$ (514,973)**
Opening Net Book **Value**	$ 1,074,194	$ 1,148,674	$ 1,235,084	$ 1,265,454	$ 1,325,491
Closing Net Book Value	$ 1,148,674	$ 1,235,084	$ 1,265,454	$ 1,325,491	$ 1,385,988
Average Net Book Value	**$ 1,111,434**	**$ 1,191,879**	**$ 1,250,269**	**$ 1,295,472**	**$ 1,355,739**
Working Capital Allowance	$ 70,733	$ 71,503	$ 71,908	$ 73,992	$ 75,249
RATE BASE	**$ 1,182,167**	**$ 1,263,382**	**$ 1,322,177**	**$ 1,369,464**	**$ 1,430,988**

Table 3 below shows the variances between the OEB-Approved rate base amounts as shown in Table 1 and the Historical Year and Bridge Year amounts as shown in Table 2 for the 2021-2025 period.

Table 3 AS ORIGINALLY SUBMITTED – Variances in 2021-2025 Rate Base - OEB-Approved vs. Historical and Bridge Year Amounts ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
Opening Gross Assets	$ (13,622)	$ (38,019)	$ (18,521)	$ (7,844)	$ 30,203
Closing Gross Assets	$ (38,019)	$ (18,521)	$ (7,844)	$ 30,203	$ 34,916
Average Gross Assets	**$ (25,820)**	**$ (28,270)**	**$ (13,182)**	**$ 11,180**	**$ 32,560**
Opening Accumulated Depreciation	$ 4,216	$ 3,854	$ 5,334	$ 6,293	$ 5,863
Closing Accumulated Depreciation	$ 3,854	$ 5,334	$ 6,293	$ 5,863	$ 5,831
Average Accumulated Depreciation	**$ 4,035**	**$ 4,594**	**$ 5,814**	**$ 6,079**	**$ 5,847**
Opening Net Book Value	$ (9,406)	$ (34,166)	$ (13,187)	$ (1,550)	$ 36,067
Closing Net Book Value	$ (34,166)	$ (13,187)	$ (1,550)	$ 36,067	$ 40,747
Average Net Book Value	**$ (21,786)**	**$ (23,676)**	**$ (7,369)**	**$ 17,258**	**$ 38,406**
Working Capital Allowance	$ (14,726)	$ (16,776)	$ (19,638)	$ (22,026)	$ (24,223)
RATE BASE	**$ (36,512)**	**$ (40,453)**	**$ (27,006)**	**$ (4,768)**	**$ 14,183**

Table 3 UPDATED JUNE 4,2025 – Variances in 2021-2025 Rate Base - OEB-Approved vs. Historical and Bridge Year Amounts ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
Opening Gross Assets	$ (13,622)	$ (38,019)	$ (18,521)	$ (7,844)	$ 30,203
Closing Gross Assets	$ (38,019)	$ (18,521)	$ (7,844)	$ 30,203	$ 34,916
Average Gross Assets	**$ (25,820)**	**$ (28,270)**	**$ (13,182)**	**$ 11,180**	**$ 32,560**
Opening Accumulated Depreciation	$ 4,216	$ 3,854	$ 5,334	$ 6,293	$ 5,863
Closing Accumulated Depreciation	$ 3,854	$ 5,334	$ 6,293	$ 5,863	$ 5,831
Average Accumulated Depreciation	**$ 4,035**	**$ 4,594**	**$ 5,814**	**$ 6,079**	**$ 5,847**
Opening Net Book Value	$ (9,406)	$ (34,166)	$ (13,187)	$ (1,550)	$ 36,067
Closing Net Book Value	$ (34,166)	$ (13,187)	$ (1,550)	$ 36,067	$ 40,747
Average Net Book Value	**$ (21,786)**	**$ (23,676)**	**$ (7,369)**	**$ 17,258**	**$ 38,406**
Working Capital Allowance	$ (14,726)	$ (16,776)	$ (19,638)	$ (21,948)	$ (24,145)
RATE BASE	**$ (36,512)**	**$ (40,453)**	**$ (27,006)**	**$ (4,690)**	**$ 14,261**

Hydro Ottawa's rate base in 2025 is approximately $14.2M higher than the OEB-Approved amount, driven mainly by higher in-service additions over the period, offset by a reduction in the WCA compared to the OEB-Approved amount. Please refer to Table 4 below for details.

3. IN-SERVICE CAPITAL ADDITIONS VARIANCE

Table 4 below shows the variances between the OEB-Approved Net In-Service Capital Additions and the Historical Year and Bridge Year amounts for the 2021-2025 period. The in-service additions were $45M (or 8%) above the OEB-Approved amounts over the historical period.

For additional details at the capital expenditures level, refer to Schedule 2-5-5 - Capital Expenditure Plan.

Table 4 – Variances in 2021-2025 Net In-Service Capital Additions - OEB-Approved vs. Historical and Bridge Year Amounts ($'000s)[2]

	2021-2025 OEB Approved	2021-2025 Historical/Bridge	Var. ($)	Var (%)
System Access	$ 86,018	$ 114,733	$ 28,715	33%
System Renewal	$ 211,821	$ 239,167	$ 27,346	13%
System Service	$ 142,375	$ 144,242	$ 1,867	1%
General Plant	$ 114,837	$ 101,822	$ (13,015)	(11)%
NET IN-SERVICE ADDITIONS	**$ 555,052**	**$ 599,963**	**$ 44,912**	**8%**

The major drivers of the higher in-service additions are as follows:

(i) Unprecedented Supply Chain Disruption: The 2021-2025 period witnessed an unprecedented confluence of global events, severely disrupting supply chains and driving inflationary pressures. The COVID-19 pandemic initiated widespread logistical challenges, exacerbated by surging demand for essential electrical equipment. Subsequent economic factors and shipping bottlenecks compounded these issues. Critically, the war in Ukraine also introduced a significant constraint on the availability of grain-oriented electrical steel, a vital component for transformer cores, further impacting material availability and costs. As noted in Schedule 1-2-5 - Impacts of Inflationary Pressure, Canada's inflation rate in the 2020-2024 period as measured by CPI was the highest in 40 years. Also with respect to capital costs, the approved plan did not include any amounts forecast for inflation, nor did it include any cost escalation adjustment mechanisms. Essentially the capital plan assumed that a modest level of inflation would continue and the impact of any inflation would be offset by productivity and efficiency savings. Furthermore, the 2022-2025 capital related revenue requirement was reduced by a cumulative annual 0.6% capital stretch factor as outlined in Section 8.

[2] Totals may not sum due to rounding.

(ii) Customer Connections Volume, Complexity, and Cost: an unprecedented increase in the volume and complexity of non-discretionary residential subdivision customer connections due to a combination of residential intensification and a growing demand for electricity.

(iii) Unforeseen Externally-Driven Projects: driven mainly by the unprecedented increase in the volume and cost of residential subdivision and commercial development customer connections, as well as several large plant relocation works involving major revitalizations on Bank Street and Montreal Road, as well as other large plant relocation works related to Phase II of the Light Rail Transit (LRT) project.

(iv) Increased Emergency Renewal Work due to Major Storms and Equipment Failure: Emergency Renewal capital expenditures that significantly exceeded historical levels were driven largely by the devastating 2022 Derecho (which became the 6th costliest natural disaster in Canada's history), other major storms, and a general increase in the amount and cost of equipment that needed to be replaced on an emergency, reactive basis. The 2022 Derecho caused over 1,000 individual outages, left 180,000 customers without power, and resulted in restoration efforts spanning multiple weeks. Over 500 poles were damaged and required replacement. For more detail, please reference Attachment 2-1-1(A) - May 2022 Derecho - After Storm Report. The Derecho was not the only adverse weather event Hydro Ottawa experienced in the 2021-2025 rate period. An ice storm in April 2023 also required capital investments to replace damaged infrastructure during the restoration efforts. Further details regarding the adverse weather events Hydro Ottawa experienced from 2021-2025 can be found in Section 4.4 of Schedule 2-5-3 - Performance Measurement for Continuous Improvement. Additionally, Hydro Ottawa experienced an increase in reactive capital expenditures to address failing equipment.

In response to these challenges, Hydro Ottawa implemented proactive financial management strategies, notably deferring certain planned projects such as Major Station Rebuilds, Voltage

Conversions, Enterprise Resource Planning (ERP) Upgrades, and Underground Switchgear Renewals. For additional details, refer to Section 4.1.3 of Schedule 2-5-5 DSP - Capital Expenditure Plan Section. Furthermore, Hydro Ottawa's labour productivity initiatives, as described in Schedule 1-3-4 - Facilitation Innovation and Continuous Improvement, played a crucial role in mitigating the overall financial impact. Without these initiatives, the net capital additions variance of $44.9M against the OEB-Approved budget would have been considerably higher. It is also worth noting that Hydro Ottawa did not apply for a Z factor during the 2021-2025 period.

The following Sections 3.1 through 3.4 provide details on the in-service capital additions variance by Investment Category on a five year total basis, while Section 4 provides a year-over-year variance analysis.

3.1. SYSTEM ACCESS IN-SERVICE CAPITAL ADDITIONS VARIANCE

Capital additions related to System Access over the 2021-2025 Rate Period are expected to be $28.7M higher than approved amounts. The variance detail by capital program is included in Table 5 below.

Table 5 – Variances in Net In-Service Capital Additions - System Access ($'000s)

Capital Program	2021-2025			
	OEB - Approved ($)	Historical / Bridge ($)	Variance ($)	Variance (%)
Plant Relocation	$ 16,098	$ 22,292	$ 6,194	38%
System Expansion	$ 26,906	$ 24,995	$ (1,911)	(7)%
Corrective Renewal	$ 412	$ 1,365	$ 952	231%
Customer Connections	$ 37,049	$ 64,141	$ 27,092	73%
Generation Connections	$ 710	$ 342	$ (368)	(52)%
Metering	$ 4,843	$ 1,599	$ (3,245)	(67)%
TOTAL ADDITIONS	**$ 86,018**	**$ 114,733**	**$ 28,715**	**33%**

A symmetrical capital variance account for capital additions for which the drivers are either plant relocation requested by 3rd parties or residential subdivision expansion was granted in Hydro Ottawa's 2021-2025 Custom IR Application. The remaining System Access spending, along with System Renewal / System Service and General Plant was tracked through an asymmetrical account.

Table 6 provides a breakdown of the OEB-Approved System Access in-service additions vs. Historical/Bridge amounts for 2021-2025 by the capital variance sub-account (symmetrical) and other (asymmetrical). The majority of the variance reflects the expected increase in residential and plant relocations.

Table 6 – Variances in Net In-Service Capital Additions - System Access by Capital Variance Sub-Account ($'000s)

Capital Variance Sub Account	2021-2025			
	OEB - Approved ($)	Historical / Bridge ($)	Variance ($)	Variance (%)
Residential & Plant Relocation	$ 30,946	$ 60,862	$ 29,916	97%
Other	$ 55,072	$ 53,871	$ (1,201)	(2)%
TOTAL ADDITIONS	**$ 86,018**	**$ 114,733**	**$ 28,715**	**33%**

The main drivers of the residential subdivision and plant relocation variance are:

- **Residential Subdivision:** Capital Additions are expected to exceed approved amounts by $23.7M, driven primarily by actual annual volumes that were approximately 58% higher on average than forecasted volumes resulting from the City of Ottawa's intensification policies, and increases in unit costs per connection from $852 to $1,350 due to inflationary pressures.
- **Plant Relocation:** Capital additions are forecast to exceed approved amounts by $6.2M. The major drivers of the overage are scheduling delays related to the LRT Phase II Confederation Line, which led to projects completing in 2021-2025 that were originally assumed to complete in 2016-2020, post Phase I rehabilitation work on Slater & Albert streets, and the Bank Street Revitalization and Montreal Road Revitalization projects, along with inflationary increases.

The remaining capital additions under System Access were materially in-line with approved amounts for 2021-2025, with an overall shortfall vs. approved amounts of $1.2M. Further detail regarding System Access expenditures can be found in Section 5.1 of Schedule 2-5-5 - Capital Expenditure Plan.

3.2. SYSTEM RENEWAL IN-SERVICE CAPITAL ADDITIONS VARIANCE

Capital additions related to System Renewal over the 2021-2025 Rate Period are expected to be $27.3M over OEB-Approved amounts. Details by capital program are included in Table 7 below.

Table 7 – Variances in Net In-Service Capital Additions - System Renewal ($'000s)

Capital Program	2021-2025			
	OEB - Approved ($)	Historical / Bridge ($)	Variance ($)	Variance (%)
Stations & Buildings Infrastructure Renewal	$ 47,244	$ 38,221	$ (9,023)	(19)%
Overhead Distribution Asset Renewal	$ 44,779	$ 42,825	$ (1,954)	(4)%
Underground Distribution Assets Renewal	$ 57,382	$ 62,846	$ 5,464	10%
Corrective Renewal	$ 49,326	$ 83,581	$ 34,255	69%
Metering Renewal	$ 13,091	$ 11,694	$ (1,396)	(11)%
Total Additions	**$ 211,821**	**$ 239,167**	**$ 27,346**	**13%**

Unplanned capital additions from restoration efforts in response to emergency storms accounted for $16.1M or 59% of the total $27.3M overage. Capital additions related to the 2022 Derecho totaled $15.1M while other major weather events, particularly the April 2023 ice storm, led to an additional $1.0M of unplanned capital additions. Note that in addition to capital expenditures, the nature of the storms also had a significant amount of operating and maintenance expenses as noted in Schedule 4-1-2 - Operations, Maintenance & Administration Program Costs and Section 6 of Schedule 2-5-5 - Capital Expenditure Plan.

The remaining $11.2M of the total $27.3M overage is driven largely by:

- **Stations and Buildings Infrastructure Renewal:** Forecasted capital additions are expected to be below approved amounts by approximately $9.0M due mainly to a scope change in the Fisher Station Rebuild project to a voltage conversion, and the deferral of the Dagmar Voltage conversion from 2023 to the 2026-2030 rate period. Refer to Section 5.2 of Schedule 2-5-5 - Capital Expenditure Plan for more details on these deferrals and scope changes.
- **Overhead Distribution Asset Renewal:** Despite overages in Planned Pole Renewal and System Renewal overall, active deferrals in Insulator Replacement and Overhead Switch programs are projected to keep capital additions $2.0M below the approved amount.
- **Underground Distribution Asset Renewal:** Forecasted capital additions are expected to exceed approved amounts by $5.5M, due largely to overages in the Cable Replacement program resulting from significantly higher than anticipated material price increases. Refer to Sections 3.3.2 and 4.2.1 of Schedule 1-2-5 - Impacts of Inflationary Pressure for more information.
- **Corrective Renewal (excluding the $16.1M storm costs discussed above):** The Emergency Renewal program experienced higher than OEB-Approved capital additions of approximately $12.5M related to distribution transformers. Hydro Ottawa observed a general trend/issue with leaking transformers related to a specific manufacturer and certain localized regions. The identified transformers had to be phased out and replaced, with the new transformers requiring bigger foundations. Emergency underground transformer replacements in 2024 cost as much as $122,481 when remediation and base replacement were required. This was a sharp contrast to the $25,648 average cost for emergency replacement without remediation or base replacements. Additionally, Emergency Poles capital additions are expected to exceed budgeted amounts by about $5.6M, driven largely by forecasts for 2024 and 2025 reflecting a 50% per-pole cost increase compared to actual

costs from 2021-2023, which is attributed to inflationary pressures and updated estimating methodologies.

- **Metering Renewal:** Bridge and Test Year capital additions for the Metering Renewal program are expected to be below OEB-Approved amounts by $1.4M; driven by persistent delays in acquiring Gatekeeper meters that were part of the Self-Contained Meter Phone Line Elimination project. Consequently, in 2024 the Gatekeeper solution was deemed unsuccessful, which resulted in the reduction of the Metering Renewal program in 2024 and 2025. The new solution will be addressed as part of Hydro Ottawa's Advanced Metering Infrastructure (AMI) 2.0 initiative planned for 2026-2030.

Further information on System Renewal expenditures can be found in Section 5.2.1 of Schedule 2-5-5 - Capital Expenditure Plan.

3.3. SYSTEM SERVICE IN-SERVICE CAPITAL ADDITIONS VARIANCE

Capital additions related to System Service over the 2021-2025 Rate Period are expected to be $1.9M over OEB-Approved amounts. Details by capital program are included in Table 9 below.

Table 9 – Variances in Net In-Service Capital Additions - System Service ($'000s)

Capital Program	2021-2025			
	OEB - Approved ($)	Historical / Bridge ($)	Variance ($)	Variance (%)
Capacity Upgrades	$ 96,723	$ 92,290	$ (4,433)	(5)%
Stations Enhancements	$ 2,301	$ 2,601	$ 300	13%
Distribution Enhancements	$ 28,174	$ 26,397	$ (1,777)	(6)%
Grid Technologies	$ 8,867	$ 20,875	$ 12,008	135%
Field Area Network	$ 6,069	$ 2,077	$ (3,992)	(66)%
Metering	$ 240	$ 1	$ (239)	(100)%
Total Additions	**$ 142,375**	**$ 144,242**	**$ 1,867**	**1%**

- **Capacity Upgrades:** Capital additions are expected to be below OEB-Approved amounts by $4.4M, driven mainly by delays in the Riverdale Switchgear Upgrade project. The Riverdale Switchgear Upgrade was delayed due to necessary scope adjustments required to adhere to capacity planning requirements identified through area planning. Construction is scheduled to start in 2025, and energization is planned for 2026-2030.
- **Distribution Enhancements:** Capital additions are expected to be below OEB-Approved amounts by approximately $1.8M, due largely to project scope adjustments and reprioritization efforts.
- **Grid Technologies:** Capital additions are expected to exceed OEB-Approved amounts by approximately $12M, due largely to the replacements of Hydro Ottawa's Outage Management System (OMS) and Advanced Distribution Management System (ADMS). Once the ADMS initiative commenced, detailed planning revealed significant gaps in the original requirements. Specifically, the need for a dedicated project resource model, expanded professional services, and the crucial addition of schematics map conversion significantly broadened the project's scope. These discoveries, which emerged only during detailed implementation planning, necessitated immediate and substantial adjustments. Given the program's criticality to operational stability and cybersecurity, Hydro Ottawa made the strategic decision to prioritize the ADMS project, even at the cost of deferring other planned projects. Delaying these crucial upgrades was not a viable option due to the escalating risks. This strategic decision, while resulting in increased immediate costs, was essential to secure the future reliability and resilience of Hydro Ottawa's infrastructure, and to fully realize the vital benefits of the ADMS platform.

Hydro Ottawa notes that the ADMS program is currently undergoing a comprehensive review, and therefore specific details of the Grid Technology budget program, including the capital budget and timing of in-service additions, are subject to significant change. Updated information and supporting documentation related to the program will be filed with the responses to interrogatories. This approach ensures transparency and allows stakeholders

to fully assess the program's potential impact and provide informed feedback within the rate application process. Additional details can be found in Section 5.3.2 of Schedule 2-5-5 - Capital Expenditure Plan.

- **Field Area Network:** Forecasted capital additions are expected to be below approved amounts by $4.0M due largely to project delays while awaiting a change by the Canadian Radio-television and Telecommunications Commission that would allow local distribution companies to deploy and operate wireless communication services, which hindered the purchase and installation of base stations and cellular-enabled field devices. Consequently, funds were redistributed to Grid Technologies to offset the overspend on the ADMS projects. Further information on System Service expenditures can be found in Section 5.3 of Schedule 2-5-5 - Capital Expenditure Plan.

3.4. GENERAL PLANT IN-SERVICE CAPITAL ADDITIONS VARIANCE

Capital additions related to General Plant over the 2021-2025 Rate Period are expected to be $13.0M below approved amounts. Details by capital program are included in Table 10 below.

Table 10 – Variances in Net In-Service Capital Additions - General Plant ($'000s)

Capital Program	2021-2025			
	OEB - Approved ($)	Historical / Bridge ($)	Variance ($)	Variance (%)
CCRA	$ 60,964	$ 45,434	$ (15,529)	(25)%
Fleet Replacement	$ 16,536	$ 17,748	$ 1,212	7%
Tools Replacement	$ 2,343	$ 2,909	$ 565	24%
Buildings - Facilities	$ 2,066	$ 7,045	$ 4,979	241%
Grid Technology (Ops Initiative)	$ 1,760	$ 2,073	$ 313	18%
Meter to Cash	$ 6,983	$ 3,655	$ (3,328)	(48)%
Customer Engagement Platform	$ 1,990	$ 7,622	$ 5,632	283%
Enterprise Solutions	$ 13,113	$ 5,845	$ (7,269)	(55)%
Infrastructure and Cyber Security	$ 7,474	$ 7,937	$ 463	6%
Data and System Integrations	$ 1,608	$ 1,553	$ (55)	(3)%
Total Additions	**$ 114,837**	**$ 101,822**	**$ (13,015)**	**(11)%**

- **Cost Recovery Agreement (CCRA):** Capital additions are expected to be below approved amounts by $15.5M, due largely to lower than budgeted costs for the Cambrian Municipal Transformer Station project, the elimination of the CCRA requirement on the Riverdale Switchgear Upgrade project in 2021-2025 and deferrals of payment on the Piperville station project related to delays with land acquisition.
- **Fleet Replacement:** Capital additions are expected to exceed approved amounts by $1.2M, due largely to unforeseen increases in vehicle costs well beyond historical annual inflationary increases as a result of COVID-19 supply chain disruptions. Nine vehicles were also deferred to offset the inflationary pressures.

- **Buildings - Facilities:** Capital additions are forecasted to exceed budget by $5.0M. The main drivers were the construction of a shared access roadway at the East entrance to the Hunt Club road facility which was driven by a 3rd party, the installation of EV charging stations at all Administration and Operations to accommodate Hydro Ottawa's growing EV fleet in support of its zero emissions target, and two initiatives that were completed as direct responses to health and safety hazards that were reported and required action during the period. Specifically the installation of a new HVAC/ventilation unit at the Bank Street garage to address health and safety concerns and to comply with Ministry of Labour standards for garage ventilation, as well as the creation of additional storage space at the garage to reduce trip hazards and alleviate congestion, while also providing improved conditions for vehicle servicing and training.
- **Meter to Cash:** Capital additions are expected to be below approved amounts by $3.3M, the main driver being the AMI Analytics & Integration Enablement project. The project experienced significant delays and unforeseen challenges due to external factors such as the COVID-19 pandemic, 2022 Derecho and the 84-day strike in 2023 where resources had to be deployed to other priorities.
- **Customer Engagement Platform:** Capital additions are expected to be above approved amounts by approximately $5.6M, driven largely by the replacement of Hydro Ottawa's My Account customer portal. The legacy portal had developed organically over a number of years resulting in an interconnected system of multiple web and mobile technologies, services and solutions. While the solution had served the company well, given the rate of technology change, increasing customer experience demands, a rapidly changing energy industry and continued Hydro Ottawa growth, the solution could no longer scale or adapt and was deemed inadequate to support Hydro Ottawa and customer needs. Spend was further influenced from the stated scope due to emerging regulatory obligations and necessary customer self-service enhancements. Examples of these include the implementation of Ultra-Low Overnight rate option, Net Metering, Green Button, Equal Monthly Payment Plan automation, Autopay registration and Move-In-Move-Out automation.

The investment has positioned Hydro Ottawa to better meet customer needs, adapt to unforeseen disruption and represents the company's commitment to continually enhance customer experience and engagement.

- **Enterprise Solutions:** Capital additions are expected to be below approved amounts by approximately $7.3M, largely due to the deferral of Hydro Ottawa's ERP system to the 2031-2035 time frame, which was originally scheduled for 2021-2025.

Further information on all General Plant expenditures can be found in Section 5.4 of Schedule 2-5-5 - Capital Expenditure Plan.

4. YEAR OVER YEAR IN-SERVICE CAPITAL ADDITIONS VARIANCE

4.1. 2021 APPROVED vs. 2021 ACTUAL

Table 11 below details the comparison between 2021 OEB-Approved and Historical in-service additions.

Table 11 – 2021 Net In-Service Additions, OEB Approved vs. Actual ($'000s)

Investment Category	2021 OEB Approved ($)	2021 Historical	Variance ($)	Variance (%)
System Access	$ 19,534	$ 19,808	$ 274	1%
System Renewal	$ 48,298	$ 41,857	$ (6,441)	(13)%
System Service	$ 19,207	$ 30,683	$ 11,476	60%
General Plant	$ 65,759	$ 34,462	$ (31,296)	(48)%
TOTAL	**$ 152,798**	**$ 126,811**	**$ (25,987)**	**(17)%**

Variance Analysis

- System Access capital additions were materially in line with OEB-Approved amounts.
- System Renewal in-service additions were $6.4M (13%) below OEB approved levels, driven largely by adjustments to project schedules in the Stations and Buildings Infrastructure Renewal Capital Program (Bells Corners Station Rebuild) from 2021-2023.
- System Service in-service additions were $11.5M (60%) above OEB approved amounts, the major driver being the early completion of the buildings at Cambrian Municipal Transformer Station (MTS) originally scheduled for completion in 2022.
- General Plant in-service additions were $31.3M (48%) lower than OEB approved amounts due largely to shifting energization in the CCRA program related to the Cambrian MTS from 2021 to 2022 to align with the in-use date of Hydro One's 230kV line extension connection to the station.

4.2. 2022 APPROVED vs. 2022 ACTUAL

Table 12 below details the comparison between 2022 OEB-Approved and Historical in-service additions.

Table 12 – 2022 OEB-Approved vs. Historical Net In-Service Additions, ($'000s)

Investment Category	2022 OEB Approved ($)	2022 Historical	Variance ($)	Variance (%)
System Access	$ 17,922	$ 17,796	$ (125)	(1)%
System Renewal	$ 45,132	$ 64,903	$ 19,770	44%
System Service	$ 47,330	$ 26,513	$ (20,817)	(44)%
General Plant	$ 12,086	$ 33,142	$ 21,056	174%
TOTAL	**$ 122,471**	**$ 142,354**	**$ 19,883**	**16%**

Variance Analysis

- System Access capital additions were materially in line with OEB-Approved amounts.

- System Renewal additions were $19.8M (44%) above OEB-Approved amounts driven largely by capital additions in response to the Derecho storm which totaled $15.1M. Additionally, capital additions in the Cable Replacement program were $7.5M above approved amounts, offset by shortfalls in Stations Buildings & Infrastructure Renewal (due to switching the Fisher station rebuild project to a voltage conversion project at a much lower cost) and Metering Renewal due to delays in acquiring Gatekeeper meters.
- System Service capital additions were $20.8M (44%) below approved amounts, driven largely by the early completion of the buildings at Cambrian MTS, which as mentioned above, were completed in 2021 but were expected to be completed in 2022.
- General Plant additions were $21.1M (174%) above approved amounts due to the timing of the Cambrian MTS CCRA energization, which as mentioned above was originally budgeted in 2021.

4.3. 2023 APPROVED vs. 2023 ACTUAL

Table 13 below details the comparison between 2023 OEB-Approved and Historical in-service additions.

Table 13 – 2023 OEB-Approved vs. Historical Net In-Service Additions ($'000s)

Investment Category	2023 OEB Approved ($)	2023 Historical	Variance ($)	Variance (%)
System Access	$ 17,620	$ 18,715	$ 1,095	6%
System Renewal	$ 40,813	$ 48,952	$ 8,140	20%
System Service	$ 13,106	$ 9,420	$ (3,687)	(28)%
General Plant	$ 6,237	$ 9,916	$ 3,679	59%
TOTAL	**$ 77,776**	**$ 87,003**	**$ 9,227**	**12%**

Variance Analysis

- System Access capital additions were $1.1M (6%) higher than approved amounts in 2023, driven largely by overages in Customer Connections due to increased volumes and unit costs, offset by shortfalls in Plant Relocation and System Expansion.
- System Renewal additions were $8.1M (20%) above approved amounts, driven mainly by timing of energization of the Bells Corners Station rebuild mentioned above (originally scheduled for completion in 2021).
- System Service additions were $3.7M (28%) below approved amounts, the main driver being the timing of completion of projects under the Distribution Enhancement capital program.
- General Plant additions were $3.7M (59%) higher than approved amounts, driven largely by the completion of the 1st phase of the MyAccount customer portal upgrade.

4.4. 2024 APPROVED vs. 2024 BRIDGE

Table 14 below details the comparison between 2024 OEB-Approved amounts vs. Bridge year in-service additions.

Table 14 – 2024 OEB-Approved vs. Bridge Year Net In-Service Additions ($'000s)

Investment Category	2024 OEB Approved ($)	2024 Bridge	Variance ($)	Variance (%)
System Access	$ 15,630	$ 32,616	$ 16,986	109%
System Renewal	$ 37,560	$ 43,242	$ 5,682	15%
System Service	$ 21,705	$ 28,869	$ 7,163	33%
General Plant	$ 7,877	$ 15,395	$ 7,519	95%
TOTAL	**$ 82,772**	**$ 120,122**	**$ 37,350**	**45%**

Variance Analysis

- System Access capital additions are expected to be $17M (109%) higher than OEB-Approved amounts, the main drivers being continued higher than budgeted volumes and unit costs in the Customer Connections program, which contributed $6.2M towards the overage. Additionally, approximately $8M is attributable to unforeseen cost overruns for the LRT Phase II System Expansion works, due to changes in the project's timeline and scope, as explained in Section 5.1.2 of Schedule 2-5-5 Capital Expenditure Plan.
- System Renewal additions are expected to be $5.7M (15%) higher than OEB-Approved amounts, driven largely by overages in Corrective Renewal due to higher than expected volumes of leaking transformers that required replacement.
- System Service additions are expected to be $7.2M (33%) above OEB-Approved amounts, driven largely by overages within the the Distribution Enhancements program which resulted from scheduling adjustments from prior years, and the energization of the Distribution Management System within the Grid Technologies, offset by delays of the Riverdale Switchgear replacement to 2026-2030 within the Capacity Upgrades program.
- General Plant capital additions are expected to be $7.5M (95%) higher than OEB-Approved amounts, driven largely by continued deployment of MyAccount customer portal functionality, the installation of EV Charging infrastructure at the Hunt Club and Dibblee facilities to support continued greening of Hydro Ottawa's vehicle fleet, and the deployment of the Service Now IT ticketing system.

4.5. 2025 APPROVED vs. 2025 BRIDGE

Table 15 below details the comparison between 2025 OEB-Approved amounts vs. Bridge year in-service additions.

Table 15 – 2025 OEB Approved vs. Bridge Year Net In-Service Additions, ($'000s)

Investment Category	2025 OEB Approved ($)	2025 Bridge	Variance ($)	Variance (%)
System Access	$ 15,312	$ 25,797	$ 10,485	68%
System Renewal	$ 40,018	$ 40,213	$ 195	0%
System Service	$ 41,026	$ 48,757	$ 7,731	19%
General Plant	$ 22,880	$ 8,907	$ (13,973)	(61)%
Total	**$ 119,235**	**$ 123,674**	**$ 4,438**	**4%**

Variance Analysis

- System Access capital additions are expected to be $10.5M (68%) higher than OEB-Approved amounts, the main drivers continue to be persistent higher than budgeted volumes and unit costs in Customer Connections, and overages in System Expansion resulting from the Department of National Defence Dwyer Hill Training Center Upgrade[3] and the OC Transpo's Zero Emission Buses.[4]
- System Renewal capital additions are forecasted to be materially in line with OEB-Approved amounts.
- System Service additions are expected to be $7.7M (19%) higher than OEB-Approved amounts, driven largely by the energization of the OMS replacement.
- General Plant capital additions are expected to be $14M (61%) below approved amounts, the main drivers being the deferral of the replacement of Hydro Ottawa's JD Edwards ERP system to the 2031-2035 time frame, and the deferral of CCRA payments to Hydro One for the Riverdale and Piperville station projects.

[3] Department of Nation Defence, "Minister Anand announces $1.4 billion investment to upgrade Dwyer Hill Training Centre infrastructure," https://www.canada.ca/en/department-national-defence/news/2023/03/
[4] Ottawa-Carleton Transportation, "OC Explained: Zero Emission Bus Project," https://www.octranspo.com/en/news/article/oc-explained-zero-emission-bus-project/

5. SUMMARY OF SIGNIFICANT DISCRETE IN-SERVICE CAPITAL ADDITIONS (2021-2025)[5]

Table 16 below provides an overview of the significant capital additions for the 2021-2025 period compared against the OEB-Approved amounts.

[5] Totals may not sum due to rounding.

1 **Table 16 – 2021-2025 Overview of Significant In-Service Additions ($'000 000s)**

Investment Category	Capital Program	Project	Planned in-Service Date	Planned Capital Cost	Actual In-Service Date	Actual Capital Cost	Cost Variance ($)
General Plant	CCRA	Cambrian 28KV Substation	2021	$ 50.1	2021-2022	$ 44.6	$ (5.5)
General Plant	CCRA	Riverdale Switchgear Upgrade	2024-2025	$ 2.4	N/A	-	$ (2.4)
General Plant	CCRA	Piperville Station Capacity Upgrade-New East	2025	$ 6.1	N/A	-	$ (6.1)
General Plant	Customer Service	Elster EA-MS Upgrade	2021-2025	$ 1.6	2022	$ 0.4	$ (1.2)
General Plant	Operations Initiatives	AMI Program	2022	$ 1.6	N/A	-	$ (1.6)
General Plant	Customer Engagement Platform	MyAccount	N/A	-	2023-2025	$ 6.8	$ 6.8
General Plant	Enterprise Solutions	ERP Program	2025	$ 9.7	N/A	-	$ (9.7)
General Plant	Enterprise Solutions	Service Now	N/A	-	2022-2025	$ 2.7	$ 2.7
System Renewal	Stations and Buildings Infrastructure Renewal	Fisher AK Station Rebuild	2022-2024	$ 9.6	N/A	-	$ (9.6)
System Renewal	Stations and Buildings Infrastructure Renewal	Dagmar Voltage Conversion	2025	$ 6.0	N/A	-	$ (6.0)
System Renewal	Stations and Buildings Infrastructure Renewal	Bayswater Transformer Replacement	2021	$ 3.4	2021-2024	$ 5.0	$ 1.6
System Renewal	Stations and Buildings Infrastructure Renewal	Bell's Corners Station Rebuild	2021-2023	$ 10.3	2022-2024	$ 13.6	$ 3.3

Investment Category	Capital Program	Project	Planned in-Service Date	Planned Capital Cost	Actual In-Service Date	Actual Capital Cost	Cost Variance ($)
System Renewal	Stations and Buildings Infrastructure Renewal	Overbrook TO Switchgear Replacement	2022-2025	$ 6.7	2021-2024	$ 9.3	$ 2.6
System Renewal	Stations and Buildings Infrastructure Renewal	Lincoln Heights P&C Renewal	2021-2022	$ 1.1	2021-2024	$ 2.3	$ 1.2
System Renewal	Stations and Buildings Infrastructure Renewal	Rideau Heights DS T1 Renewal	2024	$ 3.2	N/A	-	$ (3.2)
System Renewal	Stations and Buildings Infrastructure Renewal	Shillington AD Station Renewal	2025	$ 2.5	N/A	-	$ (2.5)
System Renewal	Metering Renewal	2.5EL to 3EL	2021-2025	$ 2.4	2021-2025	$ 1.1	$ (1.3)
System Renewal	Metering Renewal	TR Communications Update	2021-2025	$ 2.1	2021-2025	$ 1.8	$ (0.3)
System Renewal	Metering Renewal	SC Communications Update	2021-2022	$ 2.0	2022-2025	$ 2.2	$ 0.2
System Renewal	Metering Renewal	TR Service to 200A SC	2021-2025	$ 1.1	2021-2025	$ 1.0	$ (0.1)
System Renewal	Metering Renewal	REX 1 Upgrade	2021-2025	$ 5.0	2023-2025	$ 5.3	$ 0.3
System Service	Capacity Upgrades	Cambrian 28KV Substation	2022	$ 26.9	2021-2023	$ 25.6	$ (1.3)
System Service	Capacity Upgrades	Uplands MS Second Transformer	2021	$ 11.4	2021-2023	$ 14.7	$ 3.3
System Service	Capacity Upgrades	Riverdale Switchgear Upgrade	2024-2025	$ 11.8	2024-2025	$ 5.5	$ (6.3)
System Service	Capacity Upgrades	Limebank MTS 4th Transformer	2021-2022	$ 3.0	2021-2022	$ 2.8	$ (0.2)
System Service	Capacity Upgrades	Piperville Station Capacity Upgrade-New East	2025	$ 24.6	2024-2025	$ 14.7	$ (9.9)

Investment Category	Capital Program	Project	Planned in-Service Date	Planned Capital Cost	Actual In-Service Date	Actual Capital Cost	Cost Variance ($)
System Service	Capacity Upgrades	New Mer Bleue Station	N/A	-	2025	$ 6.6	$ 6.6
System Service	Grid Technologies	Advanced Distribution Management System (ADMS)	2021-2025	$ 5.0	2025	$ 17.9	$ 12.9
System Service	Field Area Network	Field Area Network	2021-2025	$ 5.0	2023-2025	$ 1.0	$ (4.0)

1

6. SUMMARY OF PROPOSED 2026-2030 RATE BASE

Table 17 below provides a summary of Hydro Ottawa's proposed rate base for the 2026-2030 rate period.

Table 17 – Summary of 2026-2030 Rate Base ($'000s)

	Test Years				
	2026	**2027**	**2028**	**2029**	**2030**
Opening Gross Assets	$ 1,931,368	$ 2,130,263	$ 2,401,827	$ 2,684,544	$ 2,873,562
Closing Gross Assets	$ 2,130,263	$ 2,401,827	$ 2,684,544	$ 2,873,562	$ 3,077,989
Average Gross Assets	**$ 2,030,816**	**$ 2,266,045**	**$ 2,543,186**	**$ 2,779,053**	**$ 2,975,775**
Opening Accumulated Depreciation	$ (545,380)	$ (610,419)	$ (681,734)	$ (759,398)	$ (842,230)
Closing Accumulated Depreciation	$ (610,419)	$ (681,734)	$ (759,398)	$ (842,230)	$ (930,124)
Average Accumulated Depreciation	**$ (577,899)**	**$ (646,076)**	**$ (720,566)**	**$ (800,814)**	**$ (886,177)**
Opening Net Book Value	$ 1,385,989	$ 1,519,844	$ 1,720,093	$ 1,925,147	$ 2,031,332
Closing Net Book Value	$ 1,519,844	$ 1,720,093	$ 1,925,147	$ 2,031,332	$ 2,147,865
Average Net Fixed Assets	**$ 1,452,917**	**$ 1,619,969**	**$ 1,822,620**	**$ 1,978,239**	**$ 2,089,598**
Working Capital Allowance	$ 79,540	$ 81,751	$ 84,442	$ 87,076	$ 89,773
RATE BASE	**$ 1,532,457**	**$ 1,701,720**	**$ 1,907,062**	**$ 2,065,315**	**$ 2,179,372**

Table 18 provides a comparison of Hydro Ottawa's rate base for the 2025 Bridge Year vs. the 2030 Test Year.

Table 18 AS ORIGINALLY SUBMITTED – 2025 Bridge vs. 2030 Test Rate Base ($'000s)

	2025 Bridge	2030 Forecast	Variance ($)	Variance (%)
Opening Gross Assets	$ 1,810,056	$ 2,873,562	$ 1,063,506	59%
Closing Gross Assets	$ 1,931,368	$ 3,077,989	$ 1,146,621	59%
Average Gross Assets	**$ 1,870,712**	**$ 2,975,775**	**$ 1,105,063**	**59%**
Opening Accumulated Depreciation	$ (484,565)	$ (842,230)	$ (357,665)	74%
Closing Accumulated Depreciation	$ (545,380)	$ (930,124)	$ (384,744)	71%
Average Accumulated Depreciation	**$ (514,973)**	**$ (886,177)**	**$ (371,205)**	**72%**
Opening Net Book Value	$ 1,325,491	$ 2,031,332	$ 705,841	53%
Closing Net Book Value	$ 1,385,988	$ 2,147,865	$ 761,877	55%
Average Net Fixed Assets	**$ 1,355,740**	**$ 2,089,598**	**$ 733,859**	**54%**
Working Capital Allowance	$ 75,171	$ 89,773	$ 14,602	19%
RATE BASE	**$ 1,430,911**	**$ 2,179,372**	**$ 748,461**	**52%**

Table 18 UPDATED JUNE 4,2025 – 2025 Bridge vs. 2030 Test Rate Base ($'000s)

	2025 Bridge	2030 Forecast	Variance ($)	Variance (%)
Opening Gross Assets	$ 1,810,056	$ 2,873,562	$ 1,063,506	59%
Closing Gross Assets	$ 1,931,368	$ 3,077,989	$ 1,146,621	59%
Average Gross Assets	**$ 1,870,712**	**$ 2,975,775**	**$ 1,105,063**	**59%**
Opening Accumulated Depreciation	$ (484,565)	$ (842,230)	$ (357,665)	74%
Closing Accumulated Depreciation	$ (545,380)	$ (930,124)	$ (384,744)	71%
Average Accumulated Depreciation	**$ (514,973)**	**$ (886,177)**	**$ (371,205)**	**72%**
Opening Net Book Value	$ 1,325,491	$ 2,031,332	$ 705,841	53%
Closing Net Book Value	$ 1,385,988	$ 2,147,865	$ 761,877	55%
Average Net Fixed Assets	**$ 1,355,740**	**$ 2,089,598**	**$ 733,859**	**54%**
Working Capital Allowance	$ 75,249	$ 89,773	$ 14,524	19%
RATE BASE	**$ 1,430,989**	**$ 2,179,372**	**$ 748,383**	**52%**

Hydro Ottawa's rate base in 2030 is expected to be $748.4M (52%) above the 2025 Bridge Year, driven mainly by capital additions from 2026-2030.

7. SUMMARY OF SIGNIFICANT DISCRETE IN-SERVICE CAPITAL ADDITIONS (2026-2030)

Table 19 below provides an overview of significant discrete in-service capital additions proposed for the 2026-2030 rate period.

Table 19 – 2026-2030 Overview of Significant In-Service Additions ($'000 000s)

Investment Category	Capital Program	Project	Planned in-Service Date	Planned Capital Cost ($)
General Plant	CCRA	Riverdale Switchgear Upgrade	2026	$ 0.4
General Plant	CCRA	Piperville Station Capacity Upgrade-New East	2026	$ 4.7
General Plant	CCRA	New Mer Bleue Station	2027	$ 6.3
General Plant	CCRA	Hydro Road Station	2027	$ 0.8
General Plant	CCRA	CFIA Greenbank Road New Station	2028	$ 4.7
General Plant	CCRA	New Kanata Station	2028	$ 5.3
General Plant	CCRA	King Edward Cable Upgrade	2029	$ 16.4
General Plant	CCRA	Carling (secondary cable)	2026	$ 2.1
General Plant	Meter to Cash	CC&B Upgrade 2028	2028	$ 6.5
System Access	System Expansion	OC Transpo EBus St. Laurent Road	2027	$ 9.7
System Access	System Expansion	DND Dwyer Hill Expansion	2026-2027	$ 3.1
System Access	System Expansion	DND Dwyer Hill Station Upgrade	2027	$ 14.1
System Access	System Expansion	Ottawa Hospital	2030	$ 11.5
System Access	System Expansion	Hydro Road Station	2027	$ 22.7
System Renewal	Stations and Buildings Infrastructure Renewal	Longfields T2 Transformer Renewal	2027	$ 1.6
System Renewal	Stations and Buildings Infrastructure Renewal	Rideau Heights DS Switchgear Renewal	2028	$ 5.9
System Renewal	Stations and Buildings Infrastructure Renewal	Parkwood Hills DS Switchgear Renewal	2027	$ 4.2
System Renewal	Stations and Buildings Infrastructure Renewal	Hinchey TH Switchgear Renewal	2026-2027	$ 3.5
System Renewal	Stations and Buildings Infrastructure Renewal	Russell TB Switchgear Renewal	2030	$ 9.8
System Renewal	Metering Renewal	Metering Renewal AMI 2.0	2026-2030	$ 78.2
System Service	Capacity Upgrades	Riverdale Switchgear Upgrade	2026	$ 8.5

Investment Category	Capital Program	Project	Planned in-Service Date	Planned Capital Cost ($)
System Service	Capacity Upgrades	Piperville Station Capacity Upgrade-New East	2026	$ 27.6
System Service	Capacity Upgrades	New Mer Bleue Station	2027	$ 41.2
System Service	Capacity Upgrades	Greenbank Road New Station	2028	$ 38.5
System Service	Capacity Upgrades	New Kanata Station	2028	$ 44.8

8. OTHER INFORMATION

Hydro Ottawa's 2021-2025 Custom IR Application also included the following mechanisms:

- Capital stretch factor: increased annually, starting at 0% in 2021, escalating by 0.6% per year, up to 2.4% in 2025, resulting in an $8.6M[6] reduction to Hydro Ottawa's total revenue requirement over the 2021-2025 rate term.
- Performance Outcomes Accountability Mechanism (POAM): 5 outcomes-based measures and targets related to the achievement of objectives under Hydro Ottawa's 2021-2025 Distribution System Plan (DSP). The 5 performance metrics 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)[7] - Excluding Major Event Days and Loss of Supply;
    - Wood Pole Replacement Unit Cost; and

[6] As presented in the 2021-2025 Settlement Agreement, Hydro Ottawa Limited, 2021-2025 Custom Incentive Rate-Setting Approved Settlement Agreement, EB-2019-0261 (September 18, 2020).
[7] 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 5-year averages to calculate a distributor's SAIDI target. However, the Parties agree to the use of a 3-year average so as to maintain consistency across the 3 reliability-related performance metrics that are utilized under this accountability mechanism.

- Underground Cable Replacement Unit Cost.

In 2022 and 2023, Hydro Ottawa did not meet the SAIDI - Excluding Major Event Days and Loss of Supply or the Wood Pole Replacement Unit Cost.[8] As the outcomes of these two metrics were in the red band, the maximum annual amount of $200K was credited to the POAM Deferral Account for both of these POAM metrics in each year for a total annual credit of $400K. A total principal credit balance of $800K has been recorded into the variance account at the end of 2023. Refer to Schedule 9-1-3 - Group 2 Accounts for additional information.

- Capital Variance Accounts: designed to track, on an annual basis, the impacts on revenue requirement arising from variances between actual and forecasted cumulative capital additions as follows:
  - Symmetrical account for capital additions for which the drivers are either plant relocation requested by 3rd parties or residential subdivision expansion;
  - Asymmetrical account for capital additions for the remaining programs in the System Access investment category;
  - Asymmetrical account for the combined cumulative System Service and System Renewal Investment Categories;
  - Asymmetrical account for the General Plant investment categories; and
  - Symmetrical sub-account for capital additions variances related CCRA payments.

As of 2023, Hydro Ottawa had experienced shortfalls in actual in-service additions versus approved amounts in the asymmetrical System Access and General Plant sub-accounts, as well as the symmetrical CCRA sub-account and has recorded a total credit balance of $2.2M.

[8] For 2021 Hydro Ottawa initially reported that 1 POAM target was not met, the Wood Pole Replacement Unit Cost, which was based on preliminary numbers. When finalized, it was determined that this target was met and the credit was reversed.

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After the Storm

Hydro Ottawa's response to the May 2022 derecho

HydroOttawa

Contents

AFTER THE STORM:

A reflection from our President and CEO

From family barbecues to gardening, camping and cottaging, most Canadians associate the May long weekend with the start of summer – a pleasant time.

Our community, however, will now remember the May 2022 long weekend as the most devastating weekend our city experienced, certainly the most devastating event in Hydro Ottawa's history.

While our teams had been following the storm's path during the day, nothing could have prepared them for its impact. In the span of 15 minutes, winds of up to 190 kilometres per hour toppled transmission towers, damaged more than 500 hydro poles and downed kilometres of power lines. There were more than 1,000 simultaneous power outages across the city and 180,000 customers in the dark.

There was no illusion that restoration was going to be quick. The damage was significant and widespread, and our grid was ravaged. We swiftly mobilized additional resources and equipment through a provincial mutual-aid agreement, bolstering our efforts with an additional 335 workers from numerous utilities and contractor companies. While we were able to restore power to 50 per cent of customers within 48 hours, many were without power for days.

Like many utilities' approach to storm responses, our top priority was to restore power to first responders and essential services, followed by water treatment facilities and sewage treatment plants. We then prioritized maximizing our efforts for the greatest number of customers. **Six months post-storm, we continue to build back stronger by:**

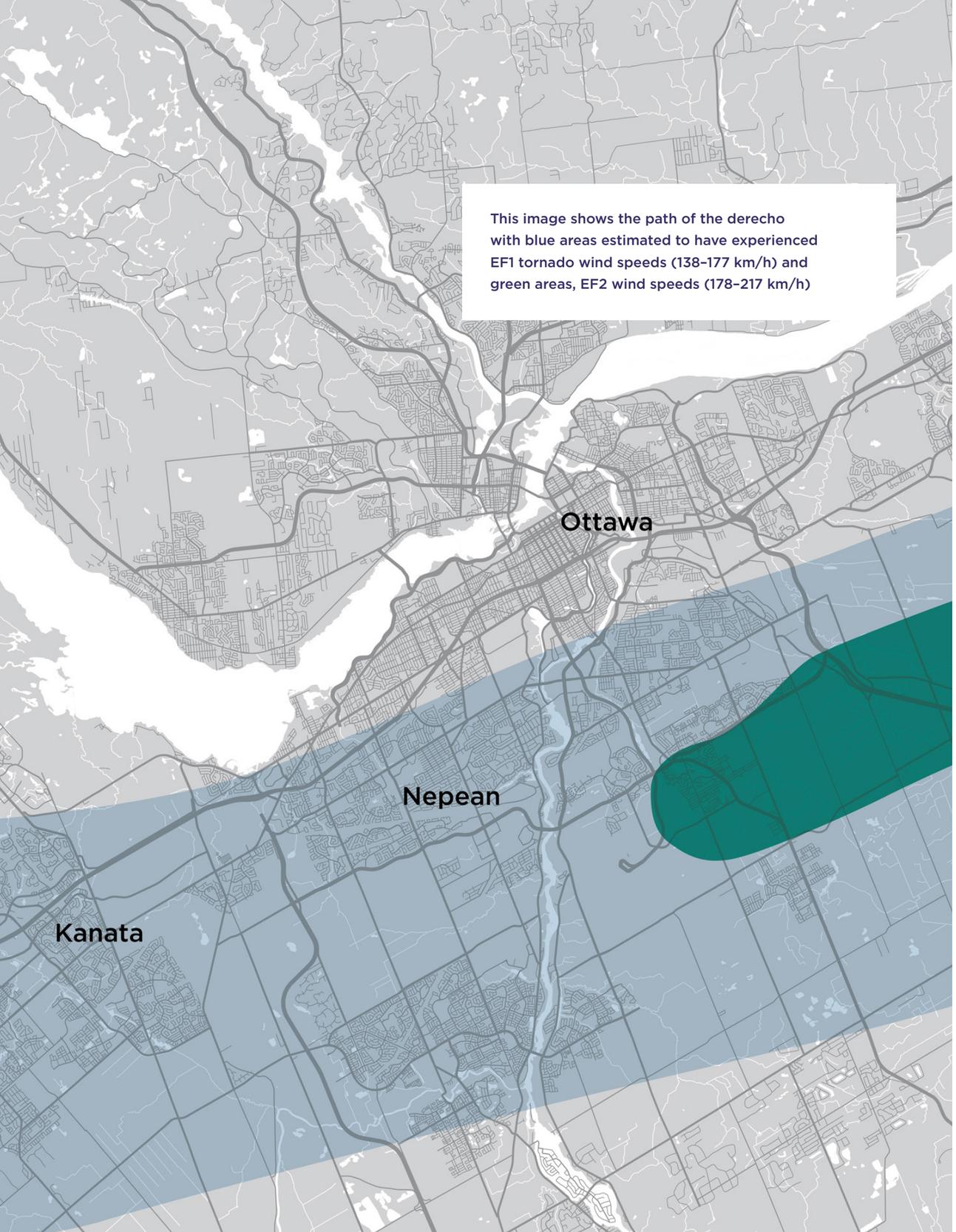
- Expanding our forestry program with shorter and enhanced tree-trimming cycles
- Increasing system inspections to find problematic equipment and make the necessary repairs
- Deploying additional resources to respond to power-outage events
- Deploying infrared scanning to preemptively identify assets at risk of failure
- Reviewing our Business Continuity Management Program, and updating our incident management and crisis communications plans to include learnings and best practices

We know that electricity is vital to our economy, public health and safety. Because of their interconnectedness, utilities and municipalities must work together to scale up solutions that can build and maintain our community's resilience, while being cost-effective for our customers.

We hope you find this report to be a helpful summary of our storm response and look forward to extending our collaboration with you to strengthen our collective emergency response for future events.

Sincerely,

Bryce Conrad
President & CEO
Hydro Ottawa



This image shows the path of the derecho with blue areas estimated to have experienced EF1 tornado wind speeds (138–177 km/h) and green areas, EF2 wind speeds (178–217 km/h)

Overview

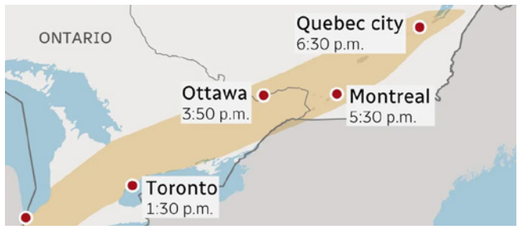
On May 21, 2022, Ottawa experienced winds of up to 190 kilometres per hour, extensively damaging Hydro Ottawa's electrical grid. This storm cost Hydro Ottawa an estimated $23.8 million ($15.1 capital expenditures; $8.7 operating, maintenance and other costs).

Total damages in Ontario are estimated at $720 million, making this the sixth costliest weather event in Canadian history in terms of insurance claims.

Purpose

The purpose of this report is to highlight Hydro Ottawa's efforts to repair and restore the electrical distribution system damaged by the May 21, 2022, derecho storm. It also aims to identify successes, lessons learned and recommendations to strengthen our Business Continuity Management Program as well as supporting business continuity and incident management plans.

While numerous external organizations supported the response, this report focuses solely on Hydro Ottawa's role in repairing and restoring the electrical distribution system between May 21 and June 5, 2022.



Customer Impact

At the peak of the aftermath, 180,000 Hydro Ottawa customers were without power – more than half of our customer base. Unlike previous storms, damage and power outages impacted our entire service territory.

There were a total of 1,000 individual outages on the system (in comparison to 200 after the 2018 tornadoes) and more than 1,500 known or reported tree contacts or interferences.

Some of the hardest hit neighbourhoods included:

- Pineglen and Pineglen Annex
- Carlingwood and McKellar Heights
- Fisher Glen and Cityview-Skyline-Fisher Heights
- Lincoln Heights and Britannia Heights
- Parkway Park and Kenson Park
- South Keys
- Carlsbad Springs
- Blackburn Hamlet
- Riverside Park and Hog's Back
- Tanglewood
- Stittsville and surrounding areas
- Manordale and Meadowlands
- Queensway Terrace South and Ridgeview
- Bells Corners East and Lynwood Village

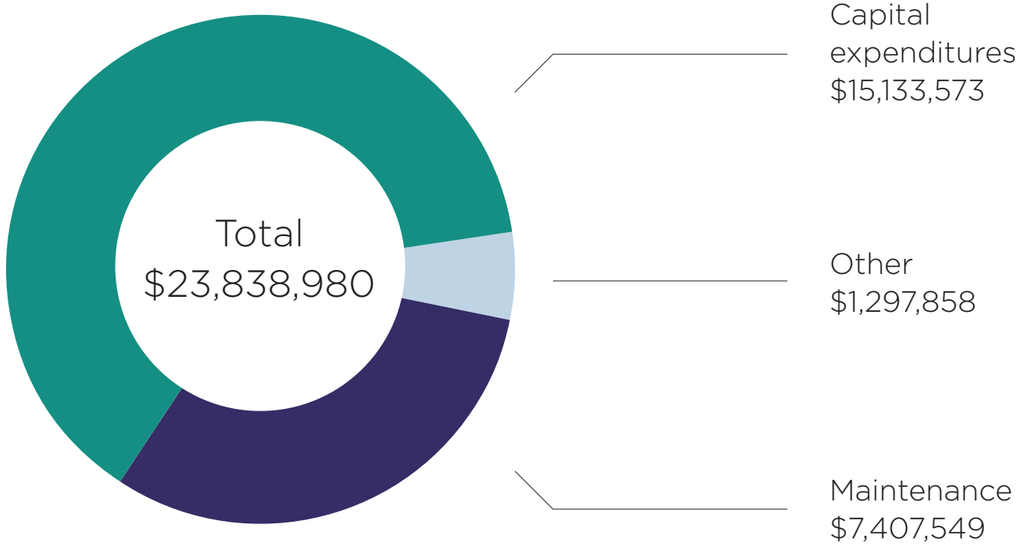
Damage Assessment

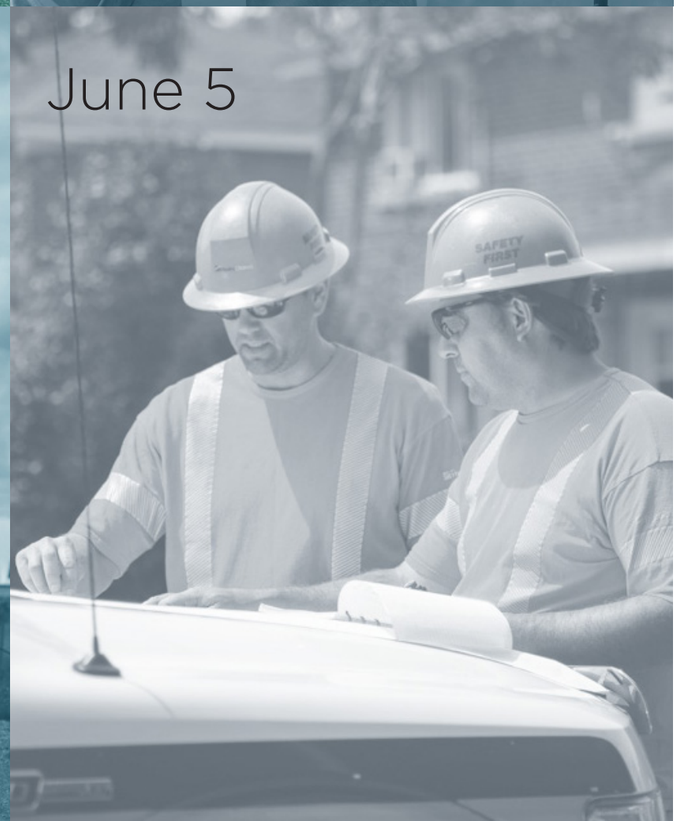
Initial damage assessments showed that more than 225 poles needed to be replaced; however, after the full extent of the damage became clear, we confirmed that number to be 540.

Property damage, downed trees and debris littered the hardest hit areas. This hampered field crews' ability to initiate restoration as traffic control and clean-up crews were required first.

The overall capital expenditure cost of the derecho to Hydro Ottawa is estimated at $15.1 million, which equates to 21.3 per cent of the 2022 system renewal and system service budget as approved by the board of directors.

Total cost of the storm to Hydro Ottawa





Response Timeline

From the beginning of our storm response, Hydro Ottawa communicated that this would be a multi-day restoration effort. We needed to take a whole-of-city approach given the widespread nature of the damage.

May 21

The derecho storm hits Ottawa

May 23

Power is restored to 50 per cent of affected customers

May 28

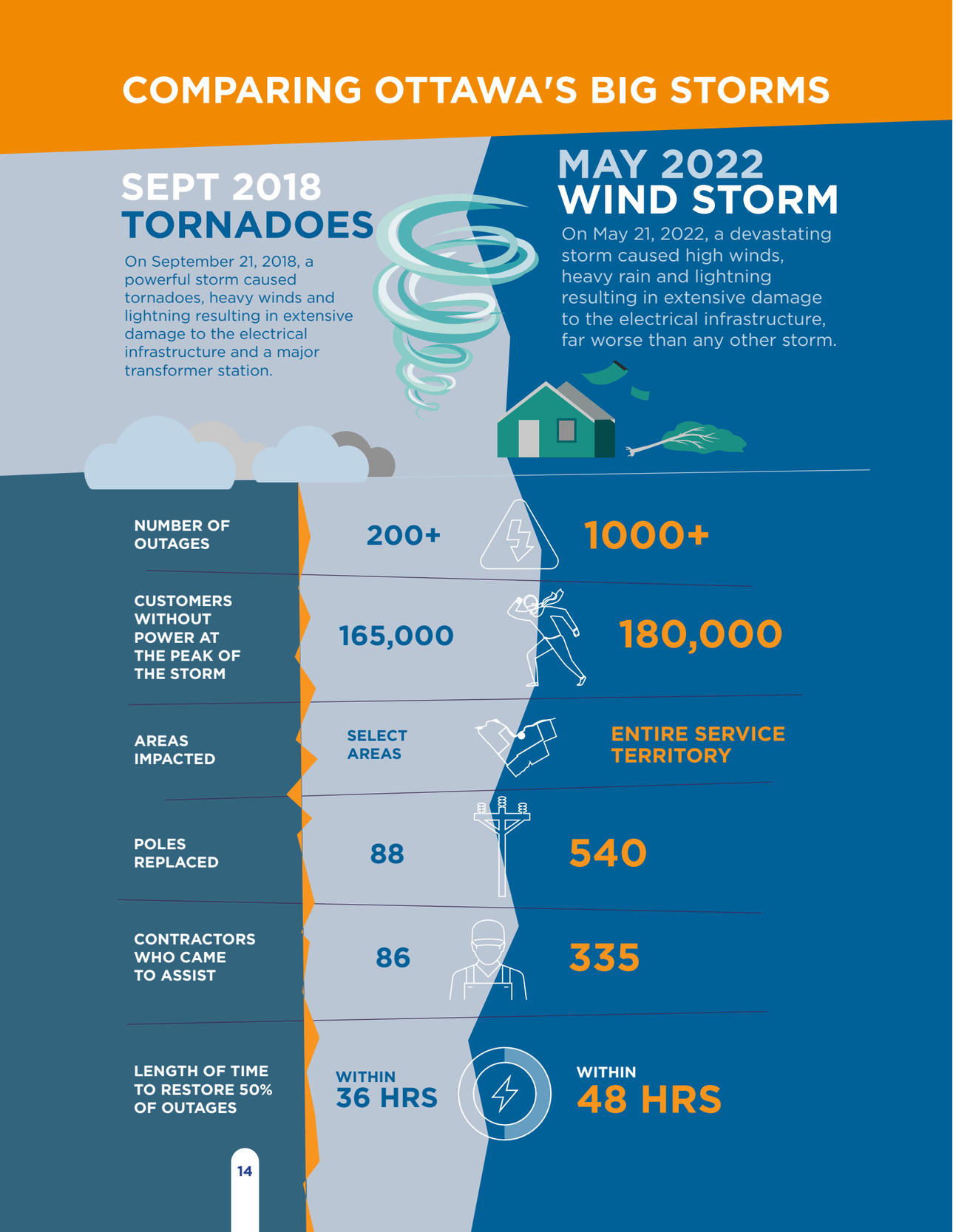
Most large repair projects are completed, restoring power to 90 per cent of affected customers

June 1

Power is restored to all customers except those with outstanding property/equipment damage

June 5

Power is restored to remaining customers



Lessons Learned

Hydro Ottawa's Business Continuity Management Program and supporting business continuity and incident management plans were strained due to the unprecedented nature, scope and duration of the May 2022 derecho. Since extreme weather events are occurring more frequently, we will review and enhance our plans to ensure they are scalable to events of this scope and duration.

Here's where we need to improve:

Future planning

Assumptions for future planning, design, construction and maintenance must expand to encompass the conditions experienced in this event.

Customer communication

Throughout this multi-day event, we struggled to effectively communicate estimated times of restoration and neighbourhood-specific information with customers due to the wide-spread damage, which is why we removed the outage map from our website. Recognizing that this was a critical concern for our customers, a review of our internal outage management systems and communication tools and strategies is underway in order to provide quicker and more reliable data on a continual basis moving forward.

System resilience

In addition to enhancing our storm-response capabilities, we must work to further harden our distribution system against storm damage, including, where feasible and where it makes financial sense, moving parts of our infrastructure underground.

Successes

Mutual Aid

We secured, mobilized and deployed 335 mutual-aid resources from neighbouring utilities and contractors.

Repair volume and speed

We completed the equivalent of four years of emergency asset replacements to our distribution system during the outage period.

Dedication, resilience and ingenuity

Teams worked long hours, and applied considerable ingenuity to resolving issues, and to expanding our response efforts to meet the demand of the situation.

Minimal injuries

Despite dynamic and evolving circumstances, we experienced only one medical aid injury to a contractor's employee.

Website performance

Between May 21 and June 2, 2022, our website had almost 600,000 unique visitors and 3.8 million page views.

Stakeholder communications

Daily public service announcements, memos to council and City media briefings; proactive and reactive media interviews; emails to business improvement areas and community associations; social media and website updates.

Successes

No work delays

Our procurement team ensured materials were brought in and available as needed to support all restoration efforts in spite of the long-weekend closures and existing global supply-chain issues.

24/7 fleet support

Mechanics were responsive to help with fleet-related breakdowns, including those impacting our contractors and mutual-aid crews.

Fueling efficiencies

Mobile night-time refueling of vehicles and generators ensured work staging remained and allowed crews to stay on site.

Waste-management efficiency

We provided refuse and debris bins directly to worksites for coordinated removal.

Equipment innovation

We sourced and used logging trucks and cranes creatively to handle, offload and deliver poles.

Taking care

Employees from across the organization were deployed on 720 trips to deliver 23,400 meals to worksites.

Strategic Priorities

1. OVERHEAD INFRASTRUCTURE

Hydro Ottawa has initiated plans to further storm-harden the distribution system. These plans include targeted infrastructure-hardening measures as part of the 2023 capital program, an update to the 2019 Distribution System Climate Risk and Vulnerability Assessment and the development of a Strategic Undergrounding Plan to enhance system resiliency.

2. DAMAGE ASSESSMENT

Hydro Ottawa will enhance integration of our damage assessment process and reports with our outage management system.

3. OUTAGE MANAGEMENT SYSTEM AND STORM MODE

Hydro Ottawa is establishing a process to support a systematic and simultaneous change across all systems and communication channels when “storm mode” is initiated.

4. OUTAGE MAP

Hydro Ottawa is conducting a comprehensive evaluation of the current outage map and needed features to best support customers across all scales of outages. We will implement an appropriate solution.

5. CUSTOMER-FACING TELEPHONY

Hydro Ottawa is implementing scalable telephony that leverages cloud-based technology to triage and process inbound calls to our outage centre. We will launch an SMS communication channel to support one-on-one outage reporting and restoration updates and are evaluating options to simplify outage reporting through both our website and mobile app.

6. ELECTRICITY EMERGENCY RESPONSE PLAN

Hydro Ottawa is conducting a comprehensive review and update to our Electricity Emergency Response Plan with specific considerations to ensure its scalability for large-scale, long-duration events. The review will include learnings and adaptations from the May 2022 derecho.

7. STAKEHOLDER COMMUNICATIONS

Hydro Ottawa will review and update our stakeholder communications plan to include learnings and adaptations made during the May 2022 derecho, as well as best practices used by utilities that regularly deal with large-scale weather events such as hurricanes.

8. SUPPLY CHAIN AND MATERIALS MANAGEMENT

Hydro Ottawa is conducting a thorough review of our supply chain and material management processes, including usage data from the storm. Our findings will inform our threshold inventory levels and the development of a supply-chain playbook for events of this scale.

9. BUSINESS CONTINUITY AND INCIDENT MANAGEMENT PLANS

Hydro Ottawa is reviewing and updating all business continuity and incident management plans to ensure they can scale for large-scope and long-duration events. We will be benchmarking against this storm response (e.g., city-wide impact, 500+ poles damaged, two-week response duration, mutual-aid resources required).

We will work with the City's emergency management team to review our role in the City's Emergency Operations Centre (EOC) during large-scale emergency events to ensure that we optimize communications protocols and channels with City departments, emergency services and other utilities, in support of both the restoration work, and the residents' needs.

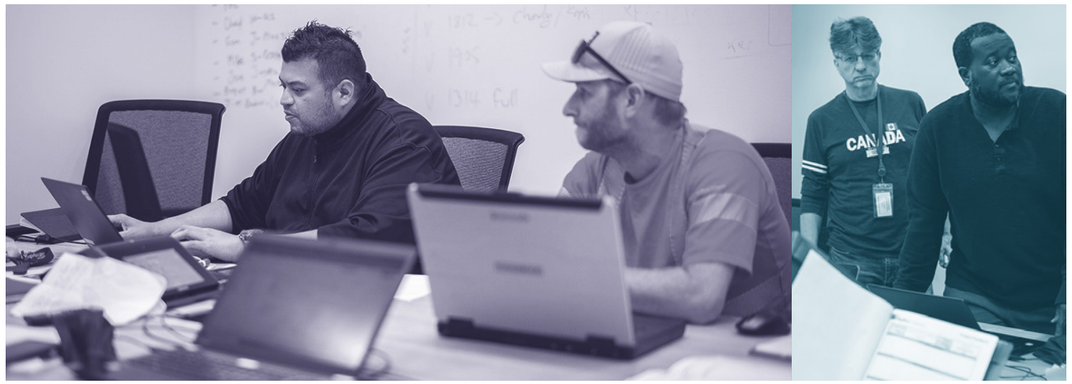
Conclusion

Adapting for the future.

Hydro Ottawa's emergency response plans are well executed and rooted in a strong foundation, as demonstrated by our day-to-day outage-response operations.

With an expected increase in more frequent and extreme weather events as a result of climate change, we're integrating learnings and focusing our efforts on both the grid and our emergency response plans to ensure scalability across our people, processes and technologies.

We're committed to keeping the lights on for our customers.



Appendix: Debrief Methodology

Debrief sessions were held during June 2022 with various divisions as well as the crisis management team, the crisis communications team and the incident command centre group. These sessions focused on identifying processes that worked well, gaps in processes and/or resources as well as opportunities for improvement.

Consultations and business continuity management program debriefs were conducted with the following:

- **Chief Information and Technology Officer Division:** infrastructure, grid technology, customer-facing technology
- **Chief Customer Officer Division:** external communications
- **Chief Electricity Distribution Officer Division:** internal contractor management team, distribution engineering and asset management team, system operations response, use of mutual aid/contractors
- **Chief Financial Officer Division:** facilities, fleet and fuel, supply chain, materials management
- **Chief Human Resources Officer Division:** human resources, safety, food, lodging
- **Executive Management Team**
- **Union Executive**

Some combined debriefs were then necessary to review the coordination among various divisions and/or groups. Information from these debriefs was consolidated and used to prepare this report.

ASSETS – PROPERTY PLANT & EQUIPMENT CONTINUITY SCHEDULE

1. INTRODUCTION

This Schedule provides information as required under section 2.2.1 of the *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications*, dated December 9, 2024 (Filing Requirements). In addition, the amounts for construction work-in-progress (CWIP) have also been provided. In accordance with the Filing Requirements, appended to this Schedule are the following Excel attachments:

- Attachment 2-2-1(A) - OEB Appendix 2-BA - 2021-2025 Fixed Asset Continuity Schedule
- Attachment 2-2-1(B) - OEB Appendix 2-BA - 2026-2030 Fixed Asset Continuity Schedule

2. GROSS ASSETS BY FUNCTION

Table 1 below provides Hydro Ottawa's Approved Gross Assets balance by function for the Historical Years 2021-2023 and Bridge Years 2024 and 2025. The gross and accumulated depreciation in Table 1 below were used to calculate the settled rate base amounts per the 2021-2025 Settlement Agreement.[1] Tables 2 and 3 below provide Hydro Ottawa's actual Gross Assets balance by function for the Historical Years 2021-2023, and forecasted Gross Assets balance for Bridge Years 2024 and 2025, and Test Years 2026-2030.

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

Table 1 – OEB Approved 2021-2025 - Gross Assets Breakdown by Function ($'000s)

Gross Assets	OEB - Approved				
	2021	2022	2023	2024	2025
Transmission Plant	$ 127,104	$ 152,716	$ 156,318	$ 161,747	$ 170,971
Distribution Plant	$ 1,041,959	$ 1,119,263	$ 1,182,682	$ 1,248,693	$ 1,329,616
General Plant	$ 338,415	$ 354,173	$ 361,251	$ 369,413	$ 395,865
Subtotal	**$ 1,507,478**	**$ 1,626,152**	**$ 1,700,252**	**$ 1,779,853**	**$ 1,896,452**
Less Other Non Rate-Regulated Utility Assets	-	-	-	-	-
Total PP&E for Rate Base Purposes	**$ 1,507,478**	**$ 1,626,152**	**$ 1,700,252**	**$ 1,779,853**	**$ 1,896,452**
CWIP	$ 43,711	$ 20,576	$ 30,756	$ 43,042	$ 18,802
Accumulated Depreciation	$ (324,639)	$ (377,881)	$ (433,247)	$ (490,428)	$ (551,211)
Total PP&E	**$ 1,226,551**	**$ 1,268,846**	**$ 1,297,760**	**$ 1,332,466**	**$ 1,364,043**

Table 2 – Historical and Bridge 2021-2025 Gross Assets Breakdown by Function ($'000s)[2]

Gross Assets	Historical			Bridge	
	2021	2022	2023	2024	2025
Transmission Plant	$ 138,228	$ 155,080	$ 157,256	$ 157,962	$ 165,969
Distribution Plant	$ 1,031,034	$ 1,119,178	$ 1,190,677	$ 1,311,500	$ 1,399,660
General Plant	$ 312,400	$ 345,577	$ 356,678	$ 352,797	$ 377,943
Sub-Total	**$ 1,481,663**	**$ 1,619,835**	**$ 1,704,612**	**$ 1,822,259**	**$ 1,943,572**
Less Other Non Rate-Regulated Utility Assets	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)
Total PP&E for Rate Base Purposes	**$ 1,469,459**	**$ 1,607,631**	**$ 1,692,408**	**$ 1,810,056**	**$ 1,931,368**
CWIP	$ 60,435	$ 28,360	$ 35,342	$ 51,302	$ 75,574
Accumulated Depreciation	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)	$ (545,380)
Total PP&E	**$ 1,209,109**	**$ 1,263,444**	**$ 1,300,796**	**$ 1,376,792**	**$ 1,461,563**

[2] Totals may not sum due to rounding.

Table 3 – Test Years 2026-2030 Gross Assets Breakdown by Function ($'000s)

Gross Assets	Test Years				
	2026	2027	2028	2029	2030
Transmission Plant	$ 189,385	$ 258,770	$ 324,428	$ 325,217	$ 326,028
Distribution Plant	$ 1,539,524	$ 1,702,987	$ 1,874,795	$ 2,022,277	$ 2,205,435
General Plant	$ 413,559	$ 452,274	$ 497,525	$ 538,272	$ 558,730
Sub-Total	**$ 2,142,467**	**$ 2,414,031**	**$ 2,696,748**	**$ 2,885,766**	**$ 3,090,193**
Less Other Non Rate-Regulated Utility Assets	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)
Total PP&E for Rate Base Purposes	**$ 2,130,263**	**$ 2,401,827**	**$ 2,684,544**	**$ 2,873,562**	**$ 3,077,989**
CWIP	$ 131,106	$ 113,807	$ 42,021	$ 80,929	$ 91,698
Accumulated Depreciation	$ (610,419)	$ (681,734)	$ (759,398)	$ (842,230)	$ (930,124)
Total PP&E	**$ 1,650,950**	**$ 1,833,900**	**$ 1,967,167**	**$ 2,112,261**	**$ 2,239,562**

For detailed Fixed Asset Continuity Schedules for the years 2021-2025 and 2026-2030, please see Excel Attachments 2-2-1(A) - OEB Appendix 2-BA - 2021-2025 Fixed Asset Continuity Schedule and 2-2-1(B) - OEB Appendix 2-BA - 2026-2030 Fixed Asset Continuity Schedule. Please note the following two items related to the Fixed Asset Continuity Schedules:

- Hydro One Networks Inc. (Hydro One) actual construction costs related to the Cambrian Connection Cost Recovery Agreement (CCRA) were lower than the budgeted and invoiced amounts, leading to a refund received in 2023 of $5.7M. Hydro Ottawa had already added these costs to the asset's value based on actual payments to Hydro One when the completed line extensions were finished in 2021 and 2022. A refund for the overpayment was received by Hydro Ottawa in 2023, which reduced its asset cost base in OEB Account 1609 and is presented in the 'Asset Cost Disposals' column (which reflects reductions in asset value) in Attachment 2-2-1(A) - 2021-2025 Fixed Asset Continuity Schedule for 2023.

- In 2024 Hydro Ottawa undertook a review of its assets in OEB Accounts 1808 Buildings and Fixtures (Distribution Plant) and 1908 Buildings and Fixtures (General Plant) and identified a group of assets in Account 1908 that should have been classified in Account 1808. The transfers of asset costs and accumulated depreciation balances were completed in 2024 and are included in the asset cost additions and accumulated depreciation additions columns in Attachment 2-2-1(A) - OEB Appendix 2-BA Fixed Asset Continuity Schedule for 2024. Asset cost transfers totaled $27.3M, and asset accumulated depreciation transfers totaled $5.1M.

3. GROSS ASSETS BY MAJOR PLANT ACCOUNT

Table 4 provides Gross Assets balance by major plant account for each functionalized plant item, for Historical Years 2021-2023 and for Bridge Years 2024 and 2025.

Table 4 – 2021-2025 Gross Assets Breakdown by Major Plant Account Organized by Uniform System of Account ($'000s)

USofA	Description	Historical			Bridge	
		2021	2022	2023	2024	2025
1815	Transformer Station Equipment >50 kV	$ 138,228	$ 155,080	$ 157,256	$ 157,962	$ 165,969
Subtotal Transmission Plant		**$ 138,228**	**$ 155,080**	**$ 157,256**	**$ 157,962**	**$ 165,969**
1612	Land Rights	$ 2,731	$ 3,239	$ 3,239	$ 3,264	$ 3,289
1805	Land	$ 4,847	$ 4,847	$ 4,833	$ 10,503	$ 17,630
1808	Buildings	$ 37,561	$ 37,890	$ 37,955	$ 65,306	$ 74,900
1820	Distribution Station Equipment <50 kV	$ 132,117	$ 137,929	$ 147,685	$ 149,928	$ 150,843
1830	Poles, Towers & Fixtures	$ 154,149	$ 169,863	$ 181,005	$ 194,330	$ 208,784
1835	Overhead Conductors & Devices	$ 145,459	$ 156,265	$ 163,678	$ 176,284	$ 189,332
1840	Underground Conduit	$ 310,590	$ 350,350	$ 391,669	$ 449,745	$ 495,971
1845	Underground Conductors & Devices	$ 213,938	$ 233,255	$ 251,147	$ 278,495	$ 299,007
1850	Line Transformers	$ 113,433	$ 123,930	$ 135,537	$ 147,239	$ 158,646
1855	Services (Overhead & Underground)	$ 80,484	$ 88,045	$ 92,944	$ 100,837	$ 107,784
1860	Meters	$ 54,980	$ 57,699	$ 62,424	$ 70,494	$ 77,472
1970	Load Management Controls Customer Premises	-	-	-	-	-
1975	Load Management Controls Utility Premises	-	-	-	-	-
1980	System Supervisor Equipment	$ 19,059	$ 22,188	$ 22,927	$ 25,476	$ 26,831
1985	Sentinel Lighting Rental Units	$ 1	$ 1	$ 1	$ 1	$ 1
2440	Deferred Revenue	$ (238,313)	$ (266,323)	$ (304,366)	$ (360,402)	$ (410,831)
Subtotal Distribution Plant		**$ 1,031,034**	**$ 1,119,178**	**$ 1,190,677**	**$ 1,311,500**	**$ 1,399,660**
1609	Capital Contributions Paid	$ 63,655	$ 83,893	$ 79,137	$ 80,640	$ 80,640
1611	Computer Software	$ 74,988	$ 79,767	$ 86,031	$ 95,711	$ 102,758

USofA	Description	Historical			Bridge	
		2021	2022	2023	2024	2025
1905	Land	$ 19,740	$ 19,740	$ 19,740	$ 19,740	$ 19,740
1908	Buildings & Fixtures	$ 95,956	$ 97,473	$ 100,222	$ 75,733	$ 76,240
1915	Office Furniture and Equipment	$ 4,392	$ 4,477	$ 4,512	$ 4,688	$ 4,865
1920	Computer Equipment - Hardware	$ 11,393	$ 13,783	$ 15,970	$ 21,556	$ 34,035
1930	Transportation Equipment	$ 20,328	$ 23,734	$ 27,883	$ 30,286	$ 33,924
1935	Stores Equipment	$ 669	$ 697	$ 697	$ 697	$ 697
1940	Tools, Shop & Garage Equipment	$ 5,214	$ 5,777	$ 6,171	$ 6,845	$ 7,419
1945	Measurement & Testing Equipment	$ 209	$ 209	$ 209	$ 209	$ 209
1950	Power Operated Equipment	$ 1,330	$ 1,252	$ 1,252	$ 1,461	$ 1,421
1955	Communications Equipment	$ 14,329	$ 14,575	$ 14,654	$ 15,031	$ 15,794
1960	Miscellaneous Equipment	$ 199	$ 201	$ 201	$ 201	$ 201
Subtotal General Plant		**$ 312,400**	**$ 345,577**	**$ 356,678**	**$ 352,797**	**$ 377,943**
Subtotal		**$ 1,481,663**	**$ 1,619,835**	**$ 1,704,612**	**$ 1,822,259**	**$ 1,943,572**
Less Other Non Rate-Regulated Utility Assets		$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)
Total PP&E For Rate Base Purposes		**$ 1,469,459**	**$ 1,607,631**	**$ 1,692,408**	**$ 1,810,056**	**$ 1,931,368**
2055	Construction Work-in-Progress	$ 60,435	$ 28,360	$ 35,342	$ 51,302	$ 75,574
	Accumulated Depreciation	$ (320,785)	$ (372,547)	$ (426,954)	$ (484,565)	$ (545,380)
Total PP&E		**$ 1,209,109**	**$ 1,263,444**	**$ 1,300,796**	**$ 1,376,792**	**$ 1,461,563**

Table 5 below provides Gross Assets balance by major plant account for each functionalized plant item for Test Years 2026-2030.

Table 5 – 2026-2030 Gross Assets Breakdown by Major Plant Account Organized by Uniform System of Account ($'000s)

USofA	Description	Test years				
		2026	2027	2028	2029	2030
1815	Transformer Station Equipment >50 kV	$ 189,385	$ 258,770	$ 324,428	$ 325,217	$ 326,028
Subtotal Transmission Plant		**$ 189,385**	**$ 258,770**	**$ 324,428**	**$ 325,217**	**$ 326,028**
1612	Land Rights	$ 3,289	$ 3,289	$ 3,289	$ 3,289	$ 3,289
1805	Land	$ 17,630	$ 17,836	$ 23,576	$ 24,183	$ 25,400
1808	Buildings	$ 79,218	$ 98,695	$ 111,837	$ 113,537	$ 115,010
1820	Distribution Station Equipment <50 kV	$ 161,137	$ 178,995	$ 191,406	$ 191,708	$ 201,862
1825	Storage Battery Equipment	$ 2,400	$ 7,020	$ 14,927	$ 24,368	$ 41,120
1830	Poles, Towers & Fixtures	$ 232,472	$ 260,765	$ 284,342	$ 304,848	$ 327,138
1835	Overhead Conductors & Devices	$ 215,406	$ 247,354	$ 274,232	$ 299,258	$ 325,024
1840	Underground Conduit	$ 553,545	$ 625,637	$ 691,910	$ 755,591	$ 834,575
1845	Underground Conductors & Devices	$ 325,060	$ 356,129	$ 389,395	$ 420,220	$ 460,129
1850	Line Transformers	$ 172,901	$ 186,701	$ 200,545	$ 215,219	$ 231,440
1855	Services (Overhead & Underground)	$ 114,510	$ 121,875	$ 129,173	$ 136,532	$ 144,338
1860	Meters	$ 92,170	$ 107,236	$ 123,779	$ 142,764	$ 162,769
1970	Load Management Controls Customer Premises	-	-	-	-	-
1975	Load Management Controls Utility Premises	-	-	-	-	-
1980	System Supervisor Equipment	$ 31,115	$ 35,247	$ 38,228	$ 40,054	$ 42,382
1985	Sentinel Lighting Rental Units	$ 1	$ 1	$ 1	$ 1	$ 1
2440	Deferred Revenue	$ (461,330)	$ (543,792)	$ (601,843)	$ (649,295)	$ (709,042)
Subtotal Distribution Plant		**$ 1,539,524**	**$ 1,702,987**	**$ 1,874,795**	**$ 2,022,277**	**$ 2,205,435**
1609	Capital Contributions Paid	$ 88,337	$ 95,979	$ 106,587	$ 123,602	$ 124,626

USofA	Description	Test years				
		2026	2027	2028	2029	2030
1611	Computer Software	$ 112,452	$ 123,040	$ 134,738	$ 143,180	$ 148,917
1905	Land	$ 19,740	$ 19,740	$ 19,740	$ 19,740	$ 19,740
1908	Buildings & Fixtures	$ 77,952	$ 80,420	$ 83,612	$ 87,958	$ 95,860
1915	Office Furniture and Equipment	$ 4,865	$ 4,865	$ 4,865	$ 4,865	$ 4,865
1920	Computer Equipment - Hardware	$ 35,940	$ 37,123	$ 38,946	$ 42,346	$ 45,077
1930	Transportation Equipment	$ 44,221	$ 55,561	$ 65,758	$ 68,290	$ 67,943
1935	Stores Equipment	$ 697	$ 697	$ 697	$ 697	$ 697
1940	Tools, Shop & Garage Equipment	$ 8,246	$ 9,092	$ 9,956	$ 10,838	$ 11,739
1945	Measurement & Testing Equipment	$ 359	$ 359	$ 359	$ 359	$ 359
1950	Power Operated Equipment	$ 2,701	$ 5,046	$ 5,465	$ 5,426	$ 5,387
1955	Communications Equipment	$ 17,596	$ 19,790	$ 26,218	$ 30,387	$ 32,635
1960	Miscellaneous Equipment	$ 453	$ 564	$ 584	$ 584	$ 886
Subtotal General Plant		**$ 413,559**	**$ 452,274**	**$ 497,525**	**$ 538,272**	**$ 558,730**
Subtotal		**$ 2,142,467**	**$ 2,414,031**	**$ 2,696,748**	**$ 2,885,766**	**$ 3,090,193**
Less Other Non Rate-Regulated Utility Assets		$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)	$ (12,204)
Total PP&E For Rate Base Purposes		**$ 2,130,263**	**$ 2,401,827**	**$ 2,684,544**	**$ 2,873,562**	**$ 3,077,989**
2055	Construction Work-in-Progress	$ 131,106	$ 113,807	$ 42,021	$ 80,929	$ 91,698
	Accumulated Depreciation	$ (610,419)	$ (681,734)	$ (759,398)	$ (842,230)	$ (930,124)
Total PP&E		**$ 1,650,950**	**$ 1,833,900**	**$ 1,967,167**	**$ 2,112,261**	**$ 2,239,562**

4. RECONCILIATION OF APPENDIX 2-BA and 2-AB

Table 6 below reconciles the annual capital additions for Rate Base Purposes and the annual change in Construction Work in Progress (CWIP) in Appendix 2-BA with the annual capital

spending in Appendix 2-AB. This reconciliation covers the Historical and Bridge Years 2022 and 2023.

NEW - Table 6 - Reconciliation of Appendix 2-BA and 2-AB ($'000s)

	2022	2023
Capital Additions per App 2-BA	$ 142,546	$ 86,810
Change in CWIP	$ (32,076)	$ 6,982
Sub-Total	**$ 110,471**	**$ 93,792**
Capital Spending per App 2-AB	$ 110,278	$ 93,984
Difference	**$ 192**	**$ (192)**

Reconciliation Analysis

- In 2022, Non Distribution Other Utility Plant Assets addition totaling $192K (US of A 2070) were erroneously included as Rate-Regulated Utility Assets as part of the OEB's Reporting and Record keeping Requirements, and this is reflected in additions in Appendix 2-BA. In 2023, these assets and related depreciation were corrected and were removed from Rate-Regulated Utility Assets in Appendix 2-BA.

Attachment 2-2-1(A) - OEB Appendix 2-BA - 2021-2025 Fixed Asset Continuity Schedule

(Refer to the attachment in Excel format)

Attachment 2-2-1(B) - OEB Appendix 2-BA - 2026-2030 Fixed Asset Continuity Schedule

(Refer to the attachment in Excel format)

WORKING CAPITAL REQUIREMENT

1. INTRODUCTION

This Schedule provides a summary of the Working Capital Requirement for the Historical 2021-2023, Bridge Years 2024 and 2025 and the proposed Test Years 2026-2030.

Table 1 summarizes the 2021-2025 OEB-approved working capital allowance (WCA), as per the Approved Settlement Agreement governing Hydro Ottawa's 2021-2025 rate term.[1] The values for 2022-2025 include annual adjustments using the OEB inflation factor for each applicable year and are as approved by the OEB. The 2021-2025 OEB-approved power supply expenses do not factor in the amounts for Ontario Electricity Rebate (OER).

Table 1 – OEB-Approved Working Capital Allowance 2021-2025 ($'000s)

	Approved				
	2021	**2022**	**2023**	**2024**	**2025**
Power Supply Expenses	$ 1,048,856	$ 1,083,468	$ 1,123,556	$ 1,177,487	$ 1,219,877
OM&A Expenses	$ 90,600	$ 93,590	$ 97,053	$ 101,711	$ 105,373
Total Expenses for Working Capital	$ 1,139,456	$ 1,177,058	$ 1,220,609	$ 1,279,198	$ 1,325,250
Working Capital %	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL WCA	**$ 85,459**	**$ 88,279**	**$ 91,546**	**$ 95,940**	**$ 99,394**

[1] Hydro Ottawa Limited, *2021-2025 Custom Incentive Rate-Setting Approved Agreement,* EB-2019-0261 (September 18, 2020), page 19.

Table 2 below provides the Historical and Bridge Year WCA amounts for 2021-2025.

Table 2 AS ORIGINALLY SUBMITTED – Working Capital Allowance 2021-2025 ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
Power Supply Expenses	$ 858,376	$ 852,835	$ 845,992	$ 871,246	$ 884,398
OM&A Expenses	$ 84,737	$ 100,536	$ 112,778	$ 114,280	$ 117,882
Total Expenses for Working Capital	$ 943,113	$ 953,371	$ 958,770	$ 985,526	$ 1,002,280
Working Capital %	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL WCA	**$ 70,733**	**$ 71,503**	**$ 71,908**	**$ 73,914**	**$ 75,171**

Table 2 UPDATED JUNE 4, 2025 – Working Capital Allowance 2021-2025 ($'000s)

	Historical Years			Bridge Years	
	2021	2022	2023	2024	2025
Power Supply Expenses	$ 858,376	$ 852,835	$ 845,992	$ 871,246	$ 884,398
OM&A Expenses	$ 84,737	$ 100,536	$ 112,778	$ 115,320	$ 118,922
Total Expenses for Working Capital	$ 943,113	$ 953,371	$ 958,770	$ 986,566	$ 1,003,320
Working Capital %	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL WCA	**$ 70,733**	**$ 71,503**	**$ 71,908**	**$ 73,992**	**$ 75,249**

Table 3 below provides a summary of Hydro Ottawa's proposed WCA for 2026-2030.

Table 3 – Proposed Working Capital Allowance 2026-2030 ($'000s)

	Test Years				
	2026	**2027**	**2028**	**2029**	**2030**
Power Supply Expenses	$ 920,527	$ 942,546	$ 970,565	$ 997,399	$ 1,024,647
OM&A Expenses	$ 140,010	$ 147,473	$ 155,333	$ 163,613	$ 172,333
Total Expenses for Working Capital	$ 1,060,537	$ 1,090,019	$ 1,125,898	$ 1,161,011	$ 1,196,980
Working Capital %	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL WCA	**$ 79,540**	**$ 81,751**	**$ 84,442**	**$ 87,076**	**$ 89,773**

2. WORKING CAPITAL PERCENTAGE

As part of the Chapter 2 *Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications*, dated December 9, 2024 (Filing Requirements), distributors have the ability to propose a working capital percentage by either using the OEB default allowance of 7.5% or file a lead/lag study. Hydro Ottawa has opted to use the OEB default working capital percentage of 7.5% in calculating its working capital in Table 3. This approach is consistent with what was approved as part of Hydro Ottawa's 2021-2025 rate application.

Hydro Ottawa's OEB-approved 2021-2025 WCA percentages are shown in Table 1 above. The OEB's default WCA percentage of 7.5%, as detailed in Table 3, was incorporated into Schedule 2-1-1 - Rate Base Overview for the 2026-2030 working capital requirement in Hydro Ottawa's 2026-2030 rate base. This percentage was also included in the revenue requirements and presented in Schedule 6-1-1 - Revenue Requirement and Revenue Deficiency or Sufficiency.

3. OPERATIONS, MAINTENANCE AND ADMINISTRATION

In Table 3, the Operations, Maintenance and Administration (OM&A) expense used in the WCA aligns with the proposed 2026 Test Year OM&A detailed in Schedule 4-1-1 - Operations, Maintenance and Administration Summary. For 2027-2030, Hydro Ottawa proposes the OM&A incorporated in WCA be escalated by the inflation (I) and growth factor (G), without the

adjustment for productivity (X). For more details on Hydro Ottawa's proposed custom rate framework, please refer to Schedule 1-3-1 - Rate Setting Framework.

4. CALCULATION OF COMMODITY AND COST OF POWER EXPENSE

The billing determinants underpinning the estimated Power Supply Expense use the forecasted monthly purchased kWh and peak kW produced by the revenue load forecast described in Schedule 3-1-1 - Revenue Load and Customer Forecast. The Test Years calculation for commodity expense and cost of power is detailed in Appendix 2-Z, in the following Excel Attachments:

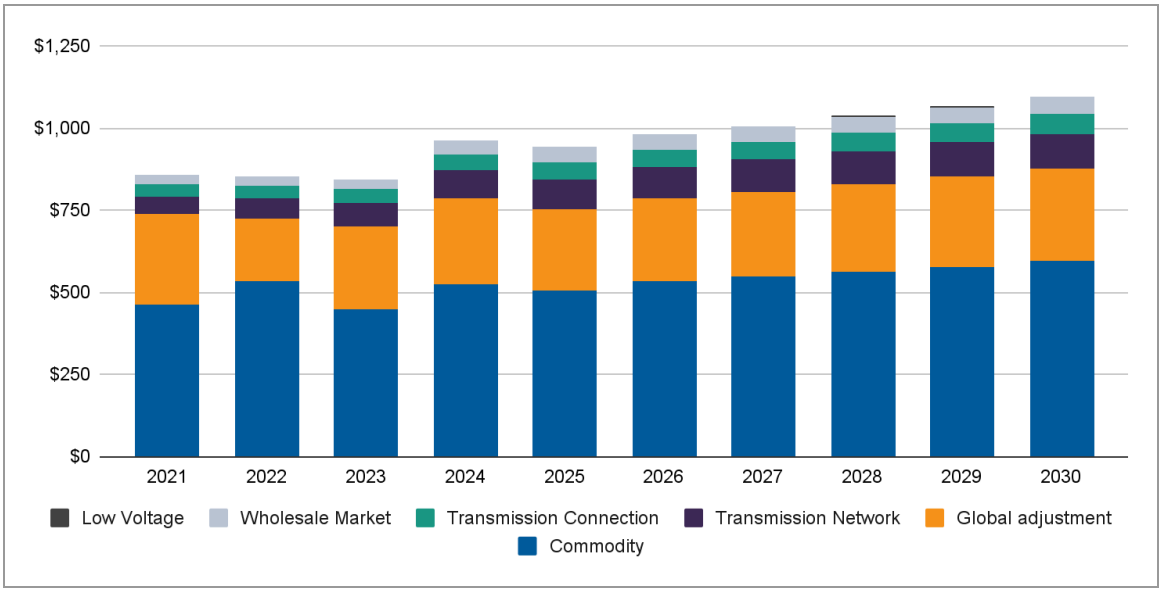
- Attachment 2-3-1(A) OEB Appendix 2-Z - 2026 Commodity Expense
- Attachment 2-3-1(B) OEB Appendix 2-Z - 2027 Commodity Expense
- Attachment 2-3-1(C) OEB Appendix 2-Z - 2028 Commodity Expense
- Attachment 2-3-1(D) OEB Appendix 2-Z - 2029 Commodity Expense
- Attachment 2-3-1(E) OEB Appendix 2-Z - 2030 Commodity Expense

Table 4 – Summary of Estimated Annual Cost of Power Expenses 2026-2030 ($'000s)

	Test Years				
	2026	**2027**	**2028**	**2029**	**2030**
Commodity	$ 787,047	$ 805,932	$ 830,311	$ 852,779	$ 875,948
Wholesale Market	$ 46,953	$ 47,878	$ 49,113	$ 50,218	$ 51,331
Transmission Network	$ 95,001	$ 97,517	$ 100,297	$ 103,467	$ 106,617
Transmission Connection	$ 53,225	$ 54,636	$ 56,193	$ 57,970	$ 59,734
Smart Meter Entity Charge	$ 1,886	$ 1,905	$ 1,969	$ 2,035	$ 2,102
Low Voltage	$ 457	$ 471	$ 483	$ 496	$ 510
OER Credit	$ (64,042)	$ (65,794)	$ (67,800)	$ (69,566)	$ (71,595)
TOTAL	**$ 920,527**	**$ 942,546**	**$ 970,565**	**$ 997,399**	**$ 1,024,647**

Figure 1 below illustrates Hydro Ottawa's annual cost of power expense from 2021-2030. Annual amounts from 2021-2023 are Historical, 2024-2025 are Bridge Years, and 2026-2030 have been forecasted using Appendix 2-Z and as described in the subsections of this Schedule.

Figure 1 – Cost of Power Expense 2021-2030 ($'000 000s)[2]



4.1. COMMODITY EXPENSE AND GLOBAL ADJUSTMENT

As per Section 2.2.5 of the Filing Requirements, Hydro Ottawa has completed Appendix 2-Z - Commodity Expense for 2026-2030.

Hydro Ottawa has used the 2023 Actual kWh and split each class by Regulated Price Plan (RPP) and non-RPP Class A and Class B customers to determine the percentage shares for the forecasted commodity and cost of power expense. The RPP Supply Cost Summary from the OEB's most recent RPP Report has been used to determine the 2025 forecast commodity price. [3] For 2026-2030 a 2.1% inflationary increase has been applied to determine the estimated RPP, Global Adjustment (GA) and Hourly Ontario Energy Price (HOEP), as described below. As noted in the most recent RPP Report,[4] the impact of the IESO's Market Renewal Program (MRP) is currently unknown. Hydro Ottawa has not factored MRP into the Test Years expense.

[2] Figure does not include Ontario Electricity Rebate amounts.
[3] Ontario Energy Board, *Regulated Price Plan Report November 1, 2024 to October 21, 2025,* (October 18, 2024).
[4] Ontario Energy Board, *Regulated Price Plan Report November 1, 2024 to October 31, 2025,* (October 18, 2024), Pages 1-2.

4.1.1. Estimated RPP Price

The commodity price for RPP customers was calculated by using the OEB's RPP Report. The 2025 RPP Rate of $99.38/MWh[5] was multiplied by a yearly inflationary factor of 2.1% to estimate the yearly RPP commodity price for 2026-2030. In addition, the annual commodity price includes an additional $1/MWh to forecast commodity price adjustments.

Table 5 – Estimated RPP Price ($/kWh)

2025	2026	2027	2028	2029	2030
$ 0.09937	$ 0.10545	$ 0.10764	$ 0.10988	$ 0.11217	$ 0.11450

4.1.2. Estimated Global Adjustment

For Class B kWh the most recent GA rate of $66.64/MWh from the OEB's RPP Report was multiplied by an annual inflationary factor of 2.1% to arrive at a yearly GA Class B rate for 2026-2030. Please see Table 6 below for the yearly rates. The Class A GA rate is based on the average $ per kWh derived from 2023 Historical Class A kWh and Class A GA expense. The 2023 rate of $51.12/MWh was multiplied by a yearly inflationary factor of 2.1% to estimate the yearly GA Class A price for 2026-2030. Please see Table 7 for yearly rates.

Table 6 – Estimated Global Adjustment Price - Class B ($/kWh)

2025	2026	2027	2028	2029	2030
$ 0.06664	$ 0.06804	$ 0.06947	$ 0.07093	$ 0.07242	$ 0.07394

Table 7 – Estimated Global Adjustment Price - Class A ($/kWh)

2025	2026	2027	2028	2029	2030
$ 0.05330	$ 0.05440	$ 0.05550	$ 0.05670	$ 0.05790	$ 0.05910

[5] Ibid, Page 3.

4.1.3. Estimated Hourly Energy Price (HOEP)

For 2026-2030, the estimated HOEP rate has been calculated by taking the estimated annual Average Supply Cost for RPP customers and subtracting the annual estimated GA and adjustment to address bias towards unfavourable variance. Table 8 identifies the estimated HOEP prices for 2026-2030.

Table 8 – Estimated HOEP ($/kWh)

2025	2026	2027	2028	2029	2030
$ 0.03566	$ 0.03641	$ 0.03717	$ 0.03795	$ 0.03875	$ 0.03956

4.2. WHOLESALE EXPENSE

The 2026 Wholesale Market Charge (WMC) is calculated by multiplying the total kWh purchased by the 2025 approved rate of $0.0041/kWh.[6] For years 2027-2030 the WMC rate is inflated by 2.1% annually.

4.2.1. Class A & B Capacity Based Recovery

The Class A Capacity Based Recovery (CBR) rate is calculated by dividing the 2023 Historical Class A CBR expense by 2023 Class A kWh. The calculated rate of $0.0004/kWh has been used for all years. The 2025 approved Class B CBR rate of $0.0004/kWh[7] is used to estimate the annual expense for 2026-2030.

4.2.2. Rural Remote Rate Protection

The Rural Remote Rate Protection (RRRP) Charge is calculated by multiplying the total kWh purchased by the 2025 approved rate of $0.0015/kWh[8] for all years.

[6] Ontario Energy Board, *Wholesale Market Services Rate and the Rural or Remote Electricity Rate Protection Charge Decision and Order for January 1, 2025*, EB-2024-0282 (December 10, 2024), Page 9.
[7] Ibid.
[8] Ibid.

4.3. TRANSMISSION EXPENSE

The forecasted kW monthly coincident peak from the revenue load and customer forecast is multiplied by 2023 Historical percentages for each transmission charge to establish the kWs for those charges. Table 9 below outlines the yearly rates calculated for Hydro One Networks Inc. (Hydro One) Retail Transmission Service Rates (RTSRs) and Uniform Transmission Rates (UTRs).

Table 9 – Retail Transmission Service & Uniform Transmission Rates ($/kW)

	2025	2026	2027	2028	2029	2030
RTSR - Network Service	$ 5.3280	$ 5.5054	$ 5.6172	$ 5.7352	$ 5.8556	$ 5.9786
RTSR - Line Connection Rate	$ 0.6882	$ 0.7111	$ 0.7255	$ 0.7407	$ 0.7563	$ 0.7722
RTSR - Transformation Connection Service Rate	$ 3.4894	$ 3.6056	$ 3.6788	$ 3.7561	$ 3.8350	$ 3.9155
UTRs - Network	$ 6.37	$ 6.58	$ 6.72	$ 6.86	$ 7.00	$ 7.15
UTRs - Line Connection	$ 1.00	$ 1.03	$ 1.05	$ 1.08	$ 1.10	$ 1.12
UTRs - Transformation Connection	$ 3.39	$ 3.50	$ 3.57	$ 3.65	$ 3.73	$ 3.80

4.3.1. HONI Transmission Rates

For 2026-2027 Hydro Ottawa has increased the 2025 OEB-approved[9] Hydro One Sub-Transmission RTSRs using the Transmission Custom Revenue Cap Index (RCI) method, as detailed in Hydro One's most recent Custom IR Transmission and Distribution Rate Application.[10] For 2028-2030 the transmission rates have been inflated by 2.1% annually.

[9] Ontario Energy Board, *Hydro One Networks Electricity Distribution Rates and other Charges beginning January 1, 2025, Decision and Order*, EB-2024-0032 (December 19, 2024), Schedule A, page 11
[10] Hydro One Networks Inc., *2023-2027 Custom Incentive Rate-setting Approved Settlement Agreement,* EB-2021-0110 (November 16, 2022), page 6.

4.3.2. Uniform Transmission Rates (UTRs)

For 2026 and 2027, the 2025 Approved UTRs[11] have been inflated by the Transmission RCI. Hydro Ottawa has increased the transmission rates for 2028-2030 based on a 2.1% inflationary factor.

4.4. LOW VOLTAGE (LV) CHARGES

To estimate the expense for 2026-2030, the forecasted kW monthly coincident peak is multiplied by Historical percentages of low voltage charges. Hydro Ottawa has adjusted the annual rates by the Distribution RCI method[12] as described in Hydro One's most recent application for 2026-2027 and applied a 2.1% inflationary factor for 2028-2030. Annual estimated LV expense is divided by total annual system unadjusted kWh to derive the $ per kWh rate. The yearly per kWh rates calculated are outlined in Table 10.

Table 10 – Low Voltage Charges ($/kWh)

	2025	2026	2027	2028	2029	2030
Low Voltage	$ 0.000059	$ 0.000061	$ 0.000063	$ 0.000064	$ 0.000065	$ 0.000067

4.5. SMART METERING ENTITY CHARGE

On September 8, 2022, the OEB approved a Smart Metering Entity charge of $0.42 per Residential and General Service <50 kW customer per month for the period January 1, 2023 to December 31, 2027.[13] This rate has been used for 2026-2027, with 2.1% adjustment for inflation annually for 2028-2030. Hydro Ottawa has used the monthly average load forecast count for Residential and General Service <50 kW customers to calculate the annual expense. Please refer to Schedule 3-1-1 - Revenue Load and Customer Forecast for 2026-2030 average number of customers by class.

[11] Ontario Energy Board, *2025 Uniform Transmission Rates Decision and Order*, EB-2024-0244 (January 21,2025), Schedule A.
[12] Hydro One Networks Inc., *2023-2027 Custom Incentive Rate-setting Approved Settlement Agreement,* EB-2021-0110 (November 16, 2022), page 8.
[13] Ontario Energy Board, Independent Electricity System Operator, Smart Metering Charge *Decision and Order for the years 2023 to 2027*, EB-2022-0137 (September 8, 2022), page 3.

4.6. ONTARIO ELECTRICITY REBATE CREDIT

For 2026-2030, yearly cost of power expenses related to RPP kWh and customers have been reduced by the current OER credit of 13.1%.

Attachment 2-3-1(A) - OEB Appendix 2-Z - 2026 Commodity Expense

(Refer to the attachment in Excel format)

Attachment 2-3-1(B) - OEB Appendix 2-Z - 2027 Commodity Expense

(Refer to the attachment in Excel format)

Attachment 2-3-1(C) - OEB Appendix 2-Z - 2028 Commodity Expense

(Refer to the attachment in Excel format)

Attachment 2-3-1(D) - OEB Appendix 2-Z - 2029 Commodity Expense

(Refer to the attachment in Excel format)

Attachment 2-3-1(E) - OEB Appendix 2-Z - 2030 Commodity Expense

(Refer to the attachment in Excel format)

CAPITAL EXPENDITURE SUMMARY

In accordance with the *Chapter 2 and Chapter 5 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications,* dated December 9, 2024, Hydro Ottawa has filed a consolidated Distribution System Plan (DSP) as Tab 2-5, specifically Schedules 2-5-1 through 2-5-9.

The nine schedules within the DSP Tab are:

- Schedule 2-5-1 - Distribution System Plan Overview;
- Schedule 2-5-2 - Coordinated Planning with Third Parties;
- Schedule 2-5-3 - Performance Measurement for Continuous Improvement;
- Schedule 2-5-4 - Asset Management Process;
- Schedule 2-5-5 - Capital Expenditure Plan;
- Schedule 2-5-6 - System Access Investments;
- Schedule 2-5-7 - System Renewal Investments;
- Schedule 2-5-8 - System Service Investments; and
- Schedule 2-5-9 - General Plant Investments.

Figure 1 shows annual capital expenditures for both the historic and forecast periods.

Figure 1 – Summary of 2021-2030 Annual Capital Expenditures ($'000,000s)

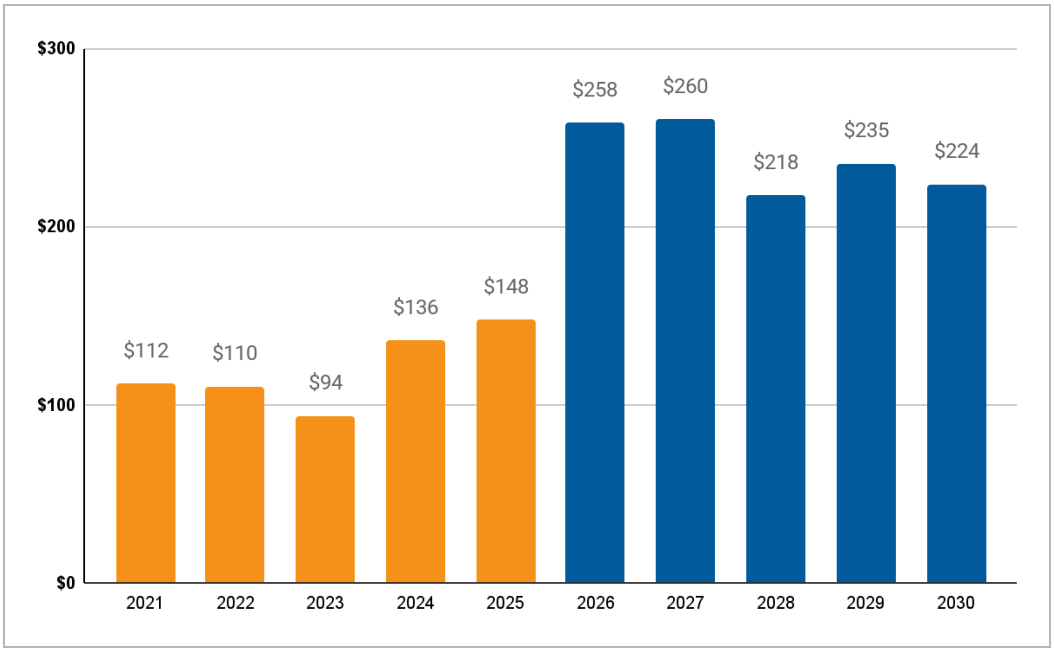


Table 1 below provides a summary of the expenditures for 2021-2025 for the Historical and Bridge years by Investment Category.

Table 1 – 2021-2025 Capital Expenditures ($'000 000s)

Investment Category	Historical Years			Bridge Years		Average
	2021	2022	2023	2024	2025	2021-2025
System Access	$ 47.7	$ 47.1	$ 53.4	$ 68.7	$ 75.8	$ 58.5
System Renewal	$ 43.3	$ 65.5	$ 40.3	$ 42.3	$ 41.0	$ 46.5
System Service	$ 24.0	$ 13.8	$ 16.6	$ 47.2	$ 59.5	$ 32.2
General Plant	$ 23.7	$ 11.4	$ 12.9	$ 15.2	$ 13.1	$ 15.3
Capital Contributions	$ (26.5)	$ (27.5)	$ (29.1)	$ (37.3)	$ (41.5)	$ (32.4)
TOTAL	**$ 112.1**	**$ 110.3**	**$ 94.0**	**$ 136.1**	**$ 147.9**	**$ 120.1**

Table 2 provides a summary of the expenditures for the 2026-2030 test years by Investment Category.

Table 2 – Summary of 2026-2030 Capital Expenditures ($'000 000s)

Investment Category	Test Years					Average
	2026	2027	2028	2029	2030	2026-2030
System Access	$ 86.2	$ 78.7	$ 66.2	$ 67.0	$ 71.5	$ 73.9
System Renewal	$ 85.3	$ 83.4	$ 80.7	$ 86.9	$ 95.3	$ 86.3
System Service	$ 99.3	$ 125.3	$ 76.1	$ 85.9	$ 86.9	$ 94.7
General Plant	$ 38.3	$ 23.6	$ 33.0	$ 27.9	$ 11.0	$ 26.8
Capital Contributions	$ (50.9)	$ (50.6)	$ (38.4)	$ (32.2)	$ (41.1)	$ (42.6)
TOTAL	**$ 258.2**	**$ 260.4**	**$ 217.5**	**$ 235.5**	**$ 223.7**	**$ 239.1**

For the capital expenditure-related appendices that electricity distributors must submit, pursuant to the Filing Requirements please see the following attachments:

- Attachment 2-5-5(A) - OEB Appendix 2-AA - Capital Programs Table
- Attachment 2-5-5(B) - OEB Appendix 2-AB - Capital Expenditure Summary

As shown in Table 3 below, for the 2021-2025 historic period, Hydro Ottawa expects that its capital expenditures will exceed the approved forecast by approximately $102.8M (net) over the five-year period.

Table 3 – 2021-2025 Capital Expenditures vs. OEB-Approved Amounts ($'000 000s)

Investment Category	2021 - 2025 OEB-Approved	2021 - 2025 Historical/Bridge	Var ($)	Var (%)
System Access	$ 203.7	$ 292.6	$ 88.9	44%
System Renewal	$ 210.0	$ 232.3	$ 22.4	11%
System Service	$ 123.1	$ 161.1	$ 38.0	31%
General Plant	$ 82.0	$ 76.4	$ (5.6)	(7)%
TOTAL OEB- APPROVED CAPITAL EXPENDITURES	**$ 618.7**	**$ 762.4**	**$ 143.7**	**23%**
Capital Contributions	$ (121.2)	$ (162.0)	$ (40.9)	34%
TOTAL OEB- APPROVED NET CAPITAL EXPENDITURES	**$ 497.561**	**$ 600.4**	**$ 102.8**	**21%**

For comprehensive explanatory notes and variance analyses of Hydro Ottawa's capital expenditures, please refer to Schedule 2-5-5 - Capital Expenditure Plan.

For the special studies to support Hydro Ottawa's proposed capital expenditure plan and rate base levels for the 2026-2030, please see the following attachments:

- Attachment 2-1-1(A) - May 2022 Derecho - After Storm Report
- Attachment 2-5-4(A) - ISO 55001 Hydro Ottawa Certificate of Conformance 2023
- Attachment 2-5-4(B) - Addendum Report to Distribution System Climate Vulnerability Risk and Vulnerability Assessment and Climate Change Adaptation Plan
- Attachment 2-5-4(C) - Asset Condition Assessment Third Party Review
- Attachment 2-5-4(D) - Failure Curves Review
- Attachment 2-5-4(E) - Resilience Investment Business Case Report
- Attachment 2-5-4(F) - Decarbonization Study