2026 IRM

Manager's Summary

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3.1 Introduction

Niagara-on-the-Lake Hydro Inc. ("NOTL Hydro", "NOTLH") is pleased to present its Incentive Rate-Setting Mechanism (IRM) application for rates effective January 1, 2026. The filing deadline for this application is August 14, 2025. This application consists of the following documents and associated appendices.

- Manager's Summary
- 2026 IRM Checklist (Appendix 1 - Excel)
- 2026 IRM Rate Generator (Appendix 2 - Excel)
- Commodity Accounts Analysis Workform (Appendix 3 - Excel)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

All documents have been submitted to the Ontario Energy Board ("OEB") via their website.

There are no materials that are being filed on a confidential basis in this application.

Table 1 below contains the proposed distribution rates effective January 1, 2026, in comparison to NOTL Hydro's approved rates for 2025.

Table 1: Proposed Distribution Rates

Distribution Charges (Fixed Service Charge + Volumetric Rate)					
Rate Class	**Rate Type**	**2025 OEB Approved Rates**	**2026 Proposed Rates (3.55% increase to 2025)**	**Variance (2026 vs. 2025)**	**Variance % (2026 vs. 2025)**
Residential	Fixed Rate	$35.46	**$36.72**	$1.26	3.55%
	Variable Rate ($/kWh)	$0.0000	**$0.0000**	$0.00	0.00%
GS<50kW	Fixed Rate	$45.06	**$46.66**	$1.60	3.54%
	Variable Rate ($/kWh)	$0.0156	**$0.0162**	$0.00	3.71%
GS>50kW	Fixed Rate	$322.05	**$333.48**	$11.43	3.55%
	Variable Rate ($/kW)	$3.0493	**$3.1576**	$0.11	3.55%
Large Use	Fixed Rate	$4,221.78	**$4,371.65**	$149.87	3.55%
	Variable Rate ($/kW)	$2.9095	**$3.0128**	$0.10	3.55%
Unmetered	Fixed Rate	$25.78	**$26.70**	$0.92	3.57%
	Variable Rate ($/kWh)	$0.0070	**$0.0072**	$0.00	2.35%
Streetlights	Fixed Rate (per connection)	$8.22	**$8.51**	$0.29	3.47%
	Variable Rate ($/kW)	$12.3501	**$12.7885**	$0.44	3.55%

3.1.1 Grouping for Filings

NOTL Hydro is included in tranche 1 as per the OEB letter Tranche Assignments and Filing Due Dates for 2026 Incentive Rate-setting Mechanism (IRM) Electricity Rate Applications (Appendix 5) issued June 20, 2025.

3.1.2 Components of the Application Filing

3.1.2.1 Manager's Summary

This application includes a manager's summary thoroughly documenting and explaining all requested rate adjustments. OEB requested approvals are included in Table 2 below.

Table 2: OEB Requested Approvals

Description / Item	Summary of Request
Annual Adjustment Mechanism	Yes
Revenue-to-Cost Ratio Adjustments	No
Shared Tax Adjustments	No
Retail Transmission Service Rates	Yes
Low Voltage Service Rates	No
Group 1 Deferral and Variance Account Disposition / Recovery	Yes
Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)	No
Group 2 Deferral and Variance Accounts Disposition / Recovery	Yes
Residential Rate Design (i.e., transitioning to fully fixed rates)	No
Z-factor claims	No
Incremental Capital Module / Advanced Capital Module	No
Rate Year Alignment	No
Requests for new utility-specific DVAs	No
Renewable Generation and/or Smart Grid Funding Adder	No
Correction to Previously Disposed DVA Balances	No
Non-mechanistic changes (e.g. create of addition of new rate class)	No
Rate design where bill mitigation plans need consideration	No
Other Items / Request of Note	No

3.1.2.2 Contact Information

Application contact information is as follows:

Applicants Name:	Niagara-on-the-Lake Hydro Inc.
Applicants Address:	PO Box 460
	8 Henegan Road
	Niagara-on-the-Lake, ON
	L0S 1T0
Applicants Contacts:	Jeff Klassen
	Vice President, Finance
	Email: jklassen@notlhydro.com
	Phone: 905-468-4235 ext. 380

3.1.2.3 Rate Generator Model

This application consists of the following documents. OEB models have been submitted in Excel format.

- Manager's Summary
- 2026 IRM Checklist (Appendix 1)
- 2026 IRM Rate Generator (Appendix 2)
- Commodity Accounts Analysis Workform (Appendix 3)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

3.1.2.4 Tariff Sheet

A PDF copy of the current NOTL Hydro Tariff sheet (EB-2024-0044 issued December 19, 2024) at the time of this filing is attached as Appendix 4.

3.1.2.5 Supporting Documentation

Links to the supporting documents referenced throughout this application are included in Appendix 5.

3.1.2.6 Customers Affected by this Application

All NOTL Hydro's customers will be affected by this application.

3.1.2.7 Internet Address

A copy of this application and related documents is available on the NOTL Hydro website. The Applicant's website address is www.notlhydro.com.

3.1.2.8 Format

All documents submitted are in text-searchable Adobe PDF format, other than those filed in Excel format.

3.1.2.9 Checklist

A completed copy of the 2026 IRM Checklist is attached as Appendix 1.

3.1.2.10 Certifications

Further to Page 2 of Chapter 1 of the Filing Requirements, I, Jeff Klassen, certify that:

1. The evidence filed is accurate, consistent, and complete to the best of my knowledge.

2. NOTL Hydro has processes and internal controls in place for the preparation, review, verification and oversight of account balances being disposed.
3. NOTL Hydro confirms that this application does not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

3.1.3 Applications and Electronic Models

NOTL Hydro confirms the accuracy of the pre-populated RRR data in the Rate Generator Model.

This application consists of the following documents. OEB models are submitted separately in Excel format.

- Manager's Summary
- 2026 IRM Checklist (Appendix 1)
- 2026 IRM Rate Generator (Appendix 2)
- Commodity Accounts Analysis Workform (Appendix 3)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

NOTL Hydro is not requesting an ICM/ACM, LRAMVA, or revenue-to-cost ratio adjustment in this application.

3.2.1 Annual Adjustment Mechanism

NOTL Hydro has used the 2026 rate setting parameters of 3.7% as per the OEB letter 2026 Inflation Parameters issued on June 11, 2025 (Appendix 5). NOTL Hydro was included in Group 2 in the most recent PEG report 2024 Benchmarking Update (Appendix 5) issued in July 2024, with an associated stretch factor of 0.15%. The 2025 report was not available at the time of this filing.

3.2.1.1 Application of Annual Adjustment Mechanism

The annual adjustment mechanism applies to fixed and variable distribution rates uniformly across all customer rate classes. The annual adjustment mechanism is 3.55% (3.7% inflation factor less 0.15% stretch factor). NOTL Hydro has not applied the annual adjustment factor to any other component of delivery rates.

3.2.2 Revenue-to-Cost Ratio Adjustments

NOTL Hydro is not requesting any changes to the revenue-to-cost ratios in this application.

3.2.3 Rate Design for Residential Electricity Consumers

NOTL Hydro completed its transition to a fully fixed monthly distribution service charge for residential customers in 2019. NOTL Hydro confirms that total bill increases do not exceed 10% for any customer class.

3.2.4 Electricity Distribution Retail Transmission Service Rates

NOTL Hydro's application to adjust RTSRs is based on the proposed rates calculated utilizing the 2026 IRM Rate Generator Model ("IRM model") provided by the OEB.

Historical Network and Connection Costs

NOTL Hydro's historical costs (2024) consist of Independent Electricity System Operator ("IESO") invoiced costs for network and line connection. NOTL Hydro owns its own transformer stations and consequently has no IESO invoiced transformation costs. In addition, NOTL Hydro does not have Hydro One invoiced transmission costs.

NOTL Hydro was impacted by two transmission outages during 2024 that resulted in double-peak billing, significantly increasing Network and Connection charges in the year. The first double-peak event occurred in June 2024. NOTL Station was taken out of service for the month to allow for an emergency request from Hydro One to complete maintenance work. When scheduled maintenance is required on either of the stations, it is NOTL Hydro's practice to take the station out of service for the entire month. This is done to avoid transmission double-peak billing. During the planned outage, NOTL Hydro experienced an issue with York Station that required NOTL Station to brought back on-line before the end of the month, resulting in double peak billing. The second double peak event occurred in July 2024 and was due to a loss of supply at NOTL Station. A restoration time was not provided by Hydro One at the time of the outage and the decision was made to move the load of the entire Town on to York station to minimize the impact of the outage on customers.

Since these events are uncommon and are normally only result from unplanned outages on the transmission system, NOTL Hydro has excluded them from the historical network and connection rates for the purposes of calculating RTSR rates. If a double-peak billing incident were to occur in 2026, the amount would be captured in the appropriate DVA accounts and recovered from customers at a later date.

As originally approved in NOTL Hydro's 2024 Cost of Service Application EB-2023-0041 (Appendix 5), the Large Use customer RTSRs are proposed to be the current Uniform Transmission Rates. Therefore, for this calculation, the 2024 billed kW attributable to the Large Use class was removed form the inputs on Tab 12. The table below shows the 2024 actual demand less the adjustments for double peak billing and the Large Use customer.

Table 3: RTSR Revenue Requirement Adjustment of Large Use Customer

	Line 650 Network					Line 651 Connection				
	Total Billed	Adjust Double Peak	Total Excluding Double Peak	Remove Large Use	Total	Total Billed	Adjust Double Peak	Total Excluding Double Peak	Remove Large Use	Total
Jan-24	40,216	-	40,216	(9,339)	30,877	44,877	-	44,877	(10,987)	33,890
Feb-24	40,290	-	40,290	(11,172)	29,118	42,639	-	42,639	(11,642)	30,997
Mar-24	39,279	-	39,279	(11,332)	27,947	41,772	-	41,772	(11,340)	30,432
Apr-24	30,746	-	30,746	(9,489)	21,257	36,543	-	36,543	(9,895)	26,648
May-24	44,431	-	44,431	(8,889)	35,542	46,745	-	46,745	(10,458)	36,287
Jun-24	**76,596**	**32,581**	**44,015**	**(17)**	**43,998**	**90,112**	**45,824**	**44,288**	**(8)**	**44,280**
Jul-24	**66,583**	**20,734**	**45,849**	**(17)**	**45,832**	**72,581**	**26,732**	**45,849**	**(17)**	**45,832**
Aug-24	43,728	-	43,728	(17)	43,711	46,959	-	46,959	(1,218)	45,741
Sep-24	42,468	-	42,468	(7,266)	35,202	43,595	-	43,595	(8,148)	35,447
Oct-24	35,400	-	35,400	(8,039)	27,361	35,463	-	35,463	(7,661)	27,802
Nov-24	37,984	-	37,984	(9,702)	28,282	39,765	-	39,765	(9,694)	30,071
Dec-24	43,509	-	43,509	(10,819)	32,690	44,639	-	44,639	(12,138)	32,501

Table 4, from tab 12 of the IRM model, contains the historical network and line connection costs for 2024, adjusted for Large Use and double-peak billing.

Table 4: Historical Network and Connection Costs (2024) – Adjusted

IESO	Network			Line Connection		
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount
January	30,877	$5.78	$ 178,468	33,890	$0.95	$ 32,195
February	29,118	$5.78	$ 168,302	30,997	$0.95	$ 29,447
March	27,947	$5.78	$ 161,536	30,432	$0.95	$ 28,910
April	21,257	$5.78	$ 122,865	26,648	$0.95	$ 25,315
May	35,542	$5.78	$ 205,431	36,287	$0.95	$ 34,473
June	43,998	$5.78	$ 254,307	44,280	$0.95	$ 42,066
July	45,832	$6.12	$ 280,494	45,832	$0.95	$ 43,541
August	43,711	$6.12	$ 267,513	45,741	$0.95	$ 43,454
September	35,202	$6.12	$ 215,436	35,447	$0.95	$ 33,675
October	27,361	$6.12	$ 167,451	27,802	$0.95	$ 26,412
November	28,282	$6.12	$ 173,086	30,071	$0.95	$ 28,568
December	32,690	$6.12	$ 200,062	32,501	$0.95	$ 30,876
Total	401,817	$ 5.96	$ 2,394,950	419,928	$ 0.95	$ 398,932

Forecast Costs with new Uniform Transmission Rates ("UTRs")

Forecast network and connection costs from tab 14 of the IRM model are contained in Table 5. These are calculated by applying the 2026 UTRs from tab 11 of the IRM model against the 2024 units billed.

Table 5: Forecast Network and Connection Costs

IESO	Network			Line Connection		
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount
January	30,877	$ 6.3700	$ 196,686	33,890	$ 1.0000	$ 33,890
February	29,118	$ 6.3700	$ 185,482	30,997	$ 1.0000	$ 30,997
March	27,947	$ 6.3700	$ 178,025	30,432	$ 1.0000	$ 30,432
April	21,257	$ 6.3700	$ 135,407	26,648	$ 1.0000	$ 26,648
May	35,542	$ 6.3700	$ 226,401	36,287	$ 1.0000	$ 36,287
June	43,998	$ 6.3700	$ 280,266	44,280	$ 1.0000	$ 44,280
July	45,832	$ 6.3700	$ 291,952	45,832	$ 1.0000	$ 45,832
August	43,711	$ 6.3700	$ 278,440	45,741	$ 1.0000	$ 45,741
September	35,202	$ 6.3700	$ 224,237	35,447	$ 1.0000	$ 35,447
October	27,361	$ 6.3700	$ 174,291	27,802	$ 1.0000	$ 27,802
November	28,282	$ 6.3700	$ 180,156	30,071	$ 1.0000	$ 30,071
December	32,690	$ 6.3700	$ 208,234	32,501	$ 1.0000	$ 32,501
Total	401,817	$ 6.37	$ 2,559,576	419,928	$ 1.00	$ 419,928

Billing Determinants for RTSRs

The billing determinants for all rate classes used to calculate the required revenue are based on 2024 actual data as reported in RRR 2.1.5 in April 2025. Large Use determinants were removed. As approved in NOTL Hydro's 2024 Cost of Service Application EB-2023-0042 (Appendix 5), the Large Use customer RTSRs are proposed to be the current Uniform Transmission Rates. NOTL Hydro is not aware of any current customers that would qualify for the EVC rate at this time as has used 1 as a place holder for kWh and KW quantities in this model.

Table 6: RTSR Billing Determinants (IRM Generator tab 10)

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Loss Adjusted Billed kWh
Residential Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0115	78,371,667	0	1.0374	81,302,767
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0014	78,371,667	0	1.0374	81,302,767
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0105	45,285,639	0	1.0374	46,979,322
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0014	45,285,639	0	1.0374	46,979,322
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	4.6346	89,797,265	240,644		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	1.0674	89,797,265	240,644		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered - EV CHARGING	$/kW	0.7879	1	1		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	0.1815	1	1		
Large Use Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	6.2500	0	0		
Large Use Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	$/kW	1.0000	0	0		
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	$/kWh	0.0105	350,196	0	1.0374	363,293
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0014	350,196	0	1.0374	363,293
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	$/kW	3.2335	574,649	1,600		
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kW	0.3431	574,649	1,600		

Proposed RTSR Rates

Table 7 contains the proposed rates to recover forecast network and connection costs based on the billing determinants from Table 6 and is taken from tab 15 of the IRM model with the

exception of the Large Use Service Calculation. Those rates are based on the most recent transmission rates approved by the OEB:

Table 7: Proposed RTSR Rates

Rate Class	Rate Description	Unit	Proposed RTSR-Network
Residential Service Classification	Network Service Rate	$/kWh	**0.0115**
General Service Less Than 50 kW Service Classification	Network Service Rate	$/kWh	**0.0105**
General Service 50 To 4,999 kW Service Classification	Network Service Rate - Interval Metered	$/kW	**4.6474**
General Service 50 To 4,999 kW Service Classification EV	Network Service Rate - Interval Metered	$/kW	**0.7901**
Large Use Service Classification	Network Service Rate - Interval Metered	$/kW	**6.3700**
Unmetered Scattered Load Service Classification	Network Service Rate	$/kWh	**0.0105**
Street Lighting Service Classification	Network Service Rate	$/kW	**3.2424**
Rate Class	**Rate Description**	**Unit**	**Proposed RTSR-Connection**
Residential Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
General Service Less Than 50 kW Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
General Service 50 To 4,999 kW Service Classification	Line and Transformation Connection Service Rate - Interval Metered	$/kW	**1.0245**
General Service 50 To 4,999 kW Service Classification EV	Line and Transformation Connection Service Rate - Interval Metered	$/kW	**0.1742**
Large Use Service Classification	Line and Transformation Connection Service Rate - Interval Metered	$/kW	**1.0000**
Unmetered Scattered Load Service Classification	Line and Transformation Connection Service Rate	$/kWh	**0.0013**
Street Lighting Service Classification	Line and Transformation Connection Service Rate	$/kW	**0.3293**

NOTL Hydro utilized the January 1, 2025 Uniform Transmission rates to forecast the proposed rates. NOTL Hydro understands that the OEB will adjust each applicant's model to reflect any UTR changes on January 1, 2026 when they are determined. The IRM Model incorporating the RTSR calculations is being submitted separately in Excel format (Appendix 2).

3.2.5 Low Voltage Service Rates.

NOTL Hydro does not have Low Voltage Service Rates.

3.2.6 Review and Disposition of Group 1 Deferral and Variance Account Balances.

On December 12, 2024, the OEB's Decision and Rate Order EB-2024-0044 (Appendix 5) approved a one-year disposition for NOTL Hydro's December 31, 2023, Group 1 deferral and variance accounts as well as Group 2 Large Use variance account.

Table 8 contains the principal and interest amounts approved for disposition in NOTL Hydro's 2025 IRM application.

Table 8: Approved Dispositions

Account		Claimed for Disposition (Y/N)	Principal Claim	Interest Claim	Total Claim
1551	Smart Metering Entity Charge Variance Account	Y	(19,404)	(1,467)	(20,871)
1580	RSVA - Wholesale Market Service Charge	Y	(291,243)	(18,799)	(310,043)
1580	Variance WMS – Sub-account CBR Class B	Y	37,117	1,677	38,794
1584	RSVA - Retail Transmission Network Charge	Y	73,119	6,152	79,271
1586	RSVA - Retail Transmission Connection Charge	Y	(5,436)	(526)	(5,962)
1588	RSVA - Power (excluding Global Adjustment)	Y	(18,205)	(2,947)	(21,152)
1589	RSVA - Global Adjustment	Y	38,874	3,891	42,765
1595-2019	Disposition and Recovery/Refund of Regulatory Balances (2019)	Y	-	12,713	12,713
1595-2020	Disposition and Recovery/Refund of Regulatory Balances (2020)	Y	36,024	20,238	56,261
Total Group 1			**(149,155)**	**20,931**	**(128,224)**
1508	Large Customer Variance Account	Y	(59,840)	(3,098)	(62,938)
Total Group 2			**(59,840)**	**(3,098)**	**(62,938)**
Total Claim			**(208,995)**	**17,833**	**(191,162)**

In 2025, the approved balances were transferred to a sub-account of 1595 in accordance with the Decision and Order. The corresponding rate riders for the refund/recovery of the approved balances are effective until December 31, 2025.

The disposed amounts for Group 1 accounts are entered in Columns BM and BN of tab 3 of the IRM model.

NOTL Hydro confirms that it has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

Table 9: IRM Model Approved Dispositions (tab 3)

	B	C	D	BM	BN	BO	BP
16				2025			
17		Account Descriptions	Account Number	Principal Disposition during 2025 - instructed by OEB	Interest Disposition during 2025 - instructed by OEB	Closing Principal Balances as of Dec 31, 2023 Adjusted for Disposition during 2025	Closing Interest Balances as of Dec 31, 2023 Adjusted for Disposition during 2025
20		**Group 1 Accounts**					
21		LV Variance Account	1550	0	0	0	0
22		Smart Metering Entity Charge Variance Account	1551	(19,404)	(1,467)	(8,197)	(323)
23		RSVA - Wholesale Market Service Charge[5]	1580	(291,243)	(18,799)	(147,720)	(570)
24		Variance WMS – Sub-account CBR Class A[5]	1580	0	0	0	0
25		Variance WMS – Sub-account CBR Class B[5]	1580	37,117	1,677	97,382	639
26		RSVA - Retail Transmission Network Charge	1584	73,119	6,152	210,813	3,534
27		RSVA - Retail Transmission Connection Charge	1586	(5,436)	(526)	19,960	740
28		RSVA - Power[4]	1588	(18,205)	(2,947)	36,022	(391)
29		RSVA - Global Adjustment[4]	1589	38,874	3,891	36,876	850
33		Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	1595	0	0	8,857	902
34		Disposition and Recovery/Refund of Regulatory Balances (2022)[3]	1595	0	0	(0)	(1,627)
35		Disposition and Recovery/Refund of Regulatory Balances (2023)[3]	1595	0	0	(38,879)	(1,876)
36		Disposition and Recovery/Refund of Regulatory Balances (2024)[3]	1595	0	0	(50,704)	0
37		Disposition and Recovery/Refund of Regulatory Balances (2025)[3] *Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.*	1595	208,995	(17,833)	(208,995)	17,833
38							
39		**RSVA - Global Adjustment requested for disposition**	**1589**	38,874	3,891	36,876	850
40		**Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition**		(15,057)	(33,744)	(81,461)	18,862
41		**Total Group 1 Balance requested for disposition**		23,817	(29,852)	(44,585)	19,712
42							
46		**LRAM Variance Account (only input amounts if applying for disposition of this account)**	**1568**	0	0	0	0
48		**Total Group 1 balance including Account 1568 requested for disposition**		23,817	(29,852)	(44,585)	19,712

2026 IRM CLAIM – GROUP 1 ACCOUNTS

This section sets out the 2026 IRM Claims for the Group 1 Accounts.

Please note that in the continuity schedule in tab 3 of the IRM model, the starting point for all non-1595 account entries are the date for which approval was received in the 2025 IRM, i.e., December 31, 2023. The starting point for 1595 accounts has been completed starting at December 31, 2021 as this is the earliest vintage year where there is a balance in account 1595.

Interest Rates

The interest rates used to calculate actual and forecasted carrying charges are shown in Table 10 and are in accordance with the methodology approved by the OEB in EB-2006-0117 on November 28, 2006 (Appendix 5).

Table 10: Interest Rates Applied to Deferral and Variance Accounts (%)

Quarter by Year	Prescribed interest Rate
2021 - Q1	0.57%
2021 - Q2	0.57%
2021 - Q3	0.57%
2021 - Q4	0.57%
2022 - Q1	0.57%
2022 - Q2	1.02%
2022 - Q3	2.20%
2022 - Q4	3.87%
2023 - Q1	4.73%
2023 - Q2	4.98%
2023 - Q3	4.98%
2023 - Q4	5.49%
2024 - Q1	5.49%
2024 - Q2	5.49%
2024 - Q3	5.20%
2024 - Q4	4.40%
2025 - Q1	3.64%
2025 - Q2	3.16%
2025 - Q3	2.91%
2025 - Q4*	2.91%
* forecast based on 2025 Q3 prescribed rate.	

Claimed Amounts

The total Group 1 Accounts claim is a credit amount of ($265,762) as per cell BT48 of tab 3 of the 2026 IRM model as summarized in Table 11 below.

Table 11: Summary of Claims

Account Descriptions	Account Number	2025 Closing Principal Balances as of Dec 31, 2023 Adjusted for Disposition during 2025	2025 Closing Interest Balances as of Dec 31, 2023 Adjusted for Disposition during 2025	Projected Interest on Dec-31-2025 Balances: Projected Interest from Jan 1, 2025 to Dec 31, 2025 on Dec 31, 2024 balance adjusted for disposition during 2025 [1]	Projected Interest on Dec-31-2025 Balances: Projected Interest from Jan 1, 2025 to Apr 30, 2025 on Dec 31, 2024 balance adjusted for disposition during 2025 [2]	Projected Interest on Dec-31-2025 Balances: Total Interest	Total Claim	Account Disposition: Yes/No?	2.1.7 RRR[5]: As of Dec 31, 2024	Variance RRR vs. 2024 Balance (Principal + Interest)
Group 1 Accounts										
LV Variance Account	1550	0	0	0	0	0	0		0	0
Smart Metering Entity Charge Variance Account	1551	(8,197)	(323)	(259)	0	(581)	(8,778)		(29,391)	0
RSVA - Wholesale Market Service Charge[5]	1580	(147,720)	(570)	(4,661)	0	(5,231)	(152,950)		(321,517)	136,815
Variance WMS – Sub-account CBR Class A[5]	1580	0	0	0	0	0	0		0	0
Variance WMS – Sub-account CBR Class B[5]	1580	97,382	639	3,072	0	3,712	101,094		136,815	0
RSVA - Retail Transmission Network Charge	1584	210,813	3,534	6,651	0	10,185	220,998		293,618	0
RSVA - Retail Transmission Connection Charge	1586	19,960	740	630	0	1,370	21,329		14,738	0
RSVA - Power[4]	1588	36,022	(391)	1,137	0	746	36,768		14,479	0
RSVA - Global Adjustment[4]	1589	36,876	850	1,163	0	2,014	38,889		80,491	0
Disposition and Recovery/Refund of Regulatory Balances (2021)[3]	1595	8,857	902	279	0	1,182	10,039	Yes	9,760	0
Disposition and Recovery/Refund of Regulatory Balances (2022)[3]	1595	(0)	(1,627)	0	0	(1,627)	(1,627)	Yes	(1,627)	0
Disposition and Recovery/Refund of Regulatory Balances (2023)[3]	1595	(38,879)	(1,876)	(1,227)	0	(3,102)	0	No	(40,755)	0
Disposition and Recovery/Refund of Regulatory Balances (2024)[3]	1595	(50,704)	0	(1,600)	0	(1,600)	0	No	(50,704)	0
Disposition and Recovery/Refund of Regulatory Balances (2025)[3] *Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.*	1595	(208,995)	17,833	(6,594)	0	11,239	0	No		0
RSVA - Global Adjustment requested for disposition	**1589**	36,876	850	1,163	0	2,014	38,889		80,491	0
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		(81,461)	18,862	(2,570)	0	16,292	226,872		(111,400)	0
Total Group 1 Balance requested for disposition		(44,585)	19,712	(1,407)	0	18,306	265,762		(30,909)	0
LRAM Variance Account (only input amounts if applying for disposition of this account)	**1568**	0	0	0	0	0	0		0	0
Total Group 1 balance including Account 1568 requested for disposition		(44,585)	19,712	(1,407)	0	18,306	265,762		(30,909)	0

The balance for account 1580 RSVA – Wholesale Market Service Charge differs from the account balances in the trial balance reported through RRR. The variance of $136,815 as calculated in cell BW23 on tab 3 of the IRM model is a result of the RRR value recorded in cell BV23 including the amounts for account 1580 – Variance WMS – Sub-account CDR Class B for $136,815. It should be noted that $242,327 of the variance account balance requested for disposition relates to Network and Connection charges and the majority of that amount is the result of the double-peak billing issues discussed in 3.2.4. NOTL Hydro is hopeful that the issues around double-peak billing will be resolved as a result of the hearing on Uniform Transmission Rates (UTR) – Phase 2 EB-2022-0352 (Appendix 5). NOTL Hydro is an active participant on this working group. In addition, NOTL Hydro has made a written request to Hydro One to be reimbursed for the double-peak charges for both occurrences in 2024. Hydro One has indicated they will not be responding to this request until a decision in the above-mentioned hearing has been made. NOTL hydro is an active participant in the hearing.

1550 Retail Settlement Variance Account – Low Voltage Variance Account

NOTL Hydro has not had any transactions and a zero balance in this account since disposition of the account in NOTL Hydro's 2009 Cost of Service application, EB-2008-0237 (Appendix 5). NOTL Hydro is not an Embedded Distributor.

1551 Smart Metering Entity Charge Variance Account

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of ($8,197) adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of ($323) adjusted for dispositions during 2025, plus
- the forecasted interest of ($259) for 2025

The total claim for this account is a credit balance of ($8,778).

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (exc. CBR – Class B & CBR – Class A)

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of ($147,720) adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of ($570) adjusted for dispositions during 2025, plus
- the forecasted interest of ($4,661) for 2025

The total claim for this account is a credit balance of ($152,950).

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-account CBR – Class A)

This account has a zero balance and therefore NOTL Hydro is not requesting disposition of this account in 2026.

1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-account CBR – Class B)

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $97,382 adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of $639 adjusted for dispositions during 2025, plus
- the forecasted interest of $3,072 for 2025

The total claim for this account is a debit balance of $101,094.

1584 Retail Settlement Variance Account - Retail Transmission Network Charges

This account is used to record the net of the amount charged by the IESO, based on the settlement invoice for transmission network services, and the amount billed to customers using the OEB approved Retail Transmission Network Charge. NOTL Hydro uses the accrual method.

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $210,813 adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of $3,534 adjusted for dispositions during 2025, plus
- the forecasted interest of $6,651 for 2025

The total claim for this account is a debit balance of $220,998.

1586 Retail Settlement Variance Account - Retail Transmission Connection Charges

This account is used to record the net of the amount charged by the IESO, based on the settlement invoice for transmission connection services, and the amount billed to customers using the OEB approved Transmission Connection Charge. NOTL Hydro uses the accrual method.

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $19,960 adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of $740 adjusted for dispositions during 2025, plus
- the forecasted interest of $630 for 2025

The total claim for this account is a debit balance of $21,329.

1588 Retail Settlement Variance Account – Power

This account is used to recover the net difference between the energy amount billed to customers and the energy charge to NOTL Hydro using the settlement invoices from the IESO. NOTL Hydro uses the accrual method.

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $36,022 adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of ($391) adjusted for dispositions during 2025, plus
- the forecasted interest of $1,137 for 2025

The total claim for this account is a debit balance of $36,768.

1589 Retail Settlement Variance Account - Global Adjustment ("GA")

This account is used to recover the net difference between the GA amount billed to non-RPP Class B customers and the GA charge to NOTL Hydro for non-RPP Class B customers using the settlement invoices from the IESO. NOTL Hydro uses the accrual method.

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $36,876 adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of $850 adjusted for dispositions during 2025, plus
- the forecasted interest of $1,163 for 2025

The total claim for this account is a debit balance of $38,889.

1595 Disposition and Recovery of Regulatory Balances

These accounts include the regulatory asset or liability balances authorized by the OEB for recovery in rates or payments/credits made to customers. Separate sub-accounts are maintained for approved principal/recoveries, approved interest and interest on net principal for each OEB approved recovery.

NOTL Hydro is claiming the disposition of its 2021 and 2022 1595 regulatory balances in this application. NOTL Hydro has previously disposed of its 1595 regulatory balances up to and including 2020.

1595 – Disposition and Recovery / Refund of Regulatory Balances (2021)

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $8,857 plus
- a closing interest balance at December 31, 2024 of $902, plus

- the forecasted interest of $279 for 2025

The total claim for this account is a debit balance of $10,039.

Table 12: Account 1595-2021 Residual Balances

Components of the 1595 Account Balances:	Principal Balance Approved for Disposition	Carrying Charges Balance Approved for Disposition	Total Balances Approved for Disposition	Rate Rider Amounts Collected / (Returned)	Residual Balances Pertaining to Principal and Carrying Charges Approved for Disposition	Carrying Charges Recorded on Net Principal Account Balances	Total Residual Balances at 12/31/25	Collections / Returns Variance (%)
Total Group 1 Balances excluding Account 1589 - Global Adjustment	($203,922)	($4,550)	($208,472)	$ (202,535)	($5,937)	$750	$ (5,186)	
Account 1589 - Global Adjustment	($35,012)	($2,738)	($37,751)	$ (39,515)	$1,765		$ 1,765	(4.7%)
Total Group 1 Balances	($238,934)	($7,288)	($246,223)	$ (242,051)	($4,172)	$750	$ (3,422)	
LRAMVA	$151,878	$6,336	$158,214	$ 146,785	$11,429		$ 11,429	7.2%
Group 2 - Large Use	($29,604)	($644)	($30,248)	$ (32,002)	$1,754		$ 1,754	
Total Group DVA Balances	($116,660)	($1,596)	($118,257)	$ (127,267)	$9,010	$750	$ 9,760	(7.6%)
					Total residual balance per continuity schedule:		$9,760	
					Difference (any variance should be explained):		($0)	

The main reason for the under-recovery of 2021 1595 balances was due to the LRAMVA and the main driver of this was the Street Lighting rate class. A streetlight audit was completed by The Town of Niagara-on-the-Lake in January 2021 which resulted in reduction in demand and therefore overall lower recovery of the LRAMVA.

1595 – Disposition and Recovery / Refund of Regulatory Balances (2022)

For 2025, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of $0, plus
- a closing interest balance at December 31, 2024 of ($1,627), plus
- the forecasted interest of $0 for 2025

The total claim for this account is a credit balance of ($1,627).

The variance in this account is a combination of interest charges and a small over recovery in the GS>50 rate class. The total amount approved for disposition for 1595 2022 was a credit of ($423,889) including Group 2 accounts. The variance in this account is less than 0.5%.

1508 Specific Customer (Large Use) Variance Account

NOTL Hydro was approved to continue use of the 1508 sub account – Large Use Customer Revenue Variance in its 2024 Cost of Service EB-2023-0041 (Appendix 5). NOTL Hydro was approved for the use of variance account to track variances in variable distribution revenue from the 5,000 KW demand estimated in the application. Consistent with the draft accounting order, following the audit of each year's accounts, the amount is to be recovered/returned to customers.

For 2026, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2024 of ($122,386) adjusted for dispositions during 2025, plus
- a closing interest balance at December 31, 2024 of ($2,565) adjusted for dispositions during 2025, plus
- the forecasted interest of ($3,861) for 2025

The total claim for this account is a credit balance of ($128,812).

Table 13: 1508 Large Use Deferral Account Continuity

	2024								2025				Projected Interest on Dec-31, 2024 Balances		
Account Number	Opening Principal Amounts as of Jan 1, 2024	Transactions Debit / (Credit) during 2024	OEB-Approved Disposition during 2024	Closing Principal Balance as of Dec 31, 2024	Opening Interest Amounts as of Jan 1, 2024	Interest Jan 1 to Dec 31, 2024	OEB-Approved Disposition during 2024	Closing Interest Amounts as of Dec 31, 2024	Principal Disposition during 2025 - instructed by OEB	Interest Disposition during 2025 - instructed by OEB	Closing Principal Balances as of Dec 31, 2024 Adjusted for Disposition during 2025	Closing Interest Balances as of Dec 31, 2024 Adjusted for Disposition during 2025	Projected Interest from Jan 1, 2025 to Dec 31, 2025 on Dec 31, 2024 balance adjusted for disposition during 2025	Total Interest	Total Claim
1508	63,873	(122,386)	(123,713)	(182,226)	7,268	(5,644)	(7,287)	(5,663)	59,840	3,098	(122,386)	(2,565)	(3,861)	(6,426)	(128,812)

The total claim of ($128,812) will be allocated to each rate class based on 2024 distribution revenue.

Table 14: Allocation of Large Use Variance Account

Rate Class	kWh	kW	Customers	Distribution Revenue	% of Distribution Revenue	Allocation	Rate Rider	
Residential	78,371,667	-	8,464	3,373,591	52.1%	(67,121)	(0.66)	per customer
GS<50	45,285,639	-	1,492	1,413,421	21.8%	(28,122)	(0.0006)	per kWh
GS>50	89,797,265	240,644	126	1,131,116	17.5%	(22,505)	(0.0935)	per KW
Large User	74,365,314	117,802	1	304,789	4.7%	(6,064)	(0.0515)	per KW
USL	350,196	-	66	21,062	0.3%	(419)	(0.0012)	per kWh
Street Lights	574,649	1,600	2,291	230,256	3.6%	(4,581)	(2.8640)	per KW
Total	288,744,730	360,045	12,440	6,474,235	100.0%	(128,812)		

Determinants

The billing determinants for all rate classes are based on 2024 actual data as reported in RRR 2.1.2 and 2.1.5 in April 2025. NOTL Hydro confirms the accuracy of the auto-populated data.

Disposition

All GA rate riders are calculated on a kWh basis.

Consistent with EDDVAR, NOTL Hydro proposes that the disposition period to dispose of the Group 1 account balances by means of a rate rider to be one year. NOTL Hydro also proposes that the disposition period for account 1508 Large Use Variance be one year.

Threshold Test

The Threshold Test referred to in Section 3.2.5 of the Filing Guidelines is not met based on the following calculations:

Total Claim for Threshold Test = $265,762

Total metered kWh = 288,744,730

Threshold test (total claim per kWh) = $265,762 / 288,744,730 = $0.0009), which is slightly below the threshold of a minimum of $0.001 / ($0.001) per kWh in magnitude.

NOTL Hydro is electing to the dispose of the Group 1 account balances even though they are below the threshold. NOTL Hydro assessed the practicality of disposing of these balances and found there are no issues in doing so. Disposition in the earliest available year, in this case 2026, most closely aligns the disposition of these amounts with the customers that contributed to the balances. The more time that passes between the accumulation in the variance account and the disposition, the more likely that customers will have left or arrived in our service territory.

Rate Riders

The proposed rate riders for disposition of the 2026 claims are as shown below in Table 15.

Table 15: Proposed Deferral/Variance Account Rate Riders

Rate Class	Unit	Group 1 Deferral / Variance Account Rate Rider	Class B CBR Rate Rider	Non-RPP Global Adjustment Rate Rider	Large Use Deferral / Variance Account Rate Rider
Residential	kWh	0.0004	0.0005	0.0005	
	$				(0.66)
General Service less than 50 kW	kWh	0.0004	0.0005	0.0005	(0.0006)
General Service 50 to 4,999 kW	kW	0.1869	0.1897		(0.0935)
	kWh			0.0005	
Large Use	kW	0.3023			(0.0515)
Unmetered Scattered Load	kWh	0.0006	0.0005	0.0005	(0.0012)
Street Lighting	kW	(4.2615)	0.1838		(2.8640)
	kWh			0.0005	

3.2.6.1 Commodity Accounts 1588 and 1589

New Accounting Guidance

NOTL Hydro confirms that it has fully implemented the OEB's February 21, 2019 guidance from January 1, 2019. NOTL Hydro subsequently implemented the changes associated with the introduction of the Ultra-Low Overnight price plan in 2024. NOTL Hydro does not have any pre-2024 balances that have yet to be disposed of on a final basis.

Certification of Evidence

I, Jeff Klassen, Vice President Finance for NOTL Hydro certify to the best of my knowledge that NOTL Hydro has robust processes and internal controls in place for the preparation, review, verification and oversight of the account balances being disposed, consistent with the certification requirements in Chapter 1 of the filing requirements. NOTL Hydro has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

Commodity Accounts Analysis Workform

The Commodity Accounts Analysis Workform is attached as Appendix 3. NOTL Hydro does not have any previous 1589 balances that were approved on an interim basis.

NOTL Hydro bills non-RPP customers on the actual GA rate and unbilled revenue for 2024 was trued-up to the actual amount.

The expected GA amount for non-RPP Class B Customers for 2024 was $5,513,671.

Table 16: Expected GA Amount

Note 4 **Analysis of Expected GA Amount**

Year	Calendar Month	Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed ($/kWh)	$ Consumption at GA Rate Billed	GA Actual Rate Paid ($/kWh)	$ Consumption at Actual Rate Paid	Expected GA Price Variance ($)
		F	G	H	I = F-G+H	J	K = I*J	L	M = I*L	N=M-K
2024	January	6,743,343			6,743,343	0.04588	$ 309,385	0.04588	$ 309,385	$ -
	February	5,881,070			5,881,070	0.06632	$ 390,033	0.06632	$ 390,033	$ -
	March	5,904,058			5,904,058	0.08171	$ 482,421	0.08171	$ 482,421	$ -
	April	5,540,302			5,540,302	0.07427	$ 411,478	0.07427	$ 411,478	$ -
	May	6,321,465			6,321,465	0.07763	$ 490,735	0.07763	$ 490,735	$ -
	June	6,770,338			6,770,338	0.07840	$ 530,795	0.07840	$ 530,795	$ -
	July	8,018,900			8,018,900	0.06371	$ 510,884	0.06371	$ 510,884	$ -
	August	7,855,550			7,855,550	0.06323	$ 496,706	0.06323	$ 496,706	$ -
	September	6,740,129			6,740,129	0.07928	$ 534,357	0.07928	$ 534,357	$ -
	October	6,106,214			6,106,214	0.07484	$ 456,989	0.07484	$ 456,989	$ -
	November	5,726,217			5,726,217	0.08904	$ 509,862	0.08904	$ 509,862	$ -
	December	6,314,156			6,314,156	0.06177	$ 390,025	0.06177	$ 390,025	$ -
	Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	**77,921,742**	**-**	**-**	**77,921,742**		**$ 5,513,671**		**$ 5,513,671**	**$ -**

The amounts reflected in cells C41:C52 in the GA 2024 tab in the Commodity Account Analysis Workform are the actual non-RPP kWhs consumed in each month including losses. NOTL Hydro utilized this data in place of billed amounts – previous month unbilled + current month unbilled. NOTL Hydro updated the GA rates in columns G and L to match the amounts posted by the IESO (Appendix 5).

All Class B non-RPP customers are billed at the actual GA rate, therefore, the expected GA price variance is zero. The net change in account 1589 for 2024 was ($9,379) including OEB approved dispositions of ($29,683). Excluding the approved dispositions, the net change in principal balance for account 1589 for 2024 was $39,062. The only reconciling item included in the table below is the Total Expected GA Variance as calculated by the workform. The resulting unresolved difference is $18,634 or 0.3% which is well below the 1% threshold.

Table 17: Reconciliation of Net Change in GA Amount (excluding OEB approved dispositions)

Note 5 **Reconciling Items**

	Item	Amount	Explanation	Principal Adjustments	
				Principal Adjustment on DVA Continuity Schedule	If "no", please provide an explanation
	Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	$ 39,062			
1a	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year	$ -			
1b	CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior period corrections	$ -			
2a	Remove prior year end unbilled to actual revenue differences	$ -			
2b	Add current year end unbilled to actual revenue differences	$ -			
3a	Remove difference between prior year accrual/unbilled to actual from load transfers	$ -			
3b	Add difference between current year accrual/unbilled to actual from load transfers	$ -			
4a	Significant prior period billing adjustments recorded in current year	$ -			
4b	Significant current period billing adjustments recorded in other year(s)	$ -			
5	CT 2148 for prior period corrections	$ -			
6					
7					
8					
9					
10					

Note 6

Adjusted Net Change in Principal Balance in the GL	$ 39,062
Net Change in Expected GA Balance in the Year Per Analysis	$ 20,428
Unresolved Difference	$ 18,634
Unresolved Difference as % of Expected GA Payments to IESO	0.3%

NOTL Hydro performed the reasonability test for Account 1588 which is included in the Commodity Account Analysis Workform (Appendix 3). The results of the reasonability test

support the conclusion that GA charges have been appropriately allocated between customer classes.

Table 18: Account 1588 Reasonability

Ontario Energy Board

Account 1588 Reasonability

Account 1588 Reasonability Test

Year	Account 1588 - RSVA Power			Account 4705 - Power Purchased	Account 1588 as % of Account 4705
	Transactions[1]	Principal Adjustments[1]	Total Activity in Calendar Year		
2024	36,022	-	36,022	19,383,908	0.2%
Cumulative	**36,022**	**-**	**36,022**	**-**	**0.0%**

NOTL Hydro settles GA costs with Class A customers on actual GA prices and no GA variance is allocated to these customers for the period that they were designated class A.

NOTL Hydro did not have any customers transition between Class A and Class B during the period when the Account 1589 RSVA Global Adjustment balance accumulated.

3.2.6.2 Capacity Based Recover (CBR)

NOTL Hydro had five Class A customers during the entire period where the Account 1580, Sub-account CBR Class B balance accumulated. No customers transitioned between class A and class B during the period. Further details on the disposition of this account is included above.

3.2.6.3 Disposition of Account 1595

NOTL Hydro is claiming the disposition of its 2021 and 2022 1595 regulatory balances in this application and confirms that the residual balance in these accounts is being requested for disposition only once. NOTL Hydro has previously disposed of its regulatory balances up to and including 2020. The rate riders for account 1595 (2021) and 1595 (2022) were approved for recovery/disposition over 1 year. 1595 (2021) rate riders expired on April 30th, 2022 and due to a rate year realignment in 2022, the 1595 (2022) rate riders expired on December 31st, 2022. Consistent with the guidance in the filing requirements these accounts are now eligible for disposition. Further explanation of the residual balances for account 1595 2021 and 1595 2022 is provided above.

3.2.7 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

NOTL Hydro is not requesting the disposition of any LRAMVA amounts in this application.

3.2.7.1 Disposition of LRAMVA

NOTL Hydro was approved for disposition of its 2021 and 2022 LRAMVA amounts as well as prospective dispositions for its 2023 amounts EB-2022-0052 (Appendix 5). The balance in the LRAMVA following OEB approved dispositions in 2023 is zero, and no further entries will be made.

3.2.7.2 Continuing Use of the LRAMVA for New NWS Activities

Consistent with the decision in its 2023 IRM Application EB-2022-0052 (Appendix 5), NOTL Hydro requests that the LRAMVA not be discontinued in the event that NOTL Hydro requests the use of the LRAMVA for a CDM or NWS activity in a future application, which the OEB will consider on a case-by case basis.

3.2.8 Tax Changes

There were no legislative tax changes from NOTL Hydro's tax rates embedded in it OEB approved rate

3.2.9 Z-factor Claims

NOTL Hydro is not seeking a Z-factor claim in this application.

3.2.10 Off-ramps

NOTL Hydro's 2024 distributor earnings were under the 300 basis points dead band as per its 2024 RRR filing for 2.1.5.6. NOTL Hydro's achieved ROE% of 5.89% fell below 300 basis points of the deemed rate of 9.21% due to a rate mitigation approved in its 2024 Cost of Service application EB-2023-0041 (Appendix 5). As per page 23 of the Settlement Proposal dated August 23, 2023. "Although no rate mitigation proposals are required under OEB policies, as part of its original Application, NOTL Hydro proposed to implement its distribution rate increases over two years in each of its customer classes. The Parties have agreed to this proposal.

As part of this settlement proposal, NOTL Hydro will calculate the proposed 2024 fixed and variable distribution rates that represent 50% of the final proposed rate increase. NOTL Hydro will also calculate the revised base rates for fixed and variable distribution rates in 2025; also representing 50% of the total increase agreed to by the Parties. These resulting 2025 base rates will be used as the starting point to calculate the 2025 rates under the regular IRM process

with the inflation adjustment at the OEB approved inflation rate less the NOTL Hydro productivity factor. The updated 2024 Tariff Schedule and Bill Impact Model is attached as Appendix "D".

It is estimated by NOTL Hydro that this rate mitigation proposal will save its customers $228,674."

The actual impact of the rate mitigation based on 2024 volumes was $222,577 less the tax impact at 25% of $58,983 for a net increase to Regulated Net Income of $163,594 and a revised Regulated Rate of Return of 7.04% which is within 300 basis points of the deemed rate of 9.21%.

3.3.1 Advanced Capital Module

NOTL Hydro is not submitting an Advance Capital Module in this application.

3.3.2 Incremental Capital Module

NOTL Hydro is not submitting an Incremental Capital Module in this application.

3.3.3 Treatment of Costs for 'eligible investments'

Not applicable. NOTL Hydro filed a Cost-of-Service application pursuant to Chapter 5 in 2023 for rates effective in 2024.

3.4 Specific Exclusions from IRM Applications

NOTL Hydro is not seeking relief for any specific or excluded issues in this application other than the disposition of Group 2 Account 1508 – Large Use Variance Account as described in section 3.2.6.

Appendices

Appendix 1 – NOTLH 2026 IRM Checklist

Filed separately in Excel format.

Appendix 2 – NOTLH 2026 IRM Rate Generator Model

Filed separately in Excel format.

Appendix 3 – NOTLH 2026 Commodity Accounts Analysis Workform

Filed separately in Excel format.

Appendix 4 – NOTLH Tariff Sheet – January 1, 2025

Filed separately in PDF format.

Appendix 5 – Relevant Past Decisions and Supporting Documents

Tranche Assignments and Filing Due Dates for 2026 Incentive Rate-setting Mechanism (IRM) Electricity Rate Applications

https://www.oeb.ca/sites/default/files/OEBltr_2026%20Tranche%20Assignment_20250620_esigned.pdf

OEB letter 2026 Inflation Parameters

https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2026-electricity-distribution-rate

PEG Report – 2023 Benchmarking Update

https://www.oeb.ca/sites/default/files/PEG%20Report%20to%20the%20Ontario%20Energy%20Board%202024.pdf

NOTL Hydro 2024 Cost of Service EB-2023-0041

https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2023-0041&sortBy=recRegisteredOn-&pageLength=400

NOTL Hydro 2025 IRM EB-2024-0044

https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2024-0044&sortBy=recRegisteredOn-&pageLength=400

Approval of Accounting Interest Rates Methodology for Regulatory Accounts

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