Exhibit 7:

Cost Allocation

TABLE OF CONTENTS

TABLES

List of Attachments

7-A	Letter to HONI regarding Embedded Distribution
7-B.	Reply from HONI regarding Embedded Distribution

7.1 Overview

For the purposes of this Application, Entegrus Powerlines Inc. ("EPI") has followed the Ontario Energy Board's ("OEB") cost allocation policies as outlined in the OEB's reports of November 28, 2007 *Report of the Board on Application of Cost Allocation for Electricity Distributors* and March 31, 2011 *Review of Electricity Cost Allocation Policy* (the "Cost Allocation Reports"), and the 2026 Cost Allocation Model ("CA Model") issued on February 5, 2025.

As previously discussed, on April 1, 2018 Legacy EPI merged with St. Thomas Energy Inc. ("STEI"). Subsequent to the amalgamation, two rate zones have been maintained, based on the service territories of EPI's predecessor companies. These rate zones are as follows:

- Entegrus-Main Rate Zone representing the territory of Legacy EPI; and,
- Entegrus-St. Thomas ("STT") Rate Zone representing the former territory of STEI.

As part of this Application, EPI seeks to harmonize the above rate zones into a single tariff sheet. To support this harmonization, EPI has completed its cost allocation study on a harmonized basis.

7.2 Load Profiles & Demand Allocators

7.2.1 Load Profiles

EPI's load profiles have been updated for all rate classes. EPI used a historical average for weather normalization. More specifically, EPI developed load profiles based on historical hourly load data for 2022, 2023, and 2024. The resulting annual demand allocators were then averaged to produce the demand allocators to be used in cost allocation. Adjustments were then made to align the load profiles with the proposed 2026 Load Forecast (i.e. consumption forecast).

In a letter dated June 12, 2015, the OEB requested distributors to be mindful of material changes to Load Profiles and propose updates, as appropriate, in rebasing applications and the preparation of a cost allocation study. Subsequently, the OEB's Chapter 2 Filing Requirements were revised to require distributors to provide updated load profiles and demand allocators in their rebasing applications. In preparing this Application, EPI, with the assistance of Utilis Consulting Inc., assessed available methodologies to prepare updated load profiles for EPI's rate classes based on recent data and is of the view that the most appropriate methodology is the Historical Average approach using weather-actual data outlined in section 2.7.1.1 of the Filing Requirements. To prepare updated Load Profiles utilizing this method using non-normalized data, a minimum of three years of hourly data is required. EPI has retrieved 3 full years of hourly interval data for all applicable rate classes and rate zones, and meets this requirement.

As described in Section 2.7.1.1, the Historical Average method requires the utility to prepare load profiles for each rate class, for each historical year, in order to derive coincident and non-coincident peak ("CP" and "NCP") demand allocators for each rate class, for each historical year. Subsequently, the resulting historical demand allocators for each rate class are averaged across the historical years, with the resulting average values used as inputs in the "I8 Demand Data" Tab of the CA Model.

Relying on this method, EPI retrieved actual hourly load by rate class for the years 2022, 2023, and 2024. For clarity, the data gathered was organized into harmonized rate classes consistent with those proposed in this Application. In order to adjust for any data variances amongst the rate classes (e.g. missing data due to meter errors or other factors), the load profiles for each rate class, for each year

were adjusted such that the sum of all hours for each rate class is equal to the total actual annual consumption by rate class reported via EPI's Reporting and Recordkeeping Requirements Reporting ("RRR") submissions. Relying on the resulting adjusted load profiles, EPI developed CP and NCP demand allocators for each rate class, for each of the three years identified above. This produced average CP and NCP values for the period of 2022 to 2024.

Subsequently, EPI developed a scaling factor to 'scale up' the CP and NCP values to align with EPI's 2026 load forecast consumption. EPI included standby consumption in the 2026 load forecast consumption for the purposes of this exercise, in order to reflect the fact that allocation of distribution costs should align with distribution revenues (which include standby). To 'scale up' the CP and NCP values, EPI calculated the average annual kWh consumption per rate class over the 2022 to 2024 period. Forecast 2026 rate class consumption for each rate class was subsequently divided by average 2022 to 2024 annual consumption, to determine a scaling factor for each rate class. The average 2022 to 2024 CP and NCP values were then scaled up to align with the 2026 load forecast using each rate class's scaling factor.

The resulting values of the above methodology produced the demand allocators relied upon in the "I8 Demand Data" Tab of the 2026 CA Model.

The live Excel spreadsheet "EPI_Utilis_LoadProfile_Template_20250829" is provided as part of this Application to demonstrate how the 2026 demand allocators were derived.

7.2.2 Demand Allocators

Table 7-1 below outlines the demand allocators used by rate class. Detailed calculations are provided in the live Excel spreadsheet "EPI_Utilis_LoadProfile_Template_20250829".

Table 7-1: Demand Allocators by Rate Class

Line No.	Demand Allocator	Residential	General Service < 50 kW	General Service > 50 kW	Large Use	Street Lighting	Sentinel Lighting	Unmetered Scattered Load
1	1CP	121,370	34,633	76,679	16,074	-	-	138
2	4CP	448,741	127,243	295,295	70,468	-	-	552
3	12CP	981,023	320,261	858,362	221,356	1,407	83	1,655
4	1NCP	127,996	37,076	88,459	28,472	1,319	77	138
5	4NCP	473,866	139,195	345,298	106,079	5,260	308	552
6	12NCP	1,089,225	351,412	970,862	272,374	15,728	921	1,655

7.3 Rate Classes

7.3.1 Changes to Rate Classes

New Customer Classes

EPI is not proposing any new rate classes, rather EPI is proposing to harmonize to the existing Legacy EPI rate class structure. Correspondingly, one of the existing rate classes that is proposed to continue is not currently applicable to both rate zones. For more information, please see Section 7.3.2 below.

Eliminated Customer Classes

In its 2016 Cost of Service Application (EB-2015-0061), EPI had received approval for a new Embedded Distributor rate class for one point where Hydro One Networks Inc. ("HONI") was sub-embedded within EPI's service territory. In 2021, HONI made system modifications that resulted in HONI no longer being sub-embedded within EPI's service territory. As HONI is no longer sub-embedded in EPI's service territory, and HONI is the sole customer in this rate class, EPI proposes the elimination of its Embedded Distributor rate class.

For more information regarding the elimination of this rate class and discussions with HONI, please see Section 7.3.4 below.

7.3.2 Large Use

As noted above, EPI is seeking to harmonize its two rate zones into a single tariff sheet. While the Entegrus-Main rate zone currently has a Large Use rate class, the Entegrus-STT rate zone does not. EPI is proposing to maintain the Large Use rate class in the harmonized tariff sheet. There are currently no former STEI customers that would meet the criteria to move into the Large Use rate class.

7.3.3 Standby Rates

In its 2016 COS Application (EB-2015-0061), EPI received approval for Standby rates on a final basis for its GS > 50 kW and Large Use rate classes, equal to the variable distribution charge for each rate class,

respectively. As noted above, EPI is seeking to harmonize its two rate zones into a single tariff sheet. While the Entegrus-Main rate zone currently has customers to whom the approved Standby charges apply, the Entegrus-STT rate zone does not. EPI is proposing to maintain the final approved Standby charges in the harmonized tariff sheet. In Phase Two of EPI's Customer Engagement, EPI asked customers about extending standby rates to customers in the Entegrus-STT rate zone and the majority of customers were supportive (see Exhibit 1, Attachment 1-G for the Phase Two Customer Engagement report). EPI is not aware of any planned or pending load displacement generation investments (beyond the aforementioned Entegrus-Main customers) in its service territory.

As Standby rates are proposed to be established as additional charges within the GS > 50kW and Large User rate class, as opposed to a rate class in and of itself, a Standby rate class has not been included in the CA Model attached to this Exhibit. Rather, EPI has included a forecast of Standby billing determinants and revenue in the GS > 50kW and Large Use rate classes in Tab 16.1 Revenue for the purpose of establishing revenue at existing rates, and subsequently determining the revenue-to-cost ratios applicable to each rate class. EPI has also included forecast Standby billing determinants in Tab 10 of the RRWF.

7.3.4 Host Distributor

EPI became a Host Distributor on January 1, 2007 when HONI became sub-embedded to the former Chatham-Kent Hydro at the Dresden Distribution Station ("Dresden DS"). HONI owned and operated the Dresden DS which was located inside EPI's service territory, and consultations with HONI at that time confirmed that the Dresden point was virtually embedded to EPI. In its 2016 COS Application (EB-2015-0061), EPI established a separate Embedded Distributor rate class to reflect the operating costs related to billing and collecting for Hydro One at the Dresden point.

HONI is the sole customer in the Embedded Distributor rate class. In 2021, HONI made system modifications that resulted in HONI no longer being sub-embedded within EPI's service territory. The only volumes in this rate class since 2021 have been related to short-term load transfers ("STLTs").

The existence of this rate class when the customer is no longer sub-embedded within EPI's service territory has caused fluctuating rates in recent years. The Embedded Distributor rate class had Nil

volumes in 2022, and as such did not have any volumetric rates for 2024. However, in April 2023, HONI had a STLT that resulted in a small level of consumption for 2023. While HONI is no longer sub-embedded in EPI's distribution territory, it is still charged Embedded Distributor rates (i.e. for STLT's) as long as this rate class exists.

EPI proposes the formal elimination of the Embedded Distributor rate class in this Application, as HONI is no longer sub-embedded to EPI at any delivery point, and as such the rate class no longer reflects any underlying cost causality or service conditions. With the exception of the 2023 STLT, the volumes in this rate class have been Nil, and with no further activity expected the elimination of this rate class is not anticipated to have any financial or operational impact on HONI.

As noted above, in connection with preparing its rate application EPI has consulted with HONI and advised HONI of EPI's intention to eliminate the Embedded Distributor rate class. EPI provided HONI with the necessary supporting evidence included in Attachment 7-A of this Exhibit. HONI has accepted the proposed elimination of the Embedded Distributor rate class and its response is included in Attachment 7-B of this Exhibit.

7.3.5 MicroFIT

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

7.4 Cost Allocation Study

7.4.1 Overview

For the purposes of this Application, EPI has followed the cost allocation policies outlined in the Cost Allocation Reports, used the 2026 CA Model issued on February 5, 2025, and submitted the CA Model to reflect 2026 Test Year costs, customer numbers, and demand values.

A completed copy of the CA Model has been filed in Live Excel format.

EPI has developed weighting factors as outlined below based on analyzing the costs allocated by each weighting factor.

7.4.2 Weighting Factors

Weighting Factor for Services (Account 1855)

To calculate the Services weighting factors, EPI calculated the average cost of a service for a typical customer for each rate class. This cost included only amounts that would be recorded in Account 1855 and excludes transformers and metering. Once these average costs were calculated, EPI assigned the value of 1 to the Residential class and then calculated the associated weighting factor for each rate class based on comparative cost. There are no factors assigned to the GS>50 kW or Large Use rate classes as these customers own and install their own services. The results of this analysis are presented in Table 7-2 below and have been input into Line 12 of Tab "I5.2 Weighting Factors" of the CA Model.

Table 7-2: Service Weighting Factors

Line No.	Rate Class	Services Weighting Factors
1	Residential	1.0
2	GS<50	1.1
3	GS>50	-
4	Large Use	-
5	Street Light	0.1
6	Sentinel	0.1
7	USL	0.1

Weighting Factor for Billing and Collecting

To calculate the billing and collecting weighting factors, EPI calculated the estimated cost related to each rate class. To do this, EPI first allocated the billing and collecting costs to one of two groups, 1) low volume (Residential and GS<50 kW) and 2) high volume (GS>50-4,999 kW and Large Use). EPI then used these allocated costs divided by the number of bills issued to determine a total cost per bill. EPI then assigned a weighting factor of 1 to the Residential/GS<50 classes and determined the associated relative weighting factors for the larger rate classes. EPI assigned a weighting factor of 1 to the Street Lighting, Sentinel Lighting, and USL rate classes based on the rational that they do not require any more or any less work than the Residential or GS<50 rate classes. The results of this analysis are presented in Table 7-3 below and input in Line 15 of Tab "I5.2 Weighting Factors" of the CA Model. EPI notes that this is the same weighting factor approved in its 2016 COS (EB-2015-0061).

Table 7-3: Billing & Collecting Weighting Factors

Line No.	Rate Class	Billing & Collecting Weighting Factors
1	Residential	1.0
2	GS<50	1.0
3	GS>50	4.5
4	Large Use	5.5
5	Street Light	1.0
6	Sentinel	1.0
7	USL	1.0

Meter Capital

EPI determined the meter reading weighting factors using a four-step process as follows and as provided in Tab "I7.1 Meter Capital" of the CA Model:

1. Determined the number of meters by type for each rate class (e.g., customers within the residential rate class can use one of four types of meters: Central Meter, Network Meter, Three Phase Meter and Smart Meter);
2. Determined the installation cost for each type of meter;
3. Calculated the total meter installation cost for each rate class by summing the product of the installation cost and number of meters by meter type; and

4. Calculated the average meter cost for each rate class, allowing the CA Model to calculate a weighting factor for each rate class relative to the average residential cost.

The meter capital weighting factors are presented in Table 7-4 below.

TABLE 7-4: METER CAPITAL WEIGHTING FACTORS

Line No.	Rate Class	Meter Capital Weighting Factors
1	Residential	1.00
2	GS<50	2.93
3	GS>50	17.72
4	Large Use	114.16
5	Street Light	-
6	Sentinel	-
7	USL	-

WEIGHTING FACTORS FOR METER READING

This weighting factor is used to allocate costs in Account 5310 – Meter Reading Expense. EPI no longer has third party meter reading service, and incurs $0 in expenditures in Account 5310. As such, calculation of this weighting factor is not applicable.

7.5 Class Revenue Requirements

Load Forecast

Consistent with Exhibit 3, EPI has entered its weather normalized 2026 Load Forecast in lines 25 and 26 of the CA Model Tab "I6.1 Revenue". This load forecast includes Wholesale Market Participants ("WMP") as discussed in Exhibit 3. For the purposes of calculating the General Service >50 kW and Large Use demand and revenue in the CA Model, EPI has included the forecast Standby kW (see Exhibit 3, Section 3.2.10 for details of the Standby kW forecast). Table 7-5 below summarizes the results included in the CA Model.

Table 7-5: Adjusted 2026 Load Forecast

Line No.	Rate Class	Customers/ Connections	kWh	kW
1	Residential	-	448,377,107	-
2	General Service < 50 kW	-	162,071,320	-
3	General Service > 50 kW to 4999 kW	1,612,098	497,570,107	1,362,478
4	Large Use	-	108,051,127	315,023
5	Unmetered Scattered Load	-	1,209,325	-
6	Sentinel Lighting	-	317,687	798
7	Street Lighting	-	5,426,587	15,619
8	**Total**	**1,612,098**	**1,223,023,260**	**1,693,918**

To forecast the applicable 2026 demand (kW) associated with customers receiving the Transformer Ownership Allowance ("TOA") credit, EPI utilized the associated 2023 kW demand as a basis. EPI calculated the kW demand in 2023 that received a TOA credit as a percentage of the total 2023 kW by rate class, and then applied this percentage to the 2026 Load Forecast. The results of this calculation have been entered into Line 27 of this Tab. EPI notes that it does not have any customers who receive the TOA on a consumption (kWh) basis, and therefore Line 28 of this Tab is left blank.

Table 7-6: Percentage of 2023 kW with TOA

Line No.	Rate Class	2023 Total kW	2023 kW w/TOA	Percentage	2026 Load Forecast	2026 kW w/TOA
1	General Service > 50 kW	1,410,154	732,872	52.0%	1,362,478	708,094
2	Large Use	239,895	239,895	100.0%	315,023	315,023
3	**Total**					**1,023,117**

As of June 30, 2025, EPI has two WMP who reside in the GS>50 rate class. Consistent with Exhibit 3 and the 2026 Load Forecast, EPI has removed the WMP forecast kWh from the GS>50 rate class and entered the results in Line 29 of this Tab.

EXISTING RATES

As noted above, while the load forecast for this Application has been prepared on an aggregate service territory basis, EPI currently maintains two separate rate zones. In order to accurately reflect distribution revenue from current rates, EPI has calculated weighted average distribution rates for input into Lines 33 to 35 of this Tab. To facilitate this calculation, EPI calculated the 2024 percentage of customer/connections, kWh and kW by rate zone by rate class. EPI applied these percentages to the 2026 Load Forecast and then applied the 2025 IRM approved rates (EB-2024-0018) to the allocated forecast. EPI calculated the weighted average fixed and variable rates by dividing the total revenue by the total billing determinant. The calculation of these rates has excluded all rate riders and only reflects approved distribution rates. The results have been entered into Lines 33 to 35 of this Tab.

TABLE 7-7: 2025 WEIGHTED AVERAGE RATES

Line No.	Rate Class	Entegrus-MAIN		Entegrus-STT		Weighted Average	
		Fixed	Variable	Fixed	Variable	Fixed	Variable
1	Residential	$30.06	$0.0000	$32.31	$0.0000	$30.75	$0.0000
2	General Service < 50 kW	$37.73	$0.0123	$29.62	$0.0201	$35.23	$0.0145
3	General Service > 50 kW	$122.36	$4.0526	$92.31	$4.4195	$115.01	$4.1311
4	Large Use	$1,867.15	$2.8514	$0.00	$0.0000	$1,867.15	$2.8514
5	Unmetered Scattered Load	$10.09	$0.0018	$0.00	$0.0000	$10.09	$0.0018
6	Sentinel Lighting	$9.19	$0.8230	$5.97	$7.2274	$8.49	$0.8669
7	Street Lighting	$1.40	$1.1738	$4.56	$0.0447	$2.27	$0.8065

EPI uses the standard OEB-approved TOA of $0.60/kW, which is consistent across all applicable rate zones. EPI has entered this rate in Line 36 of this Tab for the applicable rate classes.

EPI does not have any additional charges to include in Line 37, accordingly this line has been left blank.

REVENUE BY CLASS

EPI provides its cost allocation information in Tab "11. Cost_Allocation" of the Revenue Requirement Work Form ("RRWF"). This information is consistent with the information provided in Table 7-8 to Table 7-11 below.

As previously discussed, EPI's most recent cost allocation study was completed by the former EPI in its 2016 COS Application (EB-2015-0061), and the former STEI's most recent cost allocation study was completed in its 2015 COS Application (EB-2014-0113). As EPI does not have a prior harmonized cost allocation study, it has populated the previous cost study column in the RRWF using the former EPI 2016 cost allocation study results. Table 7-8 below provides the comparison of the former EPI 2016 cost allocation study and EPI's cost allocation study completed as part of this Application. The RRWF has been filed with this Application as a live excel model (EPI_2026_Rev_Reqt_Workform_1.0_20250829).

TABLE 7-8: 2016 VS 2026 ALLOCATED COSTS

Line No.	Rate Class	Costs from Previous Study	%	Costs Allocated in Test Year Study	%
1	Residential	$16,141,601	60.6%	$27,896,565	66.4%
2	General Service < 50 kW	$3,521,853	13.2%	$5,646,730	13.4%
3	General Service > 50 - 4,999 kW	$6,018,125	22.6%	$7,286,009	17.3%
4	Large Use	$462,118	1.7%	$755,302	1.8%
5	Unmetered Scattered Load	$32,995	0.1%	$33,159	0.1%
6	Sentinel Lighting	$62,494	0.2%	$35,485	0.1%
7	Street Lighting	$416,340	1.6%	$365,737	0.9%
8	Embedded Distributor	$1,610	0.0%	$0	0.0%
9	**Total**	**$26,657,136**	**100.0%**	**$42,018,987**	**100.0%**

Table 7-9 below provides information on calculated rate class revenue. Column A represents the proposed 2026 Load Forecast multiplied by the 2025 Approved Rates, consistent with the calculation used in EPI's RRWF in Exhibit 6. Column B represents the amounts from Column A adjusted to reflect EPI's revenue deficiency by using the factor in cell C22 of tab O1 of the CA Model. EPI's factor from the CA Model is 1.1741. Column C represents the revenue by class using the proposed 2026 revenue to cost ratios discussed in Section 7.4. Column D represents the Other Revenue allocated to each rate class per the CA Model.

TABLE 7-9: CALCULATED CLASS REVENUE

Line No.	Rate Class	Load Forecast ("LF") x 2025 Approved Rates	LF x 2025 Approved Rates x (1.1741)	LF x Proposed 2026 Rates	Miscellaneous Revenue
	Reference	A	B	C	D
1	Residential	$ 21,513,319	$ 25,258,159	$ 25,596,922	$ 1,698,771
2	General Service < 50 kW	$ 4,873,057	$ 5,721,314	$ 5,721,314	$ 308,309
3	General Service > 50 - 4,999 kW	$ 5,880,705	$ 6,904,364	$ 6,904,364	$ 410,409
4	Large Use	$ 798,866	$ 937,925	$ 813,244	$ 55,352
5	Unmetered Scattered Load	$ 28,778	$ 33,787	$ 33,787	$ 2,158
6	Sentinel Lighting	$ 28,154	$ 33,055	$ 33,055	$ 2,418
7	Street Lighting	$ 533,783	$ 626,699	$ 412,616	$ 26,268
8	Embedded Distributor	$ -	$ -	$ -	$ -
9	**Total**	**$ 33,656,662**	**$ 39,515,303**	**$ 39,515,303**	**$ 2,503,684**

7.6 Revenue to Cost Ratios

The results of a cost allocation study are typically presented in the form of revenue-to-cost ("R-C") ratios. The ratio is shown by rate classification and is the percentage of Distribution Revenue collected by rate class divided by the costs allocated to the class. The percentage identifies which rate classes are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates that the rate classification is over-contributing and is subsidizing other classes of customers.

The range of acceptable R-C ratios was published in the OEB's March 31, 2011 Cost Allocation Report. Further to this, the OEB's letter dated June 12, 2015 with regard to the treatment of Street Lighting connections narrowed the R-C ratio for the street lighting rate class from 70% - 120% to 80% - 120%, consistent with the views expressed in the December 9, 2013 *Report of the Board: Review of Cost Allocation for Unmetered Loads*. The R-C ranges proposed by EPI are within these ranges.

Table 7-10 below shows the previously approved R-C ratios, the Status Quo R-C ratios and the proposed R-C ratios entered by EPI. The R-C ratios reflected in the "Previously Approved" column represent the amounts approved in EPI's 2016 COS Application (EB-2015-0061). The R-C ratios reflected in the "Status Quo" column represent the ratios calculated by the CA Model based on the current rate structure and assigned costs. The R-C ratios reflected in the "Proposed" column reflect the ratios EPI has calculated in order to ensure all rate classes are within the OEB Approved ranges and while balancing EPI's Distribution Revenue Requirement. These ratios reflect the rebalancing required as further discussed below.

TABLE 7-10: REVENUE TO COST RATIOS

Line No.	Rate Class	Previously Approved Ratios (Note 1)	Status Quo Ratios (Per CA Model)	Proposed Ratios	Policy Range
1	Residential	98.9%	96.6%	97.8%	85% to 115%
2	General Service < 50 kW	110.5%	106.8%	106.8%	80% to 120%
3	General Service > 50 - 4,999 kW	98.6%	100.4%	100.4%	80% to 120%
4	Large Use	85.0%	131.5%	115.0%	85% to 115%
5	Unmetered Scattered Load	110.5%	108.4%	108.4%	80% to 120%
6	Sentinel Lighting	86.3%	100.0%	100.0%	80% to 120%
7	Street Lighting	110.5%	178.5%	120.0%	80% to 120%
8	Embedded Distributor (Note 2)	100.0%	n/a	n/a	n/a

Note 1: These Revenue to Cost ratios relate to the former EPI, as approved in EB-2015-0061.
Note 2: The Embedded Distributor rate class is n/a for status quo and proposed ratios as EPI is proposing elimination of this rate class as part of this Application.

The "Status Quo" R-C ratios as calculated in the CA Model result in Large Use being above the OEB's policy range upper bound of 115%, and Street Lighting being above the OEB's policy range upper bound of 120%. First, EPI adjusted the R-C ratios for these classes to meet the respective upper limits. These adjustments resulted in an under collection of proposed revenue of $338,763 as identified in Table 7-11 below. Then EPI moved its lowest R-C ratio, Residential, up until revenue neutrality was reached. This resulted in Residential having an R-C ratio at 97.8%. EPI is not proposing to adjust R-C ratios after the 2026 test year.

TABLE 7-11: REBALANCING R-C RATIOS

Line No.	Rate Class	Base Revenue Requirement		
		Before Rebalancing	After Rebalancing	Increase/ (Decrease)
1	Residential	$ 25,258,159	$ 25,596,922	$ 338,763
2	General Service < 50 kW	$ 5,721,314	$ 5,721,314	$ -
3	General Service > 50 - 4,999 kW	$ 6,904,364	$ 6,904,364	$ -
4	Large Use	$ 937,925	$ 813,244	$ (124,681)
5	Unmetered Scattered Load	$ 33,055	$ 33,055	$ -
6	Sentinel Lighting	$ 626,699	$ 412,616	$ (214,082)
7	Street Lighting	$ 33,787	$ 33,787	$ -
8	Embedded Distributor	$ -	$ -	$ -
9	**Total**	**$ 39,515,303**	**$ 39,515,303**	**$ 0**

ATTACHMENT 7-A

Letter to HONI Regarding Embedded Distribution

Entegrus Powerlines Inc.
320 Queen St. (P.O. Box 70)
Chatham, ON N7M 5K2
Phone: (519) 352-6300
Toll Free: 1-866-804-7325
entegrus.com

May 21, 2025

Mr. Brent Currie
Account Executive Key Accounts Management
Hydro One Networks Inc.
255 Matheson Blvd West
Mississauga, ON L5R 3G3

Re: Proposed Elimination of the Embedded Distributor Rate Class

Dear Mr. Currie,

Entegrus Powerlines Inc. ("EPI") is preparing its Cost of Service rate application (the "Application) for distribution rates effective May 1, 2026. As part of this Application, EPI is proposing the elimination of the Embedded Distributor rate class. In accordance with the Ontario Energy Board's ("OEB") Chapter 2 Filing Requirements dated December 9, 2024, EPI must consult with affected customers when a rate class is proposed for elimination. The objective of this letter is to ensure transparency and provide an opportunity for Hydro One Networks Inc. ("Hydro One") to review and comment on the proposed change.

Background and Current Context

EPI became a Host Distributor on January 1, 2007 when Hydro One became embedded to EPI's legacy distributor, Chatham-Kent Hydro Inc., at the Dresden Distribution Station ("Dresden DS"). Hydro One owned and operated the Dresden DS which was located inside EPI's service territory, and consultation with Hydro One at that time confirmed that the Dresden point was virtually embedded to EPI. In its 2016 COS Application (EB-2015-0061), EPI established a separate Embedded Distributor rate class to reflect the operating costs related to billing and collecting for Hydro One at the Dresden point.

Hydro One is the sole customer in the Embedded Distributor rate class. However, as of 2021, Hydro One made system modifications and is no longer sub-embedded in EPI's service territory. As such, there has been no billing activity under the Embedded Distributor rate class since that time, with the exception of a small short-term Load Transfer ("STLT") in 2023. Otherwise, the volumes in this rate class have been nil.

Rationale for Elimination

Entegrus proposes the formal elimination of the Embedded Distributor rate class in its Application, as Hydro One is no longer sub-embedded to Entegrus at any delivery point, and as such the rate class no longer reflects any underlying cost causality or service conditions. With the exception of the 2023 STLT, the volumes in this rate class have been nil, and with no further activity expected the elimination of this rate class is not anticipated to have any financial or operational impact on Hydro One.

Request for Confirmation

EPI requests Hydro One's confirmation that it has no objection to the proposed elimination of the Embedded Distributor rate class effective May 1, 2026. Please provide any Hydro One comments by June 13, and please do not hesitate to contact us directly should you have any questions regarding this matter.

Regards,

[Original Signed By]

David C. Ferguson
Chief Regulatory Officer & Vice President of Human Resources
(519) 352-6300 x 4558
Email: regulatory@entegrus.com

cc: Tomo Matesic, Vice President of Engineering & Operations
Matthew Meloche, Director of Systems Planning Operations & Engineering

ATTACHMENT 7-B

Reply from HONI Regarding Embedded Distribution

From: CURRIE J. Brent
To: Tomo Matesic
Cc: David Ferguson
Subject: Re: Proposed Elimination of the Embedded Distributor Rate Class
Date: Friday, May 23, 2025 8:57:30 AM
Attachments: HONI Letter re Embedded Distributor Rate Class.pdf

---

Tomo,

Correct. Hydro One is okay with Entegrus' intention to discontinue the “embedded distributor” rate classification, as per your notice attached. Since this change has already been accounted for in our Retail Settlements Totalization Table for Chatham-Kent area.

Thanks,

J. Brent Currie

Hydro One Networks Inc.
Tx. Account Executive
Key Accounts Management
Cell: (226) 280-1030
Email: J.Brent.Currie@hydroone.com

From: Tomo Matesic <tomo.matesic@entegrus.com>
Sent: Friday, May 23, 2025 8:51 AM
To: CURRIE J. Brent <J.Brent.Currie@HydroOne.com>
Cc: David Ferguson <David.Ferguson@entegrus.com>
Subject: RE: Proposed Elimination of the Embedded Distributor Rate Class

Thanks Brent

Just so I can close the loop for our filing, can I interpret your comment to mean that given that HONI has already accounted for the change, HONI no issue with EPI’s proposed elimination of the embedded distributor rate?

Thank you

Tomo

Tomo M. Matesic
VP Engineering & Operations
Entegrus Powerlines Inc.
320 Queen St., Chatham Ontario, N7M 5K2
tomo.matesic@entegrus.com
p: 519-352-6300 x 349
m: 519-350-1432

From: CURRIE J. Brent <J.Brent.Currie@HydroOne.com>
Sent: Friday, May 23, 2025 8:36 AM
To: Tomo Matesic <tomo.matesic@entegrus.com>
Subject: Re: Proposed Elimination of the Embedded Distributor Rate Class

Tomo,

Thanks for sharing the attached. This change is already accounted for in our Retail Settlements Totalization Table for Chatham-Kent area.

Thanks,

J. Brent Currie

Hydro One Networks Inc.
Tx. Account Executive
Key Accounts Management
Cell: (226) 280-1030
Email: J.Brent.Currie@hydroone.com

From: Tomo Matesic <tomo.matesic@entegrus.com>
Sent: Thursday, May 22, 2025 9:28 AM
To: CURRIE J. Brent <J.Brent.Currie@HydroOne.com>
Subject: Proposed Elimination of the Embedded Distributor Rate Class

Good Morning Brent,

As discussed would you please pass along the attached letter to the appropriate group at Hydro One.

Thank you in advance for your assistance.

Tomo

Tomo M. Matesic
VP Engineering & Operations
Entegrus Powerlines Inc.
320 Queen St., Chatham Ontario, N7M 5K2
tomo.matesic@entegrus.com
p: 519-352-6300 x 349
m: 519-350-1432