



Via REES

Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

October 30, 2025

Dear Mr. Ritchie Murray,

**Re: PUC Distribution Inc. (License ED-2002-0546)
2026 IRM Rate Application (EB-2025-0012)**

PUC Distribution Inc. ("PUC") is submitting its Electricity Distribution Rates application under the Fourth Generation Incentive Rate-Setting Mechanism ("Price Cap IR") to the Ontario Energy Board's ("OEB") for electricity distribution rates and other charges effective May 1, 2026.

The Filing includes the Application, the Manager's Summary, and live versions of the following models or files:

1. PUC_2026_IRM Rate Generator Model_20251030
2. PUC_2026_Commodity_Accounts_Analysis_Workform_20251030
3. PUC_2026_IRM Checklist_20251030

The Filing and supporting materials are being filed through the OEB's Regulatory Electronic Submission System.

Yours truly,

A handwritten signature in black ink, appearing to read 'Pina Pacione', with a stylized flourish at the end.

Pina Pacione, CPA, CGA
Manager, Regulatory & Customer Affairs
Telephone: 705-759-6583
Email: regulatory@ssmpuc.com



PUC DISTRIBUTION INC.
2026 INCENTIVE RATE-SETTING
MECHANISM (IRM) APPLICATION
EB-2025-0012

FILED: OCTOBER 30, 2025

TABLE OF CONTENTS

| | |
|--|----|
| APPLICATION..... | 3 |
| MANAGER’S SUMMARY..... | 4 |
| 1. Overview | 4 |
| 2. Relief Sought | 5 |
| 3. Annual Adjustment Mechanism..... | 6 |
| 4. Revenue-to-Cost Ratio Adjustment..... | 7 |
| 5. Rate Design for Residential Customers | 7 |
| 6. Proposed Retail Transmission Service Rates | 7 |
| 7. Review and Disposition of Group 1 Deferral and Variance Account Balances..... | 8 |
| 8. Commodity Accounts 1588 and 1589 | 10 |
| 9. Commodity Accounts Analysis Workform..... | 11 |
| 10. Disposition of Account 1595 | 12 |
| 11. Wholesale Market Participants | 13 |
| 12. Capacity Based Recovery..... | 13 |
| 13. Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) | 13 |
| 14. Rate Rider for PUC Sault Smart Grid Project Recovery Mechanism | 13 |
| 15. Rate Rider for Embedded Generation | 14 |
| 16. Tax Changes | 15 |
| 17. Regulatory Charges..... | 15 |
| 18. Other Rate and Charges | 15 |
| 19. Z-Factor Claims and Incremental Capital Module (ICM) | 16 |
| 20. Treatment of Costs for “eligible investments” | 17 |
| 21. Conservation and Demand Management Costs for Distributors | 17 |
| 22. Specific Exclusions from IRM Applications | 17 |
| 23. Bill Impacts | 17 |
| 24. Conclusion | 18 |

Appendices:

APPENDIX_A_CERTIFICATIONS

APPENDIX_B_2025 CURRENT TARIFF OF RATES AND CHARGES

APPENDIX_C_2026 PROPOSED TARIFF OF RATES AND CHARGES

APPENDIX_D_2023 COS SSG RECOVERY MECHANISM (EB-2022-0059), pg.60-69

Attachments:

1. PUC_2026_IRM_RATE_GENERATOR_MODEL_20251030

2. PUC_2026_COMMODITY_ACCOUNTS_ANALYSIS_WORKFORM_20251030

3. PUC_2026_IRM_CHECKLIST_20251030

APPLICATION

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, being
Schedule B to the Energy Competition Act, S.O. 1998, c.15;

AND IN THE MATTER OF an application by PUC Distribution Inc. to
the Ontario Energy Board for an Order or Orders approving or fixing
just and reasonable rates and other charges for electricity
distribution to be effective May 1, 2026.

CONTACT INFORMATION

| | |
|----------------------------------|--|
| Applicant Name: | PUC Distribution Inc. |
| Applicant's Address for Service: | 500 Second Line East Sault Ste. Marie, Ontario, P6A 6P2 |
| Primary Application Contact: | Pina Pacione Manager, Regulatory & Risk Telephone: 705-759-6583 Email: pina.pacione@ssmpuc.com |
| President & CEO: | Robert Brewer Telephone: 705-759-6552 Email: robert.brewer@ssmpuc.com |
| Chief Financial Officer: | K. Mark Faught Telephone: 705-759-0105 Email: mark.faught@ssmpuc.com |
| Applicant's Internet Address: | https://www.puc.ca |

Filed: October 30, 2025

MANAGER'S SUMMARY

1. Overview

PUC Distribution Inc. ("PUC" or "the Applicant") is a corporation incorporated pursuant to the Ontario Business Corporations Act with its office in the City of Sault Ste. Marie.

PUC carries on the business of distributing electricity to approximately 34,000 customers within the City of Sault Ste. Marie, Batchewana First Nation (Rankin Reserve), Prince Township and parts of Dennis Township, pursuant to Electricity Distribution Licence No. ED-2002-0546 issued by the Ontario Energy Board ("OEB" or "Board").

Pursuant to Section 78 of the Ontario Energy Board Act, 1998, PUC seeks approval of its proposed distribution rates and other charges, to be effective May 1, 2026.

This Application (the "Application") is prepared in accordance with the OEB's *Filing Requirements for Electricity Distribution Rate Applications, 2025 Edition for 2026 Rate Applications – Chapter 3 Incentive Rate-Setting Applications*, dated June 19, 2025; the July 31, 2009 *Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative* ("the EDDVAR Report") [EB-2008-0046]; and the Guideline: Electricity Distribution Retail Transmission Service Rates and Low Voltage Charges, issued March 31, 2025 ("RTSR Guidelines").

PUC has verified the accuracy of the billing determinates that were pre-populated in the models. PUC confirms it has not made any revisions to the submitted RRR data. In addition,

- i. PUC has provided a Certificate of Evidence, Certification Regarding Personal Information and Certification of Deferral and Variance Account Balances as Appendix A.
- ii. PUC's current 2025 Tariff of Rates and Charges, for rates effective May 1, 2025, is included as Appendix B.
- iii. PUC's proposed 2026 Tariff of Rates and Charges, for rates effective May 1, 2026, is included as Appendix C.
- iv. PUC has included the Board's 2023 Cost of Service ("COS") decision supporting the Rate Rider for the Sault Smart Grid Project Recovery Mechanism, as Appendix D.
- v. PUC has calculated its distribution rates and other charges using the Board's 2026 IRM Rate Generator Model posted on July 17, 2025. This model is filed as a live Excel file: PUC_2026_IRM_RATE_GENERATOR_MODEL_20251030.

- vi. PUC has completed the Board's 2026 Commodity Accounts Analysis Workform filed as a live Excel file: PUC_2026_COMMODITY_ACCOUNTS_ANALYSIS_WORKFORM_20251030.
- vii. PUC has completed the 2026 IRM Checklist filed as a live Excel file: PUC_2026_IRM_CHECKLIST_20251030.

2. Relief Sought

PUC hereby applies for an Order or Orders approving distribution rates updated and adjusted in accordance with the Chapter 3 Requirements as follows:

1. Rate Order Implementation with an Effective date of May 1, 2026, using the Annual Adjustment Mechanism of 3.40% applied to existing distribution rates determined by the OEB's calculated inflation factor for incentive rate-setting under the Price Cap IR Price Escalator of 3.70%, reduced by a Productivity Factor of 0%, and PUC's Stretch Factor of 0.30%.
2. Adjustment to the Retail Transmission Service Rates ("RTSRs") as provided in Guideline: Electricity Distribution Retail Transmission Service Rates and Low Voltage Charges, issued March 31, 2025 ("RTSR Guidelines") and subsequent revisions and updates to the Uniform Transmission Rates ("UTRs") issued October 9, 2025 and as supported by the completion of the related sections of the OEB issued 2026 IRM Rate Generator Model.
3. Continuation of the Wholesale Market Service Rate, Capacity Based Recovery (CBR) Class B, Rural Rate Protection Charge, the Standard Supply Service Charge, Specific Service Charges, MicroFIT Service Charge, Retail Service Charges, the Smart Metering Entity Charge and Loss Factors as approved in PUC's 2023 COS Application (EB-2022-0059).
4. Rate Riders for the disposition of Group 1 DVA account balances as of December 31, 2024 (including Account 1595 (2021 and 2022), plus carrying charges to the end of April 30, 2026.
5. Rate Riders for Sault Smart Grid Project Recovery (2026) as approved in the 2023 COS Application [EB-2022-0059].
6. Rate Riders for Embedded Generation Adjustment as approved in the 2023 COS Application [EB-2022-0059].

PUC will post its 2026 IRM Application and related information as required by the OEB on its website www.puc.ca.

This Application will affect all ratepayers in PUC's service territory. PUC requests that, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing. If the Board is unable to provide a Decision and Order in this

Application for implementation by the Applicant as of May 1, 2026, PUC requests that the Board issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim until such time as the 2026 rates are approved. If the effective date does not coincide with the Board's decided implementation date for May 1, 2026, Distribution Rates and Charges, PUC requests to be permitted to recover the incremental revenue from the effective date to the implementation date.

Table 1 below summarizes PUC's 2026 proposed distribution rates, as compared to current approved rates.

Table 1 – 2026 Current and Proposed Distribution Rates

| Rate Class | Current MFC (\$) | Current Volumetric Charge (\$/kWh) | Price Cap Index | Proposed MFC (\$) | Proposed Volumetric Charge (\$/kWh) |
|---------------------------------|------------------|------------------------------------|-----------------|-------------------|-------------------------------------|
| Residential | \$ 41.40 | \$ - | 3.40% | \$ 42.81 | \$ - |
| General Service Less than 50 kW | \$ 24.09 | \$ 0.0344 | 3.40% | \$ 24.91 | \$ 0.0356 |
| General Service 50 to 4,999 kW | \$ 133.07 | \$ 9.0207 | 3.40% | \$ 137.59 | \$ 9.3274 |
| Unmetered Scattered Load | \$ 14.76 | \$ 0.0513 | 3.40% | \$ 15.26 | \$ 0.0530 |
| Sentinel Lighting | \$ 4.70 | \$ 43.8388 | 3.40% | \$ 4.86 | \$ 45.3293 |
| Street Lighting | \$ 1.81 | \$ 11.8072 | 3.40% | \$ 1.87 | \$ 12.2086 |

3. Annual Adjustment Mechanism

PUC seeks to increase its rates, effective May 1, 2026, based on a mechanistic rate adjustment using the OEB-approved inflation minus X-factor formula applicable to Price Cap IR applications. On June 11, 2025, the OEB issued the GDP-IPI inflation factor of 3.70% to be used in the 2026 IRM Rate Generator model. In addition, on August 18, 2025, the OEB issued the Incentive Rate Setting: 2024 Benchmarking Update for Determination of 2025 Stretch Factor Rankings (EB-2010-0379) to be used in the 2025 IRM Rate applications. Each year, the OEB benchmarks electricity distributors' total cost performance. The rankings from the benchmarking results for the current year's electricity distributors are used to assign stretch factors. The stretch factor forms part of the annual IRM process and is used to determine whether a distributor's rates will be adjusted. The benchmarking update using 2024 data determines the stretch factor assignments to be used in the 2026 rate-setting process.

In the most recent stretch factor rankings, PUC has been assigned to Cohort III, therefore, PUC has populated the IRM Rate Generator Model using the inflation factor of 3.70%, productivity factor of 0.00% and a stretch factor of 0.30% for a total price index adjustment of 3.40%.

The annual adjustment mechanism will apply to distribution rates (fixed and variable charges) uniformly across customer rate classes, the specific charge for access to the power poles – per

pole/year, and the Retailer Service Charges, which are adjusted for the inflation factor each year.

4. Revenue-to-Cost Ratio Adjustment

PUC is not proposing to adjust the revenue-to-cost ratios and therefore has not completed the 2026 IRM Revenue to Cost Ratio Adjustment Model.

5. Rate Design for Residential Customers

PUC transitioned to the 100% fixed monthly distribution charge for Residential customer class in its 2020 IRM Rate Application. PUC notes that the rate impact on any customer class does not exceed the 10% threshold and therefore no bill impact mitigation is required.

6. Proposed Retail Transmission Service Rates

PUC is applying for an increase in the network service rates. The increase is calculated using the 2026 IRM Rate Generator Model issued by the OEB that applies historical wholesale and retail consumption to current and future wholesale and retail rates.

For clarity, the RTSR's only include the Network Service Rate. PUC's customers are not subject to the Line or Transformation Connection Service Rates as PUC owns the transformation stations connected to Hydro One's network.

On October 9, 2025, the OEB issued a letter regarding 2026 Preliminary Uniform Transmission Rates (EB-2025-0232). The OEB directed distributors to update their 2025 application with the updated rates. PUC has updated the 2026 rates in the 2026 IRM Rate Generator Model.

Table 2 below summarizes PUC's May 1, 2026, proposed RSTR - Network rates, as compared to current approved rates.

Table 2 – Current and Proposed Retail Transmission Service Rates

| Rate Class | Unit | Current RTSR - Network (\$) | Proposed RTSR - Network (\$) |
|--|--------|-----------------------------|------------------------------|
| Residential Service Classification | \$/kWh | \$ 0.0103 | \$ 0.0103 |
| General Service Less than 50 kW | \$/kWh | \$ 0.0097 | \$ 0.0097 |
| General Service 50 to 4,999 kW | \$/kW | \$ 3.8685 | \$ 3.8859 |
| General Service 50 To 4,999 kW - Interval Metered | \$/kW | \$ 4.8653 | \$ 4.8872 |
| General Service 50 To 4,999 kW - EV Charging | \$/kW | \$ 0.6576 | \$ 0.8308 |
| General Service 50 To 4,999 kW - Interval Metered - EV | \$/kW | \$ 0.8271 | \$ 0.1412 |
| Unmetered Scattered Load | \$/kWh | \$ 0.0097 | \$ 0.0097 |
| Sentinel Lighting Service | \$/kW | \$ 2.9324 | \$ 2.9456 |
| Street Lighting Service | \$/kW | \$ 2.9179 | \$ 2.9310 |

The OEB's Filing Requirements (Chapter 3, June 19, 2025) state that for the initial rate setting for the EV Charging RTSR rate, distributors should use an estimate of the last actual year of the amount of load used by customers expected to qualify for the EVC Rate. At this time, PUC does not have any customers that would qualify for the EVC Rate. However, the rate has been included in this application so that it is in place should a qualifying facility connect in the future.

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

Reconciliation of 2.1.7 RRR to DVA Continuity Schedule

The following Table 3 provides the variances identified in the Rate Generator model in "Tab 3. Continuity Schedule".

Table 3 – Reconciliation of Deferral and Variance Account Balances

| Account Descriptions | USoA # | Total Principal (December 31, 2024) | Total Interest (December 31, 2024) | Total Principal and Interest | 2.1.7 RRR Balances (December 31, 2024) | Variance |
|---|--------|-------------------------------------|------------------------------------|------------------------------|--|--------------|
| Smart Metering Entity Charge Variance Account | 1551 | \$ (92,242) | \$ (5,978) | \$ (98,220) | \$ (98,220) | \$ - |
| RSVA - Wholesale Market Service Charge | 1580 | \$ (843,213) | \$ (46,523) | \$ (889,736) | \$ (609,168) | \$ 280,568 |
| Variance WMS – Sub-account CBR Class B | 1580 | \$ 298,406 | \$ (17,839) | \$ 280,568 | \$ - | \$ (280,568) |
| RSVA - Retail Transmission Network Charge | 1584 | \$ 353,129 | \$ 31,473 | \$ 384,602 | \$ 384,602 | \$ - |
| RSVA - Power | 1588 | \$ 22,374 | \$ 39,532 | \$ 61,906 | \$ 61,906 | \$ - |
| RSVA - Global Adjustment | 1589 | \$ 1,083,939 | \$ 102,782 | \$ 1,186,720 | \$ 1,186,720 | \$ - |
| 1595 Disposition (2021) | 1595 | \$ 10,128 | \$ 2,928 | \$ 13,057 | \$ 13,057 | \$ - |
| 1595 Disposition (2022) | 1595 | \$ (80,371) | \$ 17,973 | \$ (62,398) | \$ (62,398) | \$ - |
| 1595 Disposition (2023) | 1595 | \$ 4,955 | \$ 3,945 | \$ 8,900 | \$ 8,900 | \$ - |
| 1595 Disposition (2024) | 1595 | \$ 1,064,350 | \$ 53,816 | \$ 1,118,166 | \$ 1,118,166 | \$ - |
| Total - Group 1 Accounts | | \$ 1,821,455 | \$ 182,109 | \$ 2,003,564 | \$ 2,003,564 | \$ - |

The variance for the RSVA – Wholesale Market Service Charge is not a difference between the continuity and the RRRs – the IRM Model is double counting the CBR Class B balance in the RSVA – Wholesale Market Service Charge. It is included in the main account and the sub-account.

Except for the above noted variances, all balances agree to the RRR balances filed for December 31, 2024.

Disposition of Deferral and Variance Accounts

PUC's Group 1 Deferral and Variance Account balances filed in this 2026 IRM Application total a debit balance of \$905,702 equivalent to \$0.0015 per kWh, as calculated in "Tab 4. Billing Det. For Def-Var" in the 2026 IRM Rate Generator Model. The Threshold Test calculation outlined in the EDDVAR Report is +/- \$0.001 per kWh. PUC's total Group 1 Deferral and Variance Account balances meets the threshold test; therefore, PUC is requesting to dispose of the Group 1 DVA balances with this rate application.

PUC confirms that no adjustments were made to its Group 1 DVA Account balances that were previously approved by the OEB on a final basis. Projected interest was determined using OEB's prescribed interest rates. OEB's 2025 Q4 rate of 2.91% was applied to the January 1, 2026, to April 30, 2026 period. PUC last claimed Group 1 Account Balances in its 2024 IRM Application.

The following Table 4 provides the variances identified in the Rate Generator model of "Tab 3. Continuity Schedule".

Table 4 – Proposed Disposition of Group 1 Deferral and Variance Accounts

| Group 1 Accounts | USoA # | Principal Balances Adjusted for Disposition | Total Interest (Projected) | Total Claim for Disposition |
|--|------------|---|----------------------------|-----------------------------|
| Smart Metering Entity Charge Variance Account | 1551 | \$ (92,242) | \$ (9,783) | \$ (102,026) |
| RSVA - Wholesale Market Service Charge | 1580 | \$ (843,213) | \$ (81,306) | \$ (924,518) |
| RSVA - Wholesale Market Service Charge - CBR | 1580 | \$ 298,406 | \$ (5,529) | \$ 292,877 |
| RSVA - Retail Transmission Network Charge | 1584 | \$ 353,129 | \$ 46,040 | \$ 399,169 |
| RSVA - Power (excluding Global Adjustment) | 1588 | \$ 22,374 | \$ 40,455 | \$ 62,829 |
| RSVA - Global Adjustment | 1589 | \$ 1,083,939 | \$ 147,494 | \$ 1,231,433 |
| 1595 Disposition (2021) | 1595 | \$ 10,128 | \$ 3,346 | \$ 13,474 |
| 1595 Disposition (2022) | 1595 | \$ (80,371) | \$ 14,658 | \$ (65,713) |
| LRAM | 1568 | \$ - | \$ - | \$ - |
| Total Group 1 Account | | \$ 752,151 | \$ 155,375 | \$ 907,526 |
| Total Claim (including Account 1568) | \$ 907,526 | Claim meets the threshold test. | | |
| Total Claim for Threshold Test (All Group 1 Account) | \$ 907,526 | | | |
| Threshold Test (Total Claim per kWh) | 0.0015 | | | |

PUC has used the same allocation methodology as used in previous proceedings to assign Group 1 balances to its' rate classes. In consideration of the recommendation outlined in the Filing Requirements along with assessing bill impacts, PUC has proposed a one-year disposition period. Rate rider calculations can be found in Table 5, 6 and 8 and the electronic copy of the 2026 IRM Rate Generator Model that has been submitted with this Application.

The following Table 5 provides the calculated Rate Riders for Group 1 DVAs as identified in the Rate Generator model at "Tab 3. Continuity Schedule" to return to customers.

Table 5 – Proposed Group 1 Deferral and Variance Account Rate Riders

| Group 1 Deferral and Variance Account Rate Riders | | | | | |
|--|------|-------------------|------------------|---|--------------------------------------|
| Rate Class | Unit | Total Metered kWh | Total Metered kW | Allocation of Group 1 Account Balances to All Classes | Deferral/Variance Account Rate Rider |
| RESIDENTIAL SERVICE CLASSIFICATION | kWh | 285,454,942 | - | (177,094) | (0.0006) |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION | kWh | 97,644,501 | - | (42,221) | (0.0004) |
| GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION | kW | 213,481,656 | 512,347 | (103,002) | (0.2010) |
| UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION | kWh | 903,348 | - | (267) | (0.0003) |
| SENTINEL LIGHTING SERVICE CLASSIFICATION | kW | 202,156 | 592 | (61) | (0.1025) |
| STREET LIGHTING SERVICE CLASSIFICATION | kW | 2,628,487 | 7,337 | (1,264) | (0.1722) |
| Total | | 600,315,090 | 520,275 | (323,908) | |

8. Commodity Accounts 1588 and 1589

PUC confirms that it is recording all transactions in Accounts 1588 and 1589 in the year(s) in accordance with the respective versions of the Accounting Guidance. In this current application, PUC is requesting disposition of its 2024 Group 1 account balances.

Final Disposition Requests after Implementation of Accounting Guidance

PUC's Accounts 1588 RSVA Power and 1589 RSVA GA balances were last approved for disposition on a final basis for December 31, 2022, balances in PUC's 2024 IRM Application (EB-2024-0048).

In this current application, PUC is requesting disposition of its 2024 commodity pass through accounts. Balances in 2023 were not claimed in the 2025 IRM Application as the amount did not meet the Threshold Test calculation. Therefore, 2023 and 2024 transactions are being claimed in this Application.

Class A Customers

Class A customers are billed their share of the actual Global Adjustment, charged by the IESO, based on their individual Peak Demand Factor and as such the balance in USoA 1589 RSVA – Global Adjustment for Class A customers are zero.

Class B Customers

For non-RPP Class B customers, the RSVAGA captures the difference between the amounts billed by the distributor using the IESO's Global Adjustment 1st estimate, and the actual amount paid by the distributor to the IESO for those customers. The manner in which the balance in the RSVAGA is disposed of is dependent on whether a customer was a non-RPP Class B customer for the full year the RSVAGA balance relates to or whether they transitioned between Class A and Class B during that year. PUC has not had any customer transition between Class A and Class B during this period.

9. Commodity Accounts Analysis Workform

The Commodity Accounts Analysis Workform ("Workform") is provided as a live excel file. assesses the reasonability of Account 1589 RSVA – GA and Account 1588 RSVA – Power (collectively referred to as the "Commodity Accounts"). The Workform calculates approximate expected balances in the Commodity Accounts in the Workform and compares the expected amounts to the amounts reported in the distributor's general ledger. Material differences between the two need to be reconciled and explained on an annual basis. Materiality is assessed on an annual basis based on a threshold of +/- 1% of the annual IESO Global Adjustment (GA) charges.

The Workform also includes a "Principal Adjustment" tab to document any principal adjustments necessary to reconcile the balances reported in the distributor's general ledger to the balances requested for disposition, as reflected in the Deferral and Variance Account (DVA) Continuity Schedule.

In 2023, the principal activity recorded in Account 1589 was a debit balance of \$448,370 excluding dispositions. This represents 0.1% of PUC's 2023 IESO purchases which is within the OEB's threshold (+/- 1% of IESO purchases). The principal activity recorded in Account 1588 was a credit balance of (\$87,280), excluding dispositions. This represents -0.1% of the PUC's 2023 IESO purchases which is within the OEB's threshold (+/- 1% of IESO purchases).

In 2024, the principal activity recorded in Account 1589 was a debit balance of \$635,565 excluding dispositions. This represents 0.0% of PUC's 2024 IESO purchases which is within the OEB's threshold (+/- 1% of IESO purchases). The principal activity recorded in Account 1588 was

a debit balance of \$109,654, excluding dispositions. This represents 0.2% of the PUC's 2024 IESO purchases which is within the OEB's threshold (+/- 1% of IESO purchases).

The following Table 6 provides the calculated rate riders for the Global Adjustment collection from Non-RPP customers.

Table 6 – Proposed Class B Global Adjustment Non-RPP Rate Riders

| Rate Class | Unit | Total Metered Non-RPP 2024 Consumption excluding WMP | Total Metered 2024 Consumption for Class A Customers | Non-RPP Metered 2024 Consumption for Current Class B Customers | % of total kWh | Total GA \$ allocated to Current Class B Customers | GA Rate Rider |
|--|--------------|--|--|--|----------------|--|---------------|
| RESIDENTIAL SERVICE CLASSIFICATION | kWh | 7,743,226 | - | 7,743,226 | 4.6% | 56,481 | \$0.0073 |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION | kWh | 17,779,613 | - | 17,779,613 | 10.5% | 129,689 | \$0.0073 |
| GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION | kWh | 176,494,228 | 35,687,723 | 140,806,505 | 83.4% | 1,027,080 | \$0.0073 |
| STREET LIGHTING SERVICE CLASSIFICATION | kWh | 2,492,841 | - | 2,492,841 | 1.5% | 18,183 | \$0.0073 |
| | Total | 204,509,907 | 35,687,723 | 168,822,185 | 100.0% | \$1,231,433 | |

10. Disposition of Account 1595

PUC is requesting the disposition of Account 1595 sub-accounts for 2021 and 2022 in this rate proceeding. According the OEB's Chapter 3 filing requirements Distributors become eligible to seek disposition of residual balances of Account 1595 sub-accounts two years after the expiry of the rate rider and the balance has been externally audited. Residual balances in Account 1595 are only disposed of once, on a final basis. Disposition amounts were allocated to the rate classes based on the collected rider breakdown, summarized in Table 7 below.

Table 7 – Account 1595 Rate Rider Recovery Allocation

| Rate Class | 1595 (2021) Rate Riders Collected | 1595 Recovery Portion (2021) | 1595 Recovery Amount (2021) | 1595 (2022) Rate Riders Collected | 1595 Recovery Portion (2022) | 1595 Recovery Amount (2022) |
|--|-----------------------------------|------------------------------|-----------------------------|-----------------------------------|------------------------------|-----------------------------|
| RESIDENTIAL SERVICE CLASSIFICATION | \$ 39,546 | 6.29% | \$ 847 | \$ 66,639 | 8.57% | \$ (5,632) |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION | \$ 46,565 | 7.40% | \$ 997 | \$ 62,028 | 7.98% | \$ (5,242) |
| GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION | \$ 535,860 | 85.18% | \$ 11,477 | \$ 640,765 | 82.41% | \$ (54,151) |
| UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION | \$ 176 | 0.03% | \$ 4 | \$ 178 | 0.02% | \$ (15) |
| SENTINEL LIGHTING SERVICE CLASSIFICATION | \$ 36 | 0.01% | \$ 1 | \$ 51 | 0.01% | \$ (4) |
| STREET LIGHTING SERVICE CLASSIFICATION | \$ 6,906 | 1.10% | \$ 148 | \$ 7,912 | 1.02% | \$ (669) |
| | \$ 629,088 | 100% | \$ 13,474 | \$ 777,573 | 100% | \$ (65,713) |

11. Wholesale Market Participants

A Wholesale Market Participant (“WMP”) refers to any entity that participates directly in any of the Independent Electricity System Operator (“IESO”) administered markets; and therefore, should not be allocated balances related to transmission network and connection charges and disposition/refund of regulatory balances. PUC confirms that none of its customers are WMPs and therefore separate rate riders do not apply.

12. Capacity Based Recovery

PUC follows the approach identified in the Filing Requirements to address the disposition of CBR variances. In this current application, PUC is requesting disposition of its 2024 CBR balances.

Table 8 – Proposed Class B CBR Non-RPP Rate Riders

| Rate Class | Unit | Metered 2024 Consumption for Current Class B Customers | | % of total kWh | Total CBR Class B \$ allocated | CBR Class B Rate Rider |
|--|--------------|--|---------|----------------|--------------------------------|------------------------|
| RESIDENTIAL SERVICE CLASSIFICATION | kWh | 285,454,942 | - | 50.6% | \$147,702 | \$0.0005 |
| GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION | kWh | 97,644,501 | - | 17.3% | \$50,524 | \$0.0005 |
| GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION | kW | 177,793,933 | 434,308 | 31.5% | \$91,995 | \$0.2118 |
| UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION | kWh | 903,348 | - | 0.2% | \$467 | \$0.0005 |
| SENTINEL LIGHTING SERVICE CLASSIFICATION | kW | 202,156 | 592 | 0.0% | \$105 | \$0.1775 |
| STREET LIGHTING SERVICE CLASSIFICATION | kW | 2,628,487 | 7,337 | 0.5% | \$1,360 | \$0.1854 |
| | Total | 564,627,367 | 442,237 | 100.0% | \$292,153 | |

13. Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

In accordance with the OEB’s filing requirements, a distributor with a non-zero balance in the LRAMVA should seek disposition as part of their IRM application. PUC does not have a balance, therefore is not claiming a disposition.

14. Rate Rider for PUC Sault Smart Grid Project Recovery Mechanism

As part of PUC’s 2023 COS Application (EB-2022-0059), the OEB approved a SSG Project Recovery Mechanism for all rate classes. The full detail of the mechanism is outlined in APPENDIX_D_2023_COS_SSG_RECOVERY_MECHANISM_(EB-2022-0059), pg.60-69. PUC is

required to true-up for the period of May 1, 2023, to April 30, 2028, the net recovery for the SSG Project during this period after considering the lower of:

a) total rate riders collected from May 1, 2023, to April 30, 2028

b) the sum of 2023 to 2027 revenue requirements, where the annual revenue requirement is the lower of i) the recalculated revenue requirement based on the actual SSG Project capital costs and in-service dates, and ii) the settled forecasted revenue requirement used to calculate the SSG Recovery Mechanism Rate Rider.

PUC is proposing to use the Rate Riders calculated and approved in the 2023 COS Application [EB2022-0059] for Sault Smart Grid Project for the May 1, 2026, to April 30, 2027, period, as provided in Table 9.

Table 9 – Sault Smart Grid Rate Riders

| 2026 (effective from May 1, 2026 to April 30, 2027) | | | | | |
|---|----------------|-------------|------|------------|-----------------|
| Rate Class | # of Customers | Consumption | Unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 3.37 | \$ - |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 1.96 | \$ 0.0028 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 10.83 | \$ 0.7236 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.15 | \$ 0.9606 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.38 | \$ 3.5666 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 1.20 | \$ 0.0042 |
| Total | | 370,923,511 | | | |

15. Rate Rider for Embedded Generation

As part of PUC's 2023 COS Application (EB-2022-0059), the OEB approved an embedded generation rate rider refund of (\$.0004/kWh) for all rate classes. This rate rider was to address the systematic over collection of the WMS and RRRP from customers relative to the obligation to the Independent Electricity System Operator ("IESO"). The over collection is driven, in part, by embedded generation for which PUC is not required to pay the WMS or RRRP to the IESO. The rate rider is calculated by calculating the forecasted energy from embedded generation.

PUC is proposing to continue the Rate Rider for Embedded Generation Adjustment as approved in the 2023 COS Application [EB-2022-0059]. As this is related to Regulatory charges, the annual adjustment mechanism will not be applied.

16. Tax Changes

PUC has completed the OEB's 2026 IRM Rate Generator Model (Tab "8. STS-Tax Change" to calculate the difference between the taxes included in PUC's 2023 COS rate application as approved by the OEB (EB-2022-0059) and the taxes expected for 2026. There is no change in the tax rate therefore the incremental tax sharing calculated in the model is zero and results in no tax sharing required.

17. Regulatory Charges

PUC's current May 1, 2025, approved Tariff of Rates and Charges include several rates to be charged to customers to cover the costs associated with various programs and wholesale market services. The rates are each a component of the "Regulatory Charge" on a customer's bill and established by the OEB annually through a separate generic rate order. Regulatory rates to be charged include:

- The current 2025 RRRP rate of \$0.0015 per kWh was set by the OEB on January 1, 2025. The RRRP charge is a source of revenue for identified rural and remote electricity distributors to allow them to reduce the amount of revenue they would otherwise have to charge some of their customers to distribute electricity.
- The current rates for WMS, billed to Class A and B customers, and for CBR, billed to Class B customers are \$0.0041 per kWh and \$0.0004 per kWh, respectively. Distributors bill Class A customers their share of the actual CBR charge based on their contribution to peak demand.
- Wholesale market service (WMS) charges are designed for distributors to recover costs charged by the Independent Electricity System Operator (IESO) for the operation of the IESO-administered markets and the operation of the IESO-controlled grid, as well as the costs of the IESO's CBR initiative. Electricity distributors recover the WMS charges from customers through the WMS rate.

The current generic regulatory rates have been included in PUC's proposed 2026 Tariff of Rates and Charges in Appendix B.

18. Other Rate and Charges

Specific Service Charges, Retail Service Charges, Allowances, and Loss Factors

PUC's Tariff includes energy retailer charges. Energy retailer service charges refer to the charges that recover the cost of services provided by electricity distributors to electricity retailers or to customers, related to the supply of competitive electricity. In accordance with OEB's energy retailer service charges report, generic retailer service charges for rate-regulated electricity

distributors are to be adjusted by an annual inflation factor. Energy retailer service charges have been adjusted by the known 2026 inflationary factor of 3.70% by the IRM Generator Model and appear in the proposed 2026 Tariff of Rates and Charges. The OEB issued EB-2025-0199 inflationary adjustment effective January 1, 2026, that confirms these rates.

In accordance with OEB's Wireline Pole Attachment Charges Report generic wireline pole attachment charges for rate-regulated electricity distributors are to be adjusted by an annual inflation factor. Wireline pole attachment charges have been adjusted by the known 2026 inflationary factor of 3.70% by the IRM Generator Model and appears in the proposed 2026 Tariff of Rates and Charges. The OEB issued EB-2025-0200 - Distribution Pole Attachment Charge for 2026, dated June 19, 2025, which confirms the rate of \$40.59 per attacher, per year, per pole.

MicroFIT Generator Rate

Each year, the OEB reviews the province-wide fixed monthly service charge related to the microFIT Generator Service Classification to ensure that it continues to reflect actual costs. It was last reviewed November 19, 2024, with a microFIT province-wide generator rate with a monthly service charge of \$5.00.

PUC is applying for the continuation of this rate at the province-wide uniform fixed monthly service charge currently set at \$5.00. This rate and charge amount has been included in PUC's proposed 2026 Tariff of Rates and Charges in Appendix C.

Rate Rider for Smart Metering Entity Charge

PUC's 2025 approved Tariff of Rates and Charges include a Rate Rider for Smart Metering Entity Charge (SMC) of \$0.42 per smart meter per month applicable to all Residential and General Service less than 50kW customers. On September 8, 2022, the OEB approved the application by the Independent Electricity System Operator ("IESO"), in its capacity as the Smart Metering Entity (SME), for a SMC of \$0.42 per smart meter per month for the 2023-2027 period (EB-2022-0137). The OEB also issued a letter to all licensed electricity distributors outlining that the SMC is a pass-through amount to be charged by distributors to all applicable customers in the Residential and General Service <50kW classes.

The SMC of \$0.42 has been included on PUC's proposed 2026 Tariff of Rates and Charges in Appendix C.

19. Z-Factor Claims and Incremental Capital Module (ICM)

PUC is not requesting a Z-Factor claim or an ICM in this proceeding.

20. Treatment of Costs for “eligible investments”

PUC submitted its 5-year Distribution System Plan (“DSP”) with its 2023 Cost of Service Rate Application (EB-2022-0059). As referenced within Section 2.3.9 of the DSP, PUC’s distribution system is capable of accommodating REG, and no capital investments are needed for capacity upgrades to facilitate the connection of renewable energy generation plant at this time. Therefore, no requirement to establish deferral accounts for these types of costs or recovery of costs is requested or required.

21. Conservation and Demand Management Costs for Distributors

PUC’s CDM programs are funded through IESO and therefore no CDM costs are included in distribution rates.

22. Specific Exclusions from IRM Applications

PUC confirms that it is not seeking items specifically excluded from the IRM rate application process, in this application.

23. Bill Impacts

Bill impacts were derived for each rate class using the 2026 IRM Rate Generator Bill Impact calculation in Tab.21.Bill Impacts.

No rate mitigation plans are necessary as a result of the bill impacts.

Bill impacts are summarized in Table 10 below.

Table 10 – Customer Class Bill Impact Summary

| Rate Class | RPP/Non-RPP | Avg Monthly Volume | | Total Current Bill | Total Proposed Bill | Total Bill Impact (\$) | Total Bill Impact (%) |
|---------------------------------|-------------|--------------------|-----|--------------------|---------------------|------------------------|-----------------------|
| | | kWh | kW | | | | |
| Residential | RPP | 750 | - | \$ 135.60 | \$ 136.84 | \$ 1.24 | 0.9% |
| General Service Less than 50 kW | RPP | 2,300 | - | \$ 387.35 | \$ 390.87 | \$ 3.52 | 0.9% |
| General Service 50 to 4,999 kW | Non-RPP | 63,000 | 154 | \$ 14,840.62 | \$ 15,420.19 | \$ 579.57 | 3.9% |
| Unmetered Scattered Load | RPP | 2,600 | - | \$ 471.39 | \$ 476.54 | \$ 5.15 | 1.1% |
| Sentinel Lighting | RPP | 1,100 | 3 | \$ 276.80 | \$ 281.40 | \$ 4.60 | 1.7% |
| Street Lighting | Non-RPP | 210,000 | 147 | \$ 63,862.79 | \$ 66,211.43 | \$ 2,348.65 | 3.7% |

24. Conclusion

PUC respectfully requests approval for its Proposed Tariff of Rates and Charges as provided in Appendix C. The proposed rates for the distribution of electricity are both reasonable and prudent and reflect PUC's May 1, 2025, distribution rates adjusted for the Price Cap Index calculated based on the Price Escalator less the Productivity Factor and PUC's Stretch Factor as provided for in the 2026 IRM Rate Generator Model were used to calculate the May 1, 2026, distribution rates.



APPENDIX_A_CERTIFICATIONS

Certification of Evidence

As Chief Financial Officer of PUC Distribution Inc., I certify that, to the best of my knowledge, the evidence filed in support of this Application is accurate and complete; and complies with the Board's Filing Requirements for Electricity Distribution Rate Applications, 2025 Edition for 2026 Rate Applications - Chapter 3 Incentive Rate-Setting Applications, dated June 19, 2025.

Certification Regarding Personal Information

As Chief Financial Officer of PUC Distribution Inc., I certify that, to the best of my knowledge, PUC has robust processes and internal controls in place for the preparation, review, verification and oversight of the deferral and variance account balances being disposed, consistent with the certification in Chapter 1 of the filing requirements.

Certification Regarding Deferral and Variance Account Balances

As Chief Financial Officer of PUC Distribution Inc., I certify that, to the best of my knowledge, that the evidence filed in this Application does not include any personal information, as identified in the certification requirements for personal information in Chapter 1 of the filing requirements.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark Faught', with a stylized flourish at the end.

K. Mark Faught, CPA, CMA
Chief Financial Officer

Dated at Sault Ste. Marie, Ontario, this 30th of October 2025



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

PUC Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2025

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2024-0051

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a single family unit, non-commercial. This can be a separately metered living accommodation, town house, apartment, semi-detached, duplex, triplex or quadruplex with residential zoning. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 41.40 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 3.46 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0103 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly peak demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 24.09 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 2.01 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Distribution Volumetric Rate | \$/kWh | 0.0344 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$/kWh | 0.0029 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0097 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly peak demand used for billing purposes over the past 12 months is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Class A and Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|--------|
| Service Charge | \$ | 133.07 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 11.11 |
| Distribution Volumetric Rate | \$/kW | 9.0207 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$/kW | 0.7424 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.8685 |
| Retail Transmission Rate - Network Service Rate - Interval Metered | \$/kW | 4.8653 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the Distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|--------|
| Service Charge | \$ | 14.76 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 1.23 |
| Distribution Volumetric Rate | \$/kWh | 0.0513 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$/kWh | 0.0043 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0097 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification applies to safety/security lighting with a Residential or General Service customer. This is typically exterior lighting, and unmetered. Consumption is estimated based on the equipment rating and estimated hours of use. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|---------|
| Service Charge (per connection) | \$ | 4.70 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 0.39 |
| Distribution Volumetric Rate | \$/kW | 43.8388 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$/kW | 3.6592 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.9324 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|-------|---------|
| Service Charge (per connection) | \$ | 1.81 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$ | 0.15 |
| Distribution Volumetric Rate | \$/kW | 11.8072 |
| Rate Rider for Recovery of SSG Project (2025) - effective until April 30, 2026 | \$/kW | 0.9855 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.9179 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 5.00 |
|----------------|----|------|

ALLOWANCES

| | | |
|---|-------|----------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.6000) |
| Primary Metering Allowance for transformer losses - applied to measured demand and energy | % | (1.00) |

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

| | | |
|---|----|-------|
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

| | | |
|--|----|--------|
| Late payment - per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | % | 1.50 |
| Reconnection charge - at meter - during regular hours | \$ | 65.00 |
| Reconnection charge - at meter - after hours | \$ | 185.00 |
| Reconnection charge - at pole - during regular hours | \$ | 185.00 |
| Reconnection charge - at pole - after hours | \$ | 415.00 |

Other

Special meter reads

2. Current Tariff Schedule

\$ Issued Month day, Year



Ontario Energy Board

Incentive Rate-setting Mechanism

Rate Generator for 2026 Filers

| | |
|---|------------------|
| Service call - customer-owned equipment | Time & Materials |
| Service call - after regular hours | Time & Materials |
| Temporary service - install & remove - overhead - no transformer | Time & Materials |
| Temporary service - install & remove - underground - no transformer | Time & Materials |
| Temporary service - install & remove - overhead - with transformer | Time & Materials |

| | | |
|---|------------------|-------|
| Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) | \$ | 39.14 |
| Removal of overhead lines - during regular hours | Time & Materials | |
| Removal of overhead lines - after hours | Time & Materials | |
| Roadway escort - after regular hours | Time & Materials | |

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

| | | |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ | 121.23 |
| Monthly fixed charge, per retailer | \$ | 48.50 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.20 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.71 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.71) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.61 |
| Processing fee, per request, applied to the requesting party | \$ | 1.20 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |
| More than twice a year, per request (plus incremental delivery costs) | \$ | 4.85 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.42 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0462 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0357 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2025-0012

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a single family unit, non-commercial. This can be a separately metered living accommodation, town house, apartment, semi-detached, duplex, triplex or quadruplex with residential zoning. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge | \$ | 42.81 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 3.37 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Rate Rider for Disposition of Global Adjustment Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Non-RPP Customers | \$/kWh | 0.0073 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kWh | (0.0006) |
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kWh | 0.0005 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0103 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
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EB-2025-0012

GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly peak demand is less than, or is forecast to be less than, 50 kW. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge | \$ | 24.91 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 1.96 |
| Smart Metering Entity Charge - effective until December 31, 2027 | \$ | 0.42 |
| Distribution Volumetric Rate | \$/kWh | 0.0356 |
| Rate Rider for Disposition of Global Adjustment Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Non-RPP Customers | \$/kWh | 0.0073 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kWh | (0.0004) |
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kWh | 0.0005 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$/kWh | 0.0028 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0097 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
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EB-2025-0012

GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly peak demand used for billing purposes over the past 12 months is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Class A and Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|--|--------|----------|
| Service Charge | \$ | 137.59 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 10.83 |
| Distribution Volumetric Rate | \$/kW | 9.3274 |
| Rate Rider for Disposition of Global Adjustment Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Non-RPP Customers | \$/kWh | 0.0073 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kW | (0.2010) |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
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EB-2025-0012

| | | |
|---|-------|--------|
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kW | 0.2123 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$/kW | 0.7236 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 3.8859 |
| Retail Transmission Rate - Network Service Rate - EV CHARGING | \$/kW | 0.8308 |
| Retail Transmission Rate - Network Service Rate - Interval Metered | \$/kW | 4.8872 |
| Retail Transmission Rate - Network Service Rate - Interval Metered - EV CHARGING | \$/kW | 0.1412 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
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EB-2025-0012

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account taking electricity at 750 volts or less whose average monthly peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the Distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge | \$ | 15.26 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 1.20 |
| Distribution Volumetric Rate | \$/kWh | 0.0530 |
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kWh | 0.0005 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kWh | (0.0003) |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$/kWh | 0.0042 |
| Retail Transmission Rate - Network Service Rate | \$/kWh | 0.0097 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
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EB-2025-0012

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification applies to safety/security lighting with a Residential or General Service customer. This is typically exterior lighting, and unmetered. Consumption is estimated based on the equipment rating and estimated hours of use. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|-------|----------|
| Service Charge (per connection) | \$ | 4.86 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 0.38 |
| Distribution Volumetric Rate | \$/kW | 45.3293 |
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kW | 0.1775 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kW | (0.1025) |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$/kW | 3.5666 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.9456 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
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EB-2025-0012

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined on accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|---|--------|----------|
| Service Charge (per connection) | \$ | 1.87 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$ | 0.15 |
| Distribution Volumetric Rate | \$/kW | 12.2086 |
| Rate Rider for Disposition of Global Adjustment Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Non-RPP Customers | \$/kWh | 0.0073 |
| Rate Rider for Disposition of Deferral/Variance Accounts (2026) - effective until April 30, 2027 | \$/kW | (0.1722) |
| Rate Rider for Disposition of Capacity Based Recovery Account (2026) - effective until April 30, 2027 | | |
| Applicable only for Class B Customers | \$/kW | 0.1858 |
| Rate Rider for Recovery of SSG Project (2026) - effective until April 30, 2027 | \$/kW | 0.9606 |
| Retail Transmission Rate - Network Service Rate | \$/kW | 2.9310 |

MONTHLY RATES AND CHARGES - Regulatory Component

| | | |
|---|--------|----------|
| Rate Rider for Embedded Generation Adjustment - in effect until the effective date of the next cost of service based rate order | \$/kWh | (0.0004) |
| Wholesale Market Service Rate (WMS) - not including CBR | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP) | \$/kWh | 0.0015 |
| Standard Supply Service - Administrative Charge (if applicable) | \$ | 0.25 |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
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EB-2025-0012

microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

| | | |
|----------------|----|------|
| Service Charge | \$ | 5.00 |
|----------------|----|------|

ALLOWANCES

| | | |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month | \$/kW | (0.60) |
| Primary Metering Allowance for transformer losses - applied to measured demand and energy | % | (1.00) |

SPECIFIC SERVICE CHARGES

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Customer Administration

| | | |
|---|----|-------|
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque (plus bank charges) | \$ | 15.00 |
| Legal letter charge | \$ | 15.00 |
| Meter dispute charge plus Measurement Canada fees (if meter found correct) | \$ | 30.00 |

Non-Payment of Account

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
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EB-2025-0012

| | | |
|--|----|--------|
| Late payment - per month | | |
| (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | % | 1.50 |
| Reconnection charge - at meter - during regular hours | \$ | 65.00 |
| Reconnection charge - at meter - after hours | \$ | 185.00 |
| Reconnection charge - at pole - during regular hours | \$ | 185.00 |
| Reconnection charge - at pole - after hours | \$ | 415.00 |

Other

| | | |
|---|----|------------------|
| Special meter reads | \$ | 30.00 |
| Service call - customer-owned equipment | | Time & Materials |
| Service call - after regular hours | | Time & Materials |
| Temporary service - install & remove - overhead - no transformer | | Time & Materials |
| Temporary service - install & remove - underground - no transformer | | Time & Materials |
| Temporary service - install & remove - overhead - with transformer | | Time & Materials |
| Specific charge for access to the power poles - \$/pole/year (with the exception of wireless attachments) | \$ | 40.59 |
| Removal of overhead lines - during regular hours | | Time & Materials |
| Removal of overhead lines - after hours | | Time & Materials |
| Roadway escort - after regular hours | | Time & Materials |

RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

| | | |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer | \$ | 125.72 |
| Monthly fixed charge, per retailer | \$ | 50.29 |
| Monthly variable charge, per customer, per retailer | \$/cust. | 1.24 |
| Distributor-consolidated billing monthly charge, per customer, per retailer | \$/cust. | 0.74 |
| Retailer-consolidated billing monthly credit, per customer, per retailer | \$/cust. | (0.74) |
| Service Transaction Requests (STR) | | |
| Request fee, per request, applied to the requesting party | \$ | 0.63 |
| Processing fee, per request, applied to the requesting party | \$ | 1.24 |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party | | |
| Up to twice a year | \$ | no charge |

PUC Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2026
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2025-0012

| | | |
|---|----|------|
| More than twice a year, per request (plus incremental delivery costs) | \$ | 5.03 |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019) | \$ | 2.51 |

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

| | |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0462 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW | 1.0357 |

5.3 *Are the amounts proposed for inclusion in rate base for the Incremental Capital Module approved in EB-2018-0219/EB-2020-0249 and the proposed treatment of the associated true-up appropriate?*

Complete Settlement:

As part of the pre-settlement clarification responses, PUC revised its 2022 SSG Project cost estimate due to the delay in completion of the project. As set out below, the Parties have agreed to the revised value for the SSG Project, comprised of 2022 net book value and 2023 capital additions, that until its next rebasing application will be recovered outside of base rates through the SSG Project Recovery Mechanism.

Table 5.3A
Addition of ICM Assets to SSG Rate Base
(Sault Smart Grid – EB-2018-0219/EB-2020-0249)

| Accounts | Description | Additions 2022 | Accumulated Amortization as of December 31, 2022 | Net Book Value December 31, 2022 |
|--------------|------------------------------------|---------------------|--|----------------------------------|
| 1820 | Distribution Station Equipment | \$8,702,746 | \$108,784 | \$8,593,962 |
| 1830 | Poles, Towers and Fixtures | \$461,127 | \$5,124 | \$456,003 |
| 1835 | Overhead Conductors and Devices | \$893,956 | \$7,450 | \$886,506 |
| 1845 | Underground Conductors and Devices | \$431,751 | \$5,397 | \$426,354 |
| 1850 | Line Transformers | \$155,030 | \$1,938 | \$153,092 |
| 1980 | System Supervisory Equipment | \$1,472,423 | \$36,811 | \$1,435,612 |
| 2440 | Contributions and Grants | (\$3,090,576) | (\$38,632) | (\$3,051,944) |
| Total | | \$9,026,456 | \$126,871 | \$8,899,586 |
| Accounts | Description | 2023 Additions | Accumulated Amortization as of December 31, 2023 | Net Book Value December 31, 2023 |
| 1820 | Distribution Station Equipment | \$14,211,278 | \$503,994 | \$22,410,030 |
| 1830 | Poles, Towers and Fixtures | \$753,003 | \$23,738 | \$1,190,392 |
| 1835 | Overhead Conductors and Devices | \$1,459,798 | \$34,514 | \$2,319,240 |
| 1845 | Underground Conductors and Devices | \$705,033 | \$25,004 | \$1,111,780 |
| 1850 | Line Transformers | \$253,158 | \$8,978 | \$399,210 |
| 1980 | System Supervisory Equipment | \$2,404,415 | \$170,542 | \$3,706,296 |
| 2440 | Contributions and Grants | (\$4,264,862) | (\$169,207) | (\$7,186,231) |
| Total | | \$15,521,823 | \$597,562 | \$23,950,718 |

Table 5.3B below shows the ICM True-up Calculations for the SSG Project and the differences in amounts between the ICM decision EB-2018-0219/EB-2020-0249, Application and Interrogatories and the amounts agreed to by the Parties during settlement. A large portion of the 2022 capital work is being completed in 2023, it has resulted in a \$485,488 refund to customers for the ICM true-up calculation.

Table 5.3B
ICM True-Up Calculations
(Sault Smart Grid – EB-2018-0219/EB-2020-0249)

| | ICM Decision (half year) | Application & Interrogatories | Settlement: 2022 year End (half year) |
|--|-----------------------------|----------------------------------|--|
| Capital Expenditures | \$33,495,218 | \$29,972,849 | \$17,641,397 |
| Reduction for Materiality Threshold | \$5,414,316 | \$5,414,316 | \$5,414,316 |
| <i>Maximum Eligible Amount</i> | \$28,080,902 | \$24,558,533 | \$12,227,081 |
| | | | |
| | ICM Decision (half year) | Application & Interrogatories | Settlement: 2022 year End (half year) |
| Depreciation Expenses | \$695,799 | \$600,448 | \$253,741 |
| <i>Maximum Eligible Amount</i> | \$347,900 | \$300,224 | \$126,871 |
| PILS Impact | (\$206,565) | (\$63,115) | (\$26,678) |
| Return | \$734,276 | \$631,604 | \$266,934 |
| Incremental Revenue Requirement | \$875,611 | \$868,713 | \$367,126 |
| | | | |
| | ICM Decision | Application & Interrogatories | Settlement: 2022 year End (half year) |
| Rate Rider Revenues Actual/Projected | | \$852,614 | \$852,614 |
| Incremental Revenue Requirement | | \$868,713 | \$367,126 |
| Variance | | \$16,099 | (\$485,488) |

Sault Smart Grid Project Recovery Mechanism (“SSG Project Recovery Mechanism”)

On April 29, 2021, PUC received approval from the OEB for the amended and restated Incremental Capital Module (“ICM”) application for new rates effective May 1, 2022 in EB-2020-0249/EB-2018-0219. The Sault Smart Grid Project (“SSG Project”) is a proposed community wide smart grid which will cover PUC’s entire service territory. The SSG Project is expected to transform PUC’s entire distribution system through an integrated project implementing various technologies such as Voltage/VAR Optimization, Distribution Automation and Advanced Metering Infrastructure.

The SSG Project carries a total net capital spend of \$24.5 million and represents approximately 1/4th of PUC’s total rate base. The SSG Project was initially expected to be fully completed and in

service by December 31, 2022, however due to unforeseen circumstances² PUC updated the estimate of project spending during the pre-settlement clarification responses which outlined a net project spend of \$9M in 2022 and the remaining \$15.5M in 2023. The 2023 SSG Project additions represents 14.6% of PUC's average net fixed assets.

In its pre-settlement clarification responses, PUC also brought forth an SSG Foregone Revenue Requirement Accounting Order intended to make PUC whole for the revenue requirement on the \$15.5 million of 2023 SSG additions due to application of the half-year rule to additions placed in service in the test year. Without the proposed account, PUC noted that it would be foregoing revenue requirement each year which could put the utility in an under earnings situation beginning in 2024 and substantially impair its cash flow. The Parties agreed that some form of mechanism was required to help PUC make up some of the shortfall in revenue requirement as a result of the SSG Project delay given its size and the fact the OEB has approved the project.

The SSG Project Recovery Mechanism is of unprecedented nature and one of a kind considering the large value the SSG Project itself, which was previously approved as ICM in EB-2020-0249/EB-2018-0219. The Parties agreed that the SSG Project Recovery Mechanism is not meant to be precedent and is being agreed to in the context of a full settlement, and is appropriate because of the SSG Project size, unique circumstances related to the project delay, and the previous approvals in EB-2020-0249/EB-2018-0219.

As noted above, it was agreed upon between PUC and intervenors that some mechanism was required to allow PUC to recover the revenue requirement for the \$15.5 million 2023 investment in the SSG Project as a result of delays PUC incurred in completing all SSG capital additions in 2022. The Parties agreed to the SSG Project Recovery Mechanism, which removes the entire SSG Project (comprised of 2022 net book value and 2023 capital additions) from PUC's rate base and calculates separate rate riders to recover the SSG revenue requirement until rebasing in 2028. The SSG Model shows the revenue requirement components including depreciation, PILs with the associated CCA (excluding 2022 CCA on 2022 additions which has been captured in the tax loss carry forwards and the ICM true-up calculation), and Return on Rate Base. The model then uses the 2023 Cost of Service Rate Application information (as adjusted by any relevant agreed upon changes in this settlement proposal) to allocate revenue requirement to each rate class and the same Fixed/Variable split for calculating the rate riders to be collected from customers. The following describes each component in detail.

1) SSG Project In Service Additions – For the purposes of calculating the rate rider, PUC will use a net project spend of \$9,026,457 for 2022 in service additions and \$15,521,823 for 2023 in service additions.

2) Depreciation – A straight line method is used for calculating depreciation which is in line with current PUC practices. 2023 Depreciation will be on a half year basis for the 2023 in service additions and full year basis for the 2022 in-service additions. In years 2024-2027 depreciation is

² For further explanation, please refer to Pre-Settlement Clarification Question CCC-55 in Appendix F.

set at an amount of \$687,641/year. The depreciation total is net of amortization of contributed capital.

3) CCA - The CCA calculation tab calculates actual CCA in each respective year to reflect the amount of CCA that PUC would deduct from its taxable income on its tax return from 2022 (the first year where there is CCA on the SSG Project) to 2027. The 2022 CCA is excluded from the SSG Recovery Mechanism as it has been accounted for through other mechanisms. In 2022, PUC will deduct approximately \$1,083,675 in CCA. Of this amount, \$361,075 has already been included as a deduction in the PILs of the ICM true up calculation outlined above. The remaining \$722,117 has been included in PUC's tax loss carry forward total that is to be refunded to customers as outlined in Issue 4.3 above. Therefore, the SSG Project Recovery Mechanism only considers the 2023 to 2027 PILs impact. Table E summarizes the total CCA for the SSG Project and where the amounts have been allocated.

Table E – CCA Calculation for SSG Project

| | |
|---|-----------|
| Total CCA from 2022 to 2027 | 9,527,652 |
| 2022 CCA included in ICM True up | 361,058 |
| 2022 CCA included in tax loss carry forward refund | 722,117 |
| Revised Total of CCA for SSG Project Recovery Mechanism | 8,444,477 |
| Smoothed Yearly | 1,688,895 |

It has been agreed upon that the 2022-2027 aggregate of \$8,444,477 will be smoothed across 2023-2027 to help balance the impacts of accelerated CCA.

4) Cost of Capital Parameters – The parties have agreed to use PUC's 2023 cost of capital parameters for calculating the return on rate base.

5) Incremental Revenue Requirement – The yearly incremental revenue requirement to calculate the basis of the rate rider is presented in Table F below.

Table F: Yearly Revenue Requirement¹

| Incremental Revenue Requirement | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|--------------|--------------|--------------|--------------|--------------|
| Return on Rate Base - Total | \$ 1,042,866 | \$ 1,498,849 | \$ 1,455,189 | \$ 1,411,530 | \$ 1,367,870 |
| Amortization Expense - Total | \$ 470,691 | \$ 687,641 | \$ 687,641 | \$ 687,641 | \$ 687,641 |
| Grossed-Up Taxes/PILs | \$ (217,497) | \$ (42,332) | \$ (51,615) | \$ (60,897) | \$ (70,179) |
| Incremental Revenue Requirement with CCA | \$ 1,296,060 | \$ 2,144,158 | \$ 2,091,216 | \$ 2,038,274 | \$ 1,985,332 |

¹ – The calculation of 2024-2027 revenue requirement will change once the SSG Project actual spending is reconciled.

6) Rate Design – PUC is proposing to collect SSG revenue requirement from customers in the same proportion as distribution revenue collected as from customers pursuant to the Settlement Proposal. The percentage allocations are shown in the Table G below reflect the as settled revenue requirement percentages that are applicable to the SSG Project.

Table G – Rate Design

| Customer Class | Rev Requirement % |
|-------------------------|-------------------|
| Residential | 60.2% |
| GS < 50 kW | 15.8% |
| GS >50 to 4,999 kW | 22.6% |
| Street Lighting | 1.0% |
| Sentinel Lighting | 0.2% |
| Unmetered and Scattered | 0.2% |
| Total | 100.0% |

7) **Fixed/Volumetric Split** – PUC is proposing a fixed/volumetric split that matches the splits agreed to in this Settlement Proposal for distribution revenue, as presented in Table H below for the 2023 Rate Year

Table H – Fixed/Volumetric Split

| 2023 | | | | |
|-------------------------|--------------------------|----------------------------|--------------------|---------------|
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Volumetric Revenue | Fixed Revenue |
| Residential | 0% | 100% | \$ 45 | \$ 779,792 |
| GS < 50 kW | 75% | 25% | \$ 154,073 | \$ 50,854 |
| GS >50 to 4,999 kW | 90% | 10% | \$ 264,746 | \$ 28,416 |
| Street Lighting | 33% | 67% | \$ 4,398 | \$ 9,009 |
| Sentinel Lighting | 58% | 42% | \$ 1,284 | \$ 924 |
| Unmetered and Scattered | 91% | 9% | \$ 2,335 | \$ 229 |
| Total | | | \$ 426,880 | \$ 869,224 |
| 2024 | | | | |
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Volumetric Revenue | Fixed Revenue |
| Residential | 0% | 100% | \$ 74 | \$ 1,290,062 |
| GS < 50 kW | 75% | 25% | \$ 254,894 | \$ 84,131 |
| GS >50 to 4,999 kW | 90% | 10% | \$ 437,986 | \$ 47,011 |
| Street Lighting | 33% | 67% | \$ 7,276 | \$ 14,904 |
| Sentinel Lighting | 58% | 42% | \$ 2,124 | \$ 1,528 |
| Unmetered and Scattered | 91% | 9% | \$ 3,862 | \$ 379 |
| Total | | | \$ 706,216 | \$ 1,438,016 |

| 2025 | | | | |
|-------------------------|--------------------------|----------------------------|--------------------|---------------|
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Volumetric Revenue | Fixed Revenue |
| Residential | 0% | 100% | \$ 72 | \$ 1,258,209 |
| GS < 50 kW | 75% | 25% | \$ 248,600 | \$ 82,054 |
| GS >50 to 4,999 kW | 90% | 10% | \$ 427,172 | \$ 45,850 |
| Street Lighting | 33% | 67% | \$ 7,096 | \$ 14,536 |
| Sentinel Lighting | 58% | 42% | \$ 2,072 | \$ 1,491 |
| Unmetered and Scattered | 91% | 9% | \$ 3,767 | \$ 370 |
| Total | | | \$ 688,778 | \$ 1,402,509 |
| 2026 | | | | |
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Volumetric Revenue | Fixed Revenue |
| Residential | 0% | 100% | \$ 70 | \$ 1,226,356 |
| GS < 50 kW | 75% | 25% | \$ 242,306 | \$ 79,976 |
| GS >50 to 4,999 kW | 90% | 10% | \$ 416,357 | \$ 44,689 |
| Street Lighting | 33% | 67% | \$ 6,916 | \$ 14,168 |
| Sentinel Lighting | 58% | 42% | \$ 2,020 | \$ 1,453 |
| Unmetered and Scattered | 91% | 9% | \$ 3,672 | \$ 360 |
| Total | | | \$ 671,341 | \$ 1,367,003 |
| 2027 | | | | |
| Customer Class | Current Volumetric Split | Current Fixed Charge Split | Volumetric Revenue | Fixed Revenue |
| Residential | 0% | 100% | \$ 68 | \$ 1,194,502 |
| GS < 50 kW | 75% | 25% | \$ 236,013 | \$ 77,899 |
| GS >50 to 4,999 kW | 90% | 10% | \$ 405,543 | \$ 43,529 |
| Street Lighting | 33% | 67% | \$ 6,737 | \$ 13,800 |
| Sentinel Lighting | 58% | 42% | \$ 1,967 | \$ 1,415 |
| Unmetered and Scattered | 91% | 9% | \$ 3,576 | \$ 351 |
| Total | | | \$ 653,904 | \$ 1,331,496 |

7) **Billing Determinants / Rate Rider Calculation** – PUC is proposing to use the billing determinants agreed to in this Settlement Proposal for distribution revenue, as presented in Table I below for the 2023 rate year. The rate riders will be updated annually in accordance with Table I below to reflect the annual revenue requirements calculated based on the project's forecasted costs as set out in the SSG Model.. .

Table I – Billing Determinants / Rate Rider Calculation

| 2023 (effective from May 1, 2023 to April 30, 2024) | | | | | |
|--|-----------------------------|--------------------|-------------|--------------------|------------------------|
| | Billing Determinants | | | Rate Riders | |
| Customer Class | # of Customers | Consumption | unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 2.14 | 0 |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 1.25 | 0.0018 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 6.88 | 0.4601 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.09 | 0.6108 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.24 | 2.2678 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 0.76 | 0.0027 |
| Total | | | | | |
| 2024 (effective from May 1, 2024 to April 30, 2025) | | | | | |
| | Billing Determinants | | | Rate Riders | |
| Customer Class | # of Customers | Consumption | unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 3.54 | 0 |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 2.06 | 0.0029 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 11.39 | 0.7612 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.15 | 1.0105 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.40 | 3.7518 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 1.26 | 0.0044 |
| Total | | | | | |
| 2025 (effective from May 1, 2025 to April 30, 2026) | | | | | |
| | Billing Determinants | | | Rate Riders | |
| Customer Class | # of Customers | Consumption | unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 3.46 | 0 |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 2.01 | 0.0029 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 11.11 | 0.7424 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.15 | 0.9855 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.39 | 3.6592 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 1.23 | 0.0043 |
| Total | | | | | |

| 2026 (effective from May 1, 2026 to April 30, 2027) | | | | | |
|--|-----------------------|--------------------|-------------|-------------------|------------------------|
| Billing Determinants | | | | | |
| Customer Class | # of Customers | Consumption | unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 3.37 | 0 |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 1.96 | 0.0028 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 10.83 | 0.7236 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.15 | 0.9606 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.38 | 3.5666 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 1.20 | 0.0042 |
| Total | | | | | |
| 2027 (effective from May 1, 2027 to April 30, 2028) | | | | | |
| Billing Determinants | | | | | |
| Customer Class | # of Customers | Consumption | unit | Fixed Rate | Volumetric Rate |
| Residential | 30340 | 282,922,375 | | \$ 3.28 | 0 |
| GS < 50 kW | 3400 | 86,539,469 | kWh | \$ 1.91 | 0.0027 |
| GS >50 to 4,999 kW | 344 | 575,372 | kW | \$ 10.54 | 0.7048 |
| Street Lighting | 8037 | 7,200 | kW | \$ 0.14 | 0.9356 |
| Sentinel Lighting | 317 | 566 | kW | \$ 0.37 | 3.4739 |
| Unmetered and Scattered | 25 | 878,528 | kWh | \$ 1.17 | 0.0041 |
| Total | | | | | |

8) 2028 COS True up Calculation– The SSG Project Recovery Mechanism will be subject to an asymmetrical true-up mechanism for the period of May 1, 2023 to April 30, 2028, to the benefit of ratepayers, that will be tracked in the new variance account, Account 1508, Sub-account SSG Project Recovery Mechanism Variance Account. PUC’s net recovery for the SSG Project during this period after considering this sub-account will be the lower of

- total rate riders collected from May 1, 2023 to April 30, 2028
- the sum of 2023 to 2027 revenue requirements, where the annual revenue requirement is the lower of i) the recalculated revenue requirement based on actual SSG Project capital costs and in-service dates, and ii) the settled forecasted revenue requirement used to calculate the SSG Recovery Mechanism Rate Rider.

The full details of the true up calculation is outlined in Accounting Order attached as Appendix I – 2023 Cost of Service Application – The Sault Smart Grid Project Recovery Mechanism Variance Account.

As the revenue requirement included in the SSG Project Recovery Mechanism is intended to allow recovery of the costs of the SSG Project set out in Table D.1 above, but through a different recovery

mechanism than if the amount had been included in base rates, the Parties agree that PUC will make appropriate adjustments in its historical fixed assets continuity schedules so that the remaining net book value of the SSG Project related costs that should be added to PUC's rate base at its next rebasing is equal to the actual costs up to a maximum of the forecasted costs in Table D.1 under the Summary section. Any increase in costs from what has been forecasted in Table D.1, which will not be recovered through the SSG Project Recovery Mechanism, will be subject to a prudence review, if PUC seeks to add that additional amount to rate base at its next rebasing.

Evidence:

Application: Exhibit 1 Section 1.2.3, Exhibit 2 Section 2.2 and 2.8

IRRs: 2-Staff-13, 2-Staff-14, 2-Staff-17 through 2-Staff-20, 2-Staff-24 through 2-Staff-29; VECC-2 through VECC-9, VECC-54; CCC-16, CCC-17; SEC-7, SEC-9 and SEC-10

Appendices to this Settlement Proposal:

Appendix B – Updated Appendix 2-AB: Capital Expenditure Summary

Settlement Models:

PUC_2023_DVA_Continuity_Schedule_SETTLEMENT_FINAL

Clarification Responses: 2-Staff-119, 2-Staff-120, 9-Staff-130; SEC-2, CCC-55

Supporting Parties: All

Parties Taking No Position: None.