EB-2024-0115

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

AND IN THE MATTER OF an application by Hydro Ottawa Limited for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2026 and for each following year through December 31, 2030.

DRAFT RATE ORDER

May 21, 2026

TABLE OF CONTENTS

1. INTRODUCTION

Hydro Ottawa Limited (Hydro Ottawa) filed a Custom Incentive Rate-setting (Custom IR) application with the Ontario Energy Board (OEB) made under Section 78 of the *Ontario Energy Board Act, 1998*. The Application (EB-2024-0115) seeking approval for changes to the rates that it charges for electricity distribution effective from January 1, 2026, and the rate framework for each following year through to December 31, 2030 (the "Application").

A Settlement Conference was held from November 4 to November 12, 2025, involving participation from several intervenors[1] (collectively, the "Parties"). Hydro Ottawa and the Parties reached a substantial partial settlement, and a Settlement Proposal was filed on December 19, 2025. OEB staff subsequently filed a submission in support of the proposal on January 7, 2026.

Following a presentation of the proposal, a summary of the outstanding issues and a question-and-answer session with the OEB panel on January 14, 2026, the OEB provided oral approval of the Settlement Proposal.

In its Decision and Order on May 12, 2026, the OEB reiterated its oral approval, citing that the OEB found that the evidence was sufficient to support the Settlement Proposal. The Settlement Proposal included settlement on all issues except for the following:

1. Issues 4.1 and 4.2 with respect to 2026 operating, maintenance and administration (OM&A) expenses were not settled.
2. Issue 7.2 was partially settled except for the Net Metering Charge.
3. Issue 5.3 was partially settled except for the portion of Over Revenue pertaining to the Shared Savings Mechanism Incentive for the Non-Wires Customer Solutions Programs and the revenue from the Net Metering Charge in Issue 7.2.
4. Other issues remained partially settled, due to the need to recalculate values after the OEB decides on Issues 4.1 and 4.2.

[1] Building Owners and Managers Association, Ottawa (BOMA); Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC); Community Action for Environmental Sustainability (CAFES); Consumers Council of Canada (CCC); Distributed Resource Coalition (DRC); Energy Probe Research Foundation (EP); Environmental Defence (ED); Pollution Probe (PP); School Energy Coalition (SEC); and Vulnerable Energy Consumers Coalition (VECC).

To address the unsettled issues, an oral hearing was conducted from January 14 to January 16, 2026. Following the oral hearing, the process continued with the filing of undertakings and Hydro Ottawa's Argument-in-Chief February 2, 2026. OEB staff and intervenors filed reply submissions later in February, and Hydro Ottawa filed its final Reply Argument on March 23, 2026.

On May 12, 2026, the OEB issued its Decision and Order on Hydro Ottawa's Custom IR application for the 2026-2030 rate period. This Decision and Order addressed the following outstanding issues:

1. Approval of a $129.0M 2026 Test Year budget for operating, maintenance and administration (OM&A) expenditures;
2. Approval to eliminate the Net Metering Charge; and
3. Denial of Hydro Ottawa's proposed Shared Savings Mechanism (SSM) incentive payment under the Non-Wires Customer Solutions Program (NWCSP).

Hydro Ottawa hereby submits its Draft Rate Order (DRO) and supporting documentation. This submission reflects the OEB's decision of the unsettled issues and the impact on revenue requirements.

Per the Decision and Order, the OEB approved an effective date of January 1, 2026, with the final implementation date to be proposed by Hydro Ottawa.

Accordingly, Hydro Ottawa proposes an implementation date of June 1, 2026 for its distribution rates. This proposed date is conditional upon receiving the final Rate Order decision from the Board in a manner that allows for implementation of the rates.

1.1 DRAFT RATE ORDER (DRO) SUBMISSIONS:

Hydro Ottawa has fully complied with the Decision and Order and has implemented changes as directed by the Board in its Decision and Order. Details of the changes are supported by the following live Excel workbooks accompanying this Draft Rate Order:[2]

[2] Appendices marked as "(Unchanged - submitted as per Dec. 19 Settlement)" are resubmitted for compliance purposes in their original form as filed with the approved Settlement Agreement on December 19, 2025. Attachments marked as "(Updated - current filing)" have been revised to reflect the OEB's Decision and Order released on May 12, 2026.

- Attachment 1 - Chapter 2 Appendices, specifically:
  - 2-AB (Unchanged - submitted as per Dec. 19 Settlement)
  - 2-BA (Unchanged - submitted as per Dec. 19 Settlement)
  - 2-H (Unchanged - submitted as per Dec. 19 Settlement)
  - 2-JA (Updated - current filing)
  - 2- M (Updated - current filing)
  - 2-OA (Updated - current filing)
- Attachment 2 - OEB Workform - 2026 Revenue Requirement Workform
- Attachment 3 - OEB Workform - 2027 Revenue Requirement Workform
- Attachment 4 - OEB Workform - 2028 Revenue Requirement Workform
- Attachment 5 - OEB Workform - 2029 Revenue Requirement Workform
- Attachment 6 - OEB Workform - 2030 Revenue Requirement Workform
- Attachment 7 - 2026-2030 Income Tax PILS Workform
- Attachment 8 - 2026 Cost Allocation Model
- Attachment 9 - 2027 Cost Allocation Model
- Attachment 10 - 2028 Cost Allocation Model
- Attachment 11 - 2029 Cost Allocation Model
- Attachment 12 - 2030 Cost Allocation Model
- Attachment 13 - 2026-2030 Bill Impacts Model
- Attachment 14 - OEB Workform - 2025 Current and 2026 Draft Tariff of Rates and Charges
- Attachment 15 - Drycore Calculations
- Attachment 16 - 2026 RTSR and LV Workform
- Attachment 17 - OEB Workform - 2026 Deferral and Variance Accounts (Continuity Schedule)
- Attachment 18 - Forgone Revenue Calculation

2. OPERATING, MAINTENANCE AND ADMINISTRATION

In its Decision and Order, the OEB approved a 2026 budget of $129.0M.

As settled, for years 2-5 (2027-2030), OM&A will be escalated on an annual basis by a Custom Revenue OM&A Factor (CROF) composed of inflation, less a stretch factor of 0.45%, plus a growth factor of 0.95%.

Table A- Custom Revenue OM&A Factor (CROF)

Component	As Settled
Inflation factor ("I")	• 2.10% (placeholder) • Standard OEB inflation factor methodology; to be updated annually based on OEB parameters. • Updated Annually
Productivity factor ("X")	• 0.45% • Two components: Productivity factor of 0%; Stretch Factor of 0.45% • Fixed for duration of Custom IR term
Growth factor ("G")	• 0.95% • Fixed for duration of Custom IR term
Total CROF Value (I - X + G)	• 2.10 - 0.45 + 0.95 = 2.6% (subject to annual update of inflation parameter)

A high level summary of Hydro Ottawa's revised OM&A is outlined in Table B below. The revised OM&A is also provided in an updated version of OEB Appendix 2-JA, which is appended to this submission as Attachment 1. As noted in Table A above and in the approved Settlement Agreement, the inflationary factor for each year 2027-2030 will be updated as part of Hydro Ottawa's annual rate adjustment application.

Table B - Recoverable OM&A ($'000,000s)

2026	2027	2028	2029	2030
$129.0	$132.4	$135.8	$139.3	$142.9

3. OTHER REVENUE

In its Decision and Order, the OEB approved Hydro Ottawa's proposal to remove the Net Metering Charge. The OEB denied Hydro Ottawa's request for the SSM mechanism related to its NWCSP. Because the forecast for Other Revenue already reflected the removal of the Net Metering Charge, and any potential impacts related to the SSM were to be recorded in the newly established non-wires variance account, the OEB's decision results in no change to Other Revenue.

As settled, the 2026 Other Revenue values will be inflated by the I-X formula for 2027-2030. For illustrative purposes, Hydro Ottawa continues to use a placeholder inflation rate of 2.1%.

As required, Hydro Ottawa has filed OEB Appendix 2-H - Other Operating Revenue in the Chapter 2 Appendices Excel Workbook, appended as Attachment 1. For clarity, the amounts in Appendix 2-H remain unchanged from what was filed as part of the approved Settlement Agreement.

4. REVENUE REQUIREMENT

As a result of the impacts of the Decision and Order, Hydro Ottawa's Service Revenue Requirement has been updated to $292.7M for the 2026 Test Year. Hydro Ottawa will file an annual rate update for 2027-2030 rates based on the Custom IR rate framework and as such, the numbers presented in Table C are illustrative where annual adjustments have been agreed to.[3]

[3] Specifically Table 4 of the approved Settlement Agreement, the following amounts will be adjusted annually, OM&A, working capital, interest, return on equity and other revenue.

Table C - 2026-2030 Revenue Requirement ($'000s)

	Test Years				
	2026	2027	2028	2029	2030
OM&A Expenses (excluding property Tax)	$ 127,842	$ 131,166	$ 134,576	$ 138,075	$ 141,665
Amortization/Depreciation	$ 65,488	$ 72,828	$ 78,485	$ 83,372	$ 88,378
Property Taxes	$ 1,158	$ 1,188	$ 1,219	$ 1,251	$ 1,283
Income Taxes (Grossed up)	$ 7,663	$ 5,633	$ 12,320	$ 13,408	$ 15,951
Other Expenses - Capital Stretch Factor	-	$ (1,204)	$ (2,566)	$ (4,023)	$ (5,570)
Deemed Interest Expense	$ 35,402	$ 39,057	$ 43,331	$ 46,542	$ 48,823
Return on Deemed Equity	$ 55,187	$ 60,885	$ 67,547	$ 72,552	$ 76,108
Service Revenue Requirement ("SSR")	**$ 292,741**	**$ 309,552**	**$ 334,913**	**$ 351,177**	**$ 366,639**
Revenue Offsets	$ (5,894)	$ (5,991)	$ (6,090)	$ (6,190)	$ (6,293)
Revenue Requirement from Rates ("RRFR")	**$ 286,847**	**$ 303,561**	**$ 328,823**	**$ 344,986**	**$ 360,346**

4.1. REVENUE DEFICIENCY/SUFFICIENCY 2026-2030

Table D below provides the approved 2026 base year and illustrative 2027-2030 revenue requirement and resulting deficiency.

Table D - Revenue Deficiency/Sufficiency for 2026-2030 ($'000s)[4]

	Test Years				
	2026	2027	2028	2029	2030
Return on Rate Base	$ 90,590	$ 99,942	$ 110,878	$ 119,093	$ 124,931
Distribution Expenses (not including amortization)	$ 129,000	$ 132,354	$ 135,795	$ 139,326	$ 142,948
Depreciation, amortization	$ 65,488	$ 72,828	$ 78,485	$ 83,372	$ 88,378
Payment in Lieu of Taxes (PILs)	$ 7,663	$ 5,633	$ 12,320	$ 13,408	$ 15,951
Other Expenses - Capital Stretch Factor	$ -	$ (1,204)	$ (2,566)	$ (4,023)	$ (5,570)
Service Revenue Requirement	**$ 292,741**	**$ 309,552**	**$ 334,913**	**$ 351,177**	**$ 366,639**
Less Revenue Offsets	$ 5,894	$ 5,991	$ 6,090	$ 6,190	$ 6,293
Revenue Requirement from Rates	**$ 286,847**	**$ 303,561**	**$ 328,823**	**$ 344,986**	**$ 360,346**
Forecasted Load at Prior Year Rates	$ 251,041	$ 289,598	$ 307,667	$ 333,668	$ 349,834
Yearly Revenue Deficiency	**$ (35,806)**	**$ (13,963)**	**$ (21,157)**	**$ (11,319)**	**$ (10,512)**
Cumulative Revenue Deficiency	**$ (35,806)**	**$ (49,770)**	**$ (70,926)**	**$ (82,245)**	**$ (92,757)**

4.2. PAYMENT IN LIEU OF TAXES (PILs)

Hydro Ottawa has updated PILs for the impacts of the changes summarized in Section 1 above. A summary of the DRO Grossed Up PILs amounts for 2026-2030 Test Years can be found in Table E below. An updated Modified PILs Tax Model/PILs Workform (PILs Model) can be found as Excel Attachment 7 - 2026-2030 Income Tax PILs Workform DRO.

Table E - DRO Grossed Up PILs for 2026-2030 Test Years ($'000s)

Year	Income Taxes/PILs Grossed Up
2026	$7,663
2027	$5,633
2028	$12,320
2029	$13,408
2030	$15,951

[4] Totals may not sum due to rounding.

5. REVENUE LOAD AND CUSTOMER FORECAST SUMMARY

Hydro Ottawa has applied the revenue load and customer forecasts as detailed in Attachment 3 – Load Forecast of the approved Settlement Agreement.

6. RATE BASE

Hydro Ottawa has updated the rate base due to the change in OM&A amount included in working capital, as detailed below.

6.1. COST OF CAPITAL

Hydro Ottawa has used the settled parameters for return on equity (ROE), and the long-term and the short-term debt to adjust revenue requirements as a result of the change to rate base related to the adjustment to working capital as a result of the approved OM&A.

6.2. WORKING CAPITAL

Table F provides the updated working capital allowance (WCA) for the approved 2026 base year and illustrative 2027-2030, adjusted to reflect updated OM&A. The updated WCA has been incorporated into rate base amounts detailed in Section 6.3.

Table F - Proposed Working Capital Allowance 2026-2030 ($'000s)[5]

	Test Years				
	2026	2027	2028	2029	2030
Power Supply Expenses	$993,762	$1,021,282	$1,058,378	$1,098,018	$1,142,050
OM&A Expenses	$129,000	$132,354	$135,795	$139,326	$142,948
Total Expenses for Working Capital	$1,122,762	$1,153,636	$1,194,173	$1,237,344	$1,284,998
Working Capital %	7.50%	7.50%	7.50%	7.50%	7.50%
TOTAL WCA	**$84,207**	**$86,523**	**$89,563**	**$92,801**	**$96,375**

6.3. RATE BASE

Table G below details the DRO rate base[6] for 2026-2030 Test Years resulting from the above aforementioned changes.

[5] Totals may not sum due to rounding.
[6] Refer to Section 3.4 of Exhibit 7-1-1 for explanation on rate base difference between cost allocation model and revenue requirement workform

Table G - Summary of 2026-2030 DRO Rate Base ($'000s)[7]

	Test Years				
	2026	2027	2028	2029	2030
Average Net Fixed Assets - As Settled	$1,430,263	$1,584,297	$1,764,096	$1,898,196	$1,992,217
Working Capital Allowance	$84,207	$86,523	$89,563	$92,801	$96,375
RATE BASE	**$1,514,470**	**$1,670,820**	**$1,853,659**	**$1,990,997**	**$2,088,592**

7. COST ALLOCATION

Hydro Ottawa has updated cost allocation models for each of the Test Years 2026-2030, which are included as Excel Attachments 8 through 12. The DRO cost allocation models incorporate the adjustments to revenue requirement and rate base described above in Sections 4 and 6.

For the 2026 cost allocation model, the 2026 OM&A reduction was applied proportionally across all OM&A Uniform System of Accounts (USofA) accounts. For the Test Years 2027-2030 cost allocation models, these 2026 values were adjusted by the outcomes of the CROF incorporated into the revenue requirements using the same placeholders as per the approved Settlement Agreement.

7.1 ADJUSTMENTS TO COST ALLOCATION RESULTS - REVENUE TO COST RATIOS

Tables H and I below provide a comparison of the DRO revenue-to-cost ratios at status-quo from Attachments 8 through 12.

The results from the updated 2026 cost allocation maintained the required adjustments to three rate classes to bring them within the OEB-Approved ranges: General Service (GS) < 50 kW, Street Lights and Unmetered Scattered Load (USL). All three are above the Revenue/Cost upper limit of 120%. To address this, Hydro Ottawa has applied the same approach as the approved Settlement Agreement. This methodology first allocates the costs to the Large User rate class, with the remaining amounts allocated proportionally across the Residential, GS 50-1,499 kW and Large Use classes. This adjusts their respective revenue-to-cost ratios in alignment with each other (approximately 97% R/C in 2026 and 2027). The allocation outcomes are presented in Table I below as well as within the revenue requirement workforms (Attachments 2 to 6), Table C within Tab 11. Cost Allocation.

[7] Totals may not sum due to rounding.

Table H - DRO Revenue Requirement at Status Quo Rates 2026-2030

Rate Class	Revenue / Cost Ratios at Status Quo					Policy Range
	2026	2027	2028	2029	2030	
Residential	97.38%	97.95%	99.51%	100.23%	100.61%	85-115
GS <50kW	123.30%	119.84%	119.62%	119.77%	118.09%	80-120
GS 50-1499kW	96.52%	95.85%	93.23%	94.36%	94.15%	80-120
GS 1500-4999kW	105.54%	104.37%	106.87%	104.23%	105.61%	80-120
Large Use	90.04%	96.72%	89.21%	81.18%	82.13%	85-115
StreetLights	147.91%	140.10%	125.11%	124.81%	120.58%	80-120
Sentinel Lights	89.34%	89.89%	89.96%	91.87%	93.37%	80-120
USL	120.86%	120.55%	118.96%	118.67%	117.69%	80-120
Standby GS 50-1,499 kW	37.51%	48.53%	49.98%	51.53%	52.59%	
Standby GS 1,500-4,999 kW	50.11%	61.95%	67.08%	69.37%	70.79%	
Standby Large Use	44.34%	59.75%	62.42%	65.42%	69.91%	

Table I - DRO Revenue Requirement at Adjusted Rates 2026-2030

Rate Class	Adjusted Revenue / Cost Ratios					Policy Range
	2026	2027	2028	2029	2030	
Residential	97.50%	97.98%	99.51%	100.22%	100.61%	85-115
GS <50kW	120.00%	119.84%	119.61%	117.74%	116.35%	80-120
GS 50-1499kW	96.64%	95.89%	93.23%	94.36%	94.15%	80-120
GS 1500-4999kW	105.54%	104.37%	106.87%	104.23%	105.61%	80-120
Large Use	97.11%	97.03%	89.43%	85.00%	85.00%	85-115
StreetLights	137.76%	130.05%	122.55%	119.59%	118.22%	80-120
Sentinel Lights	89.34%	89.89%	89.96%	91.87%	93.37%	80-120
USL	120.00%	120.00%	118.96%	118.28%	115.95%	80-120
Standby GS 50-1,499 kW	48.24%	48.65%	50.11%	51.59%	52.65%	
Standby GS 1,500-4,999 kW	61.45%	62.01%	67.15%	69.40%	70.81%	
Standby Large Use	59.16%	60.57%	63.37%	69.36%	72.96%	

8. RETAIL TRANSMISSION AND LOW VOLTAGE SERVICE RATES

Hydro Ottawa has refiled the RTSR Workform as Attachment 16 - 2026 RTSR and LV workform without changes, which includes the proposed 2026 RTSR rates for EV Charging. The EV charging rates will be implemented on June 1, 2026.

These RTSR and LV rates have been included in the bill impacts presented in Table J as well as in Excel Attachment 14 - OEB Workform - 2025 Current and 2026 Draft Tariff of Rates and Charges and Excel Attachment 13 - 2026-2030 Bill Impacts Model.

Updated wording related to EV rates have been implemented into the Orders as requested by OEB staff.

9. LOSS FACTORS

The loss factors as previously filed in Appendix 2-R of Attachment 6 in the approved Settlement Agreement will be implemented June 1, 2026.

10. DRYCORE CHARGES

Drycore calculations have been updated to reflect the DRO distribution rates and the proposed forgone revenue rate rider. They are appended as Excel Attachment 15 - Drycore Calculations.

10. BILL IMPACTS SUMMARY

10.1 BILL IMPACTS

Table J below provides a summary of the total bill impacts for typical customers in all classes. Additional bill impacts have been provided in Excel Attachment 14 - OEB Workform - 2025 Current and 2026 Proposed Tariff of Rates and Charges and Excel Attachment 13 - 2026-2030 Bill Impacts Model. The provided bill impacts have incorporated the updated distribution rates and proposed rate riders in Section 11 of this submission.

Table J - Summary of Bill Impacts

Rate Class		Approved	Test Years				
		2025	2026	2027	2028	2029	2030
Residential (750 kWh)	Distribution Charge	$34.51	$39.85	$42.94	$43.93	$45.42	$46.78
	Change in Distribution Charge		$5.34	$3.09	$0.99	$1.49	$1.36
	% Distribution Increase		**15.47%**	**7.75%**	**2.31%**	**3.39%**	**2.99%**
	% Increase of Total Bill		3.84%	2.07%	0.62%	0.91%	0.83%
General Service <50 kW (2000 kWh)	Distribution Charge	$85.93	$96.15	$102.21	$105.10	$106.77	$108.41
	Change in Distribution Charge		$10.22	$6.06	$2.89	$1.67	$1.64
	% Distribution Increase		**11.89%**	**6.30%**	**2.83%**	**1.59%**	**1.54%**
	% Increase of Total Bill		0.96%	1.54%	0.70%	0.40%	0.40%
General Service 50 kW - 1,499 kW (185 kW)	Distribution Charge	$1,366.91	$1,650.45	$1,783.07	$1,810.85	$1,872.14	$1,928.20
	Change in Distribution Charge		$283.54	$132.63	$27.78	$61.29	$56.05
	% Distribution Increase		**20.74%**	**8.04%**	**1.56%**	**3.38%**	**2.99%**
	% Increase of Total Bill		1.18%	1.22%	(2.61)%	0.52%	0.47%
General Service 1,500 kW - 4,999 kW (1,925 kW)	Distribution Charge	$16,219.02	$17,316.02	$19,983.87	$20,408.98	$21,117.96	$21,766.49
	Change in Distribution Charge		$1,096.99	$2,667.86	$425.11	$708.98	$648.53
	% Distribution Increase		**6.76%**	**15.41%**	**2.13%**	**3.47%**	**3.07%**
	% Increase of Total Bill		(0.90)%	2.03%	(2.58)%	0.52%	0.48%
Large Use (7,500 kW)	Distribution Charge	$61,692.18	$71,044.86	$83,836.86	$83,735.43	$90,589.68	$96,446.43
	Change in Distribution Charge		$9,352.68	$12,792.00	$ (101.43)	$6,854.25	$5,856.75
	% Distribution Increase		**15.16%**	**18.01%**	**(0.12)%**	**8.19%**	**6.47%**
	% Increase of Total Bill		0.36%	2.16%	-2.86%	1.17%	0.99%
Sentinel Lighting (0.4 kW)	Distribution Charge	$20.19	$23.25	$25.28	$25.84	$26.73	$27.53
	Change in Distribution Charge		$3.06	$2.02	$0.57	$0.88	$0.80
	% Distribution Increase		**15.16%**	**8.70%**	**2.24%**	**3.41%**	**3.00%**
	% Increase of Total Bill		3.31%	5.57%	1.45%	2.23%	1.99%
Street Lighting (50kW)	Distribution Charge	$928.89	$901.60	$722.53	$738.88	$730.35	$737.76
	Change in Distribution Charge		$ (27.29)	$ (179.08)	$ 16.35	$ (8.53)	$ 7.41
	% Distribution Increase		**(2.94)%**	**(19.86)%**	**2.26%**	**(1.15)%**	**1.01%**
	% Increase of Total Bill		(4.77)%	(5.49)%	(2.13)%	(0.29)%	0.25%
Unmetered Scattered Load (470 kWh)	Distribution Charge	$22.98	$25.94	$28.45	$29.04	$29.92	$30.38
	Change in Distribution Charge		$2.97	$2.51	$0.59	$0.88	$0.46
	% Distribution Increase		**12.90%**	**9.68%**	**2.06%**	**3.03%**	**1.53%**
	% Increase of Total Bill		(1.04)%	2.65%	0.59%	0.89%	0.46%

10.2 CHARGING FIXED CHARGE ON A PER DAY BASIS

As per Schedule 8-1-2 - Fixed/Variable Portion, Hydro Ottawa will bill the fixed monthly charges by entering a rate per day into the billing system and publishing this rate on its website. Posting a calculated daily rate will provide better visibility to customers when charges are applied to partial billing periods, such as during a move-in or move-out.

Table K below provides a sample calculation of the rate per day on the 2026 DRO monthly fixed service charge. As described in the Original pre-filed Evidence, this methodology will be applied to all 2026-2030's fixed charges (including fixed rate riders, the Standard Supply Service Charge, Smart Metering Charge and the fixed forgone revenue rate rider).

Table K - 2026 Fixed Rate Per Day Calculation

	2026 DRO Monthly Fixed Charge	2026 Daily Rate	# days in bill period	# days in bill period	# days in bill period
	A	A x 12 / 365	30	31	28
Residential	$ 39.20	$ 1.2888	$ 38.66	$ 39.95	$ 36.09
GS < 50 kW	$ 26.16	$ 0.8601	$ 25.80	$ 26.66	$ 24.08
GS 50 to 1,499 kW	$ 200.00	$ 6.5753	$ 197.26	$ 203.83	$ 184.11
GS 1,500 to 4,999 kW	$ 4,126.75	$ 135.6740	$ 4,070.22	$ 4,205.89	$ 3,798.87
Large Use	$ 14,946.93	$ 491.4059	$ 14,742.18	$ 15,233.58	$ 13,759.37
Unmetered Scattered Load	$ 1.19	$ 0.0391	$ 1.17	$ 1.21	$ 1.09
Sentinel Lighting	$ 8.02	$ 0.2637	$ 7.91	$ 8.17	$ 7.38
Street Lighting	$ 8.04	$ 0.2643	$ 7.93	$ 8.19	$ 7.40
Standby Power GS 50 to 1,499 kW	$ 186.89	$ 6.1443	$ 184.33	$ 190.47	$ 172.04
Standby Power GS 1,500 to 4,999 kW	$ 186.89	$ 6.1443	$ 184.33	$ 190.47	$ 172.04
Standby Power Large Use	$ 186.89	$ 6.1443	$ 184.33	$ 190.47	$ 172.04

10.3 RATE MITIGATION

In accordance with Section 2.8.12 of OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications*, dated December 9, 2024, Hydro Ottawa's 2026-2030 proposed total bill impacts are under 10% for all rate classes.

As calculated in the approved settled rate design, to facilitate more levelized bill impacts for Street Lighting class, the rates have been designed to move them within the OEB-approved revenue-to-cost ratio over the five year rate period.

Lastly, per Section 11 below, the approved settled overall credit balances within the Group 1 (except as amended) and Group 2 Accounts have been calculated to be disposed of over the remainder of 2026 (the seven month period from June 1 to December 31, 2026). The Global Adjustment revised balance it calculated to be disposed of over 12 months starting June 1, 2026. Additionally, the LRAM (USoA 1568) balance for General Service 50-1,499 kW will continue to be disposed of in 2027 instead of 2026.

10.4 STANDBY POWER SERVICE CLASSIFICATION

For greater clarity for customers, Hydro Ottawa has included the standby backup overrun charge rates to Attachment 13 - 2026-2030 Bill Impacts Model and Attachment 14 - OEB Workform - 2025 Current and 2026 Draft Tariff of Rates and Charges. As noted in Schedule 7-1-3 - Standby Service Charge and Schedule 8-1-2 - Fixed/Variable Proportion, and agreed to as part of the approved Settlement Agreement, where the Backup Overrun Adjustment applies, Hydro Ottawa will apply the Backup Overrun Adjustment at the current approved distribution volumetric rate for the applicable rate class.

11. DEFERRAL AND VARIANCE ACCOUNTS SUMMARY

Hydro Ottawa was approved to dispose of its Group 1 and 2 Accounts.[8] The DVA Continuity Schedule has been adjusted to include additional projected interest to May 31, 2026 on principal balances up to December 31, 2024. The DVA Continuity Schedule has been submitted as Excel Attachment 17 - OEB Workform - 2026 Deferral and Variance Accounts (Continuity Schedule).

11.1 GROUP 1 ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION

Table L below provides a summary of the updated Group 1 DVAs by USofA, including the overall additional interest. Hydro Ottawa is seeking disposition of a net debit balance of $9.46M to be disposed of over the remaining current year (June 1 to December 31, 2026), with one exception: the Global Adjustment Rate Rider for Non-RPP Class B customers, for which a 12

[8] Hydro Ottawa Limited, *2026-2030 Custom Incentive Rate-Setting Settlement Proposal,* EB-2024-0115, Section 12 Pages 33-34 (January 16, 2026).

month disposition period (June 1, 2026 to May 31, 2027) is requested. Customer-specific Class A GA adjustments and WMS CBR for Class A transitioning customers will still occur as a one-time adjustment rather than monthly.

Table L - DRO Group 1 DVA Dispositions[9]

Group	USofA Number	Group 1 Deferral/Variance Account Description	Amount ($)	Principal ($)	Interest ($)
1	1550	LV Variance Account	$46,064	$43,508	$2,555
1	1551	Smart Metering Entity Charge Variance Account	$(351,728)	$(330,304)	$(21,424)
1	1580	RSVA - Wholesale Market Service Charge	$(4,319,819)	$(4,081,815)	$(238,004)
1	1580	Variance WMS - Sub-account CBR Class A	-	-	-
1	1580	Variance WMS - Sub-account CBR Class B	$2,650,388	$2,523,372	$127,016
1	1584	RSVA - Retail Transmission Network Charge	$5,028,219	$4,781,796	$246,424
1	1586	RSVA - Retail Transmission Connection Charge	$(4,427,832)	$(4,164,624)	$(263,208)
1	1588	RSVA - Power (excluding Global Adjustment)	$254,910	$(7,688)	$262,597
1	1589	RSVA - Global Adjustment	$10,932,425	$10,226,306	$706,119
1	1595	Disposition and Recovery/Refund of Regulatory Balances (2021)	$(494,835)	$(236,907)	$(257,927)
1	1595	Disposition and Recovery/Refund of Regulatory Balances (2022)	$143,543	$190,630	$(47,087)
		Group 1 Subtotal (Excluding Global Adjustment)	$(1,471,090)	$(1,282,032)	$(189,058)
		Global Adjustment	$10,932,425	$10,226,306	$706,119
	TOTAL DVA BALANCE (Group 1) TO BE MOVED TO 1595 (2026)		**$9,461,335**	**$8,944,274**	**$517,061**

11.2 GROUP 2 ACCOUNTS FOR WHICH HYDRO OTTAWA IS SEEKING DISPOSITION

Table M below provides a summary of the updated proposed Group 2 DVAs by USofA for which Hydro Ottawa is seeking disposition. The revised net credit balance of $5.76M includes an updated interest calculation. Hydro Ottawa has calculated a seven month rate rider for the refund of balances proposed for the Group 2 disposition (without LRAM). Hydro Ottawa is also proposing to dispose of the LRAM rate rider over a seven month period in 2026 for all rate

[9] Totals may not sum due to rounding.

classes with the exception of General Service 50-1,499 kW. To help facilitate a more levelized rate impact between 2026-2027, Hydro Ottawa proposed to dispose of the balance for the General Service 50-1,499 kW class over a one-year period in 2027.

Table M - DRO Group 2 DVA Dispositions[10]

Group	USofA Number	Group 2 Deferral/Variance Account Description	Amount	Principal	Interest
2	1508	Pole Attachment Revenue Variance	$ 806,303	$ 697,316	$ 108,988
2	1508	Gains and Loss on disposal of Fixed Assets Variance Account	$ (1,432,804)	$ (1,245,849)	$ (186,955)
2	1508	Earnings Sharing Mechanism (ESM) Variance Account	$ (1,362,024)	$ (1,151,693)	$ (210,330)
2	1508	Connection Cost Recovery Agreement (CCRA) Payments Differential Variance Account	$ (1,180,499)	$ (1,109,625)	$ (70,875)
2	1508	Efficiency Adjustment Mechanism (EAM) Deferral Account	$ (345,002)	$ (300,816)	$ (44,186)
2	1508	OEB Cost Assessment Variance	$ 555,882	$ 486,987	$ 68,894
2	1508	Performance Outcomes Account Mechanism (POAM) Deferral Account	$ (1,103,405)	$ (1,000,000)	$ (103,405)
2	1508	RCVA Retail Incremental Revenue	$ 54,298	$ 46,028	$ 8,270
2	1508	STR Incremental Revenue	$ 1,729	$ 1,467	$ 262
2	1508	Capital Variance Account	$ (82,333)	$ (33,313)	$ (49,020)
		Sub-Total of 1508 Sub-Accounts	$ (4,087,855)	$ (3,609,498)	$ (478,358)
2	1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	$ (255,273)	-	$ (255,273)
2	1592	PILs and Tax Variance - Sub-Account Capital Cost Allowance (CCA) Changes	$ (727,768)	$ (620,386)	$ (107,382)
		Group 2 Sub-total (Prior to Lost Revenue Adjustment Mechanism (LRAM)	$ (5,070,897)	$ (4,229,884)	$ (841,013)
2	1568	LRAM Variance Account (LRAMVA)	$ (688,371)	$ (584,266)	$ (104,104)
	TOTAL DVA BALANCE (Group 2) TO BE MOVED TO 1595 (2026)		**$ (5,759,267)**	**$ (4,814,151)**	**$ (945,117)**

[10] Totals may not sum due to rounding.

11.3 BILLING DETERMINANTS

To calculate the proposed rate riders, Hydro Ottawa has included the monthly revenue load forecast billing determinants in rows 45-79 of Tab '4. Billing Determinants' of Attachment 17 - OEB Workform- 2026 Deferral and Variance Accounts (Continuity Schedule). These determinants are subsequently summarized over either a seven-month (June to December 2026) or a twelve-month (June 2026 to May 2027) period in column D of Tab '7. Rate Rider Calculations' to calculate the final rate rider amount.

Hydro Ottawa continued to allocate kWh and kW for Non-RPP customers based on 2024 amounts reported for RRR. The Non-RPP percentage was then applied to the updated 2026 and 2027 Load Forecast billing determinants. Wholesale Market Participants' consumption was determined by using 2024 amounts as reported through RRRs.

11.4 DRO RATE RIDERS

Tables N through T below outline the updated proposed rate riders to clear the updated DVA balances for which Hydro Ottawa is seeking approval of the revised disposition.

Table N - DRO Rate Riders for Group 1 Accounts, Excluding Global Adjustment[11]
Effective June 1, 2026 to December 31, 2026

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	1,529,528,406	$ (1,591,863)	(0.0010)	$/kWh
General Service < 50 kW	kWh	418,253,403	$ (384,007)	(0.0009)	$/kWh
General Service 50 to 1,499 kW	kW	4,147,683	$ 54,113	0.0130	$/kW
General Service 1,500 to 4,999 kW	kW	987,595	$ (368,412)	(0.3730)	$/kW
Large Use	kW	559,553	$ (267,069)	(0.4773)	$/kW
Unmetered Scattered Load	kWh	8,425,069	$ (6,598)	(0.0008)	$/kWh
Sentinel Lighting	kW	70	$ (19)	(0.2661)	$/kW
Street Lighting	kW	35,693	$ (13,582)	(0.3805)	$/kW
TOTAL			**$ (2,577,438)**		

[11] Totals may not sum due to rounding.

Table O - DRO Rate Riders for Group 1 Accounts 1580 & 1588 - Non-WMP[12]

Effective June 1, 2026 to December 31, 2026

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	1,529,528,406	-	0	$/kWh
General Service < 50 kW	kWh	418,253,403	-	0	$/kWh
General Service 50 to 1,499 kW	kW	4,109,267	$ (1,544,039)	(0.3757)	$/kW
General Service 1,500 to 4,999 kW	kW	987,595	-	0	$/kW
Large Use	kW	559,553	-	0	$/kW
Unmetered Scattered Load	kWh	8,425,069	-	0	$/kWh
Sentinel Lighting	kW	70	-	0	$/kW
Street Lighting	kW	35,693	-	0	$/kW
TOTAL			**$ (1,544,039)**		

Table P - DRO Rate Rider for Account 1589 - Global Adjustment[13]

Effective June 1, 2026 to May 31, 2027

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	20,847,526	$ 92,829	0.0045	$/kWh
General Service < 50 kW	kWh	100,335,183	$ 449,175	0.0045	$/kWh
General Service 50 to 1,499 kW	kWh	2,049,057,043	$ 9,187,647	0.0045	$/kWh
General Service 1,500 to 4,999 kW	kWh	85,407,208	$ 383,353	0.0045	$/kWh
Large Use	kWh	93,526,802	$ 406,311	0.0043	$/kWh
Unmetered Scattered Load	kWh	-	-	0.0000	$/kWh
Sentinel Lighting	kWh	-	-	0.0000	$/kWh
Street Lighting	kWh	21,961,792	$ 98,354	0.0045	$/kW
TOTAL			**$ 10,617,668**		

[12] Totals may not sum due to rounding.
[13] Totals may not sum due to rounding.

Table Q - DRO Rate Rider for Account 1580, sub-account CBR Class B[14]
Effective June 1, 2026 to December 31, 2026

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	kWh	1,529,528,406	$ 1,128,932	0.0007	$/kWh
General Service < 50 kW	kWh	418,253,403	$ 315,332	0.0008	$/kWh
General Service 50 to 1,499 kW	kWh	1,384,656,717	$ 1,037,071	0.0007	$/kWh
General Service 1,500 to 4,999 kW	kWh	55,562,388	$ 37,321	0.0007	$/kWh
Large Use	kWh	43,179,119	$ 39,556	0.0009	$/kWh
Unmetered Scattered Load	kWh	8,425,069	$ 6,275	0.0007	$/kWh
Sentinel Lighting	kWh	23,547	$ 18	0.0008	$/kWh
Street Lighting	kWh	12,699,600	$ 9,575	0.0008	$/kWh
TOTAL			**$ 2,574,080**		

Table R - DRO Rate Rider for Account 1568 (2026)[15]
Effective June 1, 2026 to December 31, 2026

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	# of Customers	349,394	-	-	$
General Service < 50 kW	kWh	418,253,403	$ 269,596	0.0006	$/kWh
General Service 50 to 1,499 kW	kW	-	-	-	$/kW
General Service 1,500 to 4,999 kW	kW	987,595	$ (625,843)	(0.6337)	$/kW
Large Use	kW	559,553	$ (495,937)	(0.8863)	$/kW
Unmetered Scattered Load	kWh	8,425,069	$ (7,281)	(0.0009)	$/kWh
Sentinel Lighting	kW	70	-	-	$/kW
Street Lighting	kW	35,693	$ (37,251)	(1.0437)	$/kW
TOTAL			**$ (896,716)**		

[14] Totals may not sum due to rounding.
[15] Totals may not sum due to rounding.

Table S - DRO Rate Rider for Account 1568 (2026)

Effective January 1, 2027 to December 31, 2027

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	# of Customers	-	$ -	-	$
General Service < 50 kW	kWh	-	$ -	-	$/kWh
General Service 50 to 1,499 kW	kW	7,065,447	$ 208,345	0.0295	$/kW
General Service 1,500 to 4,999 kW	kW	-	$ -	-	$/kW
Large Use	kW	-	$ -	-	$/kW
Unmetered Scattered Load	kWh	-	$ -	-	$/kWh
Sentinel Lighting	kW	-	$ -	-	$/kW
Street Lighting	kW	-	$ -	-	$/kW
TOTAL			**$ 208,345**		

Table T - DRO Rate Rider for Group 2 Accounts[16]

Effective June 1, 2026 to December 31, 2026

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Billing Determinant
Residential	# of Customers	349,394	$ (2,907,078)	(1.1900)	$
General Service < 50 kW	kWh	418,253,403	$ (577,765)	(0.0014)	$/kWh
General Service 50 to 1,499 kW	kW	4,147,683	$ (1,092,392)	(0.2634)	$/kW
General Service 1,500 to 4,999 kW	kW	987,595	$ (281,184)	(0.2847)	$/kW
Large Use	kW	559,553	$ (169,733)	(0.3033)	$/kW
Unmetered Scattered Load	kWh	8,425,069	$ (17,011)	(0.0020)	$/kWh
Sentinel Lighting	kW	70	$ (160)	(2.2843)	$/kW
Street Lighting	kW	35,693	$ (25,574)	(0.7165)	$/kW
TOTAL			**$ (5,070,897)**		

11.5 GA AND WHOLESALE MARKET SERVICE (WMS) CAPACITY BASED RECOVERY (CBR) CLASS A ADJUSTMENT

Hydro Ottawa continues to propose to apply the customer-specific Class A GA adjustments and Wholesale Market Service (WMS) Capacity Based Recovery (CBR) for Class A transitioning

[16] Totals may not sum due to rounding.

customers as a one-time adjustment rather than monthly. Unlike the use of rate riders, these adjustments are a manual process for Hydro Ottawa.

11.6 FOREONE REVENUE RATE RIDER

An effective date of January 1, 2026 was agreed upon in the approved Settlement Agreement. Following this, the Decision and Order approved an effective date of January 1, 2026, with an implementation date to be proposed by Hydro Ottawa. Based on Procedural Order No. 5 issued on December 3, 2025, Hydro Ottawa was approved to charge interim rates as of January 1, 2026.

Hydro Ottawa is proposing an implementation date of June 1, 2026.[17]

The calculated forgone revenue reflects the difference between the interim 2026 and the approved 2026 base distribution rates, specific service charges, isolation/re-energization revenue, and generator service charges from January 1, 2026 to May 31, 2026 and related carrying charges for January 1, 2026 to May 31, 2026 using the OEB's prescribed interest rates. The Forgone fixed revenue amounts have been calculated on a daily basis.

The specific service charges and isolation/re-energization revenue (Other Revenue) amounts have been allocated based on the revenue allocation in the Cost Allocation model for 2026. Hydro Ottawa used the billing determinants from rate design to calculate the total estimated forgone revenue in Table U below.

[17] As noted above, this proposed date is conditional upon receiving the final Rate Order decision from the Board in a manner that allows for implementation of the rates.

1 **Table U - Forgone Revenue Disposition Balance**[18]

Rate Class	Total Forgone Revenue Balance	Forgone Revenue Base Rates	Other Revenue	Interest
Residential	$ 7,740,385	$ 8,143,955	$ (539,210)	$ 135,639
General Service < 50 kW	$ 1,321,913	$ 1,354,083	$ (55,794)	$ 23,624
General Service 50 to 1,499 kW	$ 3,175,631	$ 3,194,666	$ (75,098)	$ 56,063
General Service 1,500 to 4,999 kW	$ 777,893	$ 775,028	$ (10,529)	$ 13,394
Large Use	$ 760,473	$ 753,423	$ (6,518)	$ 13,568
Unmetered Scattered Load	$ 32,138	$ 32,414	$ (835)	$ 559
Sentinel Lighting	$ 422	$ 457	$ (42)	$ 7
Street Lighting	$ 45,777	$ 45,788	$ (819)	$ 809
Standby Power 50 to 1,499 kW	$ 7,353	$ 7,229	$ (7)	$ 130
Standby Power 1,500 to 4,999 kW	$ 2,336	$ 2,301	$ (7)	$ 41
Standby Power Large Use	$ 16,638	$ 16,349	$ (7)	$ 295
MicroFIT	$ (22,549)	$ (22,147)	$ -	$ (401)
FIT	$ 1,247	$ 1,226	$ -	$ 21
HCI, RESOP, and Other Generators	$ (3,798)	$ (3,730)	$ -	$ (68)
TOTAL	**$ 13,855,859**	**$ 14,301,042**	**$ (688,865)**	**$ 243,682**

2

3 Excel Attachment 18 - Forgone Revenue provides calculations for forgone revenue rate riders
4 that reflect a 12-month disposition period as directed. Other Revenue amounts have been
5 allocated to the fixed and variable rate riders based on the fixed/variable percentage split of
6 forgone revenue principal amounts. Tables V and W below outline the proposed forgone fixed
7 and variable rate riders. The daily forgone fixed amount shown in Table V is calculated using
8 the methodology described in Section 10.2.

[18] Totals may not sum due to rounding.

Table V - Forgone Revenue Fixed Rate Riders[19]

Effective June 1, 2026 to May 31, 2027

Rate Class	Units	kW / kWh / # of Customers	Allocated Balance	Rate Rider	Daily amount
Residential	# of Customers	349,394	$ 7,740,385	$ 1.84	$ 0.06049
General Service < 50 kW	# of Customers	25,939	$ 309,439	$ 0.99	$ 0.03255
General Service 50 to 1,499 kW	# of Customers	3,166	$ (23,606)	$ (0.62)	$ (0.02038)
General Service 1,500 to 4,999 kW	# of Customers	80	$ (12,181)	$ (12.00)	$ (0.39452)
Large Use	# of Customers	11	$ (6,038)	$ (44.07)	$ (1.44888)
Unmetered Scattered Load	# of Customers	65,686	$ 18,932	$ 0.37	$ 0.01216
Sentinel Lighting	# of Customers	47	$ 205	$ 0.37	$ 0.01216
Street Lighting	# of Customers	4,247	$ 19,801	$ 0.02	$ 0.00066
Standby Power 50 to 1,499 kW	# of Customers	2	$ (14)	$ (0.57)	$ (0.01874)
Standby Power 1,500 to 4,999 kW	# of Customers	2	$ (14)	$ (0.57)	$ (0.01874)
Standby Power Large Use	# of Customers	2	$ (14)	$ (0.57)	$ (0.01874)
MicroFIT	# of Customers	872	$ (22,549)	$ (2.15)	$ (0.07068)
FIT	# of Customers	103	$ 1,247	$ 1.01	$ 0.03321
HCI, RESOP, and Other Generators	# of Customers	9	$ (3,798)	$ (35.17)	$ (1.15627)
TOTAL			**$8,021,795**		

[19] Totals may not sum due to rounding.

1 **Table W - Forgone Revenue Variable Rate Riders[20]**

2 **Effective June 1, 2026 to May 31, 2027**

Rate Class	Units	kW / kWh	Allocated Balance	Rate Rider	Billing Determinant
Residential	-		$0	$0	$
General Service < 50 kW	kWh	723,519,059	$1,012,474	$ 0.0014	$/kWh
General Service 50 to 1,499 kW	kW	7,066,908	$3,199,237	$ 0.4527	$/kW
General Service 1,500 to 4,999 kW	kW	1,631,602	$790,074	$ 0.4842	$/kW
Large Use	kW	1,004,230	$766,511	$ 0.7633	$/kW
Unmetered Scattered Load	kWh	14,424,886	$12,338	$ 0.2015	$/kWh
Sentinel Lighting	kW	120	$217	$ 1.8110	$/kW
Street Lighting	kW	61,243	$26,845	$ 0.0019	$/kW
Standby Power 50 to 1,499 kW	kW	13,016	$7,366	$ 0.5659	$/kW
Standby Power 1,500 to 4,999 kW	kW	4,071	$2,350	$ 0.5772	$/kW
Standby Power Large Use	kW	27,599	$16,651	$ 0.6033	$/kW
TOTAL			**$5,834,064**		

3

[20] Totals may not sum due to rounding.