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2027 IRM

Manager's Summary

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3.1 Introduction

Niagara-on-the-Lake Hydro Inc. ("NOTL Hydro", "NOTLH") is pleased to present its Incentive Rate-Setting Mechanism (IRM) application for rates effective January 1, 2027. The filing deadline for this application is August 10, 2026. This application consists of the following documents and associated appendices.

- Manager's Summary
- 2027 IRM Checklist (Appendix 1 - Excel)
- 2027 IRM Rate Generator (Appendix 2 - Excel)
- Commodity Accounts Analysis Workform (Appendix 3 - Excel)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

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

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

Table 1 below contains the proposed distribution rates effective January 1, 2027, in comparison to NOTL Hydro's approved rates for 2026.

Table 1: Proposed Distribution Rates

Distribution Charges (Fixed Service Charge + Volumetric Rate)					
Rate Class	Rate Type	2026 OEB Approved Rates	2027 Proposed Rates (2.85% increase to 2026)	Variance (2027 vs. 2026)	Variance % (2027 vs. 2026)
Residential	Fixed Rate	\$36.72	\$37.77	\$1.05	2.86%
	Variable Rate (\$/kWh)	\$0.0000	\$0.0000	\$0.00	0.00%
GS<50kW	Fixed Rate	\$46.66	\$47.99	\$1.33	2.85%
	Variable Rate (\$/kWh)	\$0.0162	\$0.0167	\$0.00	3.09%
GS>50kW	Fixed Rate	\$333.48	\$342.98	\$9.50	2.85%
	Variable Rate (\$/kW)	\$3.1576	\$3.2476	\$0.09	2.85%
Large Use	Fixed Rate	\$4,371.65	\$4,496.24	\$124.59	2.85%
	Variable Rate (\$/kW)	\$3.0128	\$3.0987	\$0.09	2.85%
Unmetered	Fixed Rate	\$26.70	\$27.46	\$0.76	2.85%
	Variable Rate (\$/kWh)	\$0.0072	\$0.0074	\$0.00	2.78%
Streetlights	Fixed Rate (per connection)	\$8.51	\$8.75	\$0.24	2.82%
	Variable Rate (\$/kW)	\$12.7885	\$13.1530	\$0.36	2.85%

3.1.1 Grouping for Filings

NOTL Hydro is included in tranche 1 as per the OEB letter Tranche Assignments and Filing Due Dates for 2027 Incentive Rate-setting Mechanism (IRM) Electricity Distributor Applications (Appendix 5) issued June 18, 2026.

3.1.2 Components of the Application Filing

3.1.2.1 Manager's Summary

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

Table 2: OEB Requested Approvals

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

3.1.2.2 Contact Information

Application contact information is as follows:

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

3.1.2.3 Rate Generator Model

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

- Manager's Summary
- 2027 IRM Checklist (Appendix 1)
- 2027 IRM Rate Generator (Appendix 2)
- Commodity Accounts Analysis Workform (Appendix 3)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

3.1.2.4 Tariff Sheet

A PDF copy of the current NOTL Hydro Tariff sheet (EB-2025-0019 issued December 12, 2025) at the time of this filing is attached as Appendix 4.

3.1.2.5 Supporting Documentation

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

3.1.2.6 Customers Affected by this Application

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

3.1.2.7 Internet Address

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

3.1.2.8 Format

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

3.1.2.9 Checklist

A completed copy of the 2027 IRM Checklist is attached as Appendix 1.

3.1.2.10 Certifications

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

1. The evidence filed is accurate, consistent, and complete to the best of my knowledge.
2. NOTL Hydro has processes and internal controls in place for the preparation, review, verification, and oversight of account balances being disposed of.
3. NOTL Hydro confirms that this application does not include any personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), that is not otherwise redacted in accordance with rule 9A of OEB's Rules of Practice and Procedure.
4. Generative artificial intelligence was not used to generate content included in this filing.

3.1.3 Applications and Electronic Models

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

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

- Manager's Summary
- 2027 IRM Checklist (Appendix 1)
- 2027 IRM Rate Generator (Appendix 2)
- Commodity Accounts Analysis Workform (Appendix 3)
- NOTL Hydro Current Tariff Sheet (Appendix 4)
- Relevant Past Decisions and Supporting Documents (Appendix 5)

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

3.2.1 Annual Adjustment Mechanism

NOTL Hydro has used the 2027 rate setting parameters of 3.00% as per the OEB letter 2027 Inflation Parameters issued on June 11, 2026 (Appendix 5). NOTL Hydro was included in Group 2 in the most recent PEG report 2024 Benchmarking Update (Appendix 5) issued in August 2025, with an associated stretch factor of 0.15%. The 2025 report was not available at the time of this filing.

3.2.1.1 Application of Annual Adjustment Mechanism

The annual adjustment mechanism applies to fixed and variable distribution rates uniformly across all customer rate classes. The annual adjustment mechanism is 2.85% (3.0% inflation factor less 0.15% stretch factor). NOTL Hydro has not applied the annual adjustment factor to any other component of delivery rates.

3.2.2 Revenue-to-Cost Ratio Adjustments

NOTL Hydro does not request any changes to the revenue-to-cost ratios in this application.

3.2.3 Rate Design for Residential Electricity Consumers

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

3.2.4 Electricity Distribution Retail Transmission Service Rates

NOTL Hydro's application to adjust RTSRs is based on the proposed rates calculated utilizing the 2027 IRM Rate Generator Model ("IRM model") provided by the OEB.

Historical Network and Connection Costs

NOTL Hydro's historical costs (2025) consist of Independent Electricity System Operator ("IESO") invoiced costs for network and line connection. NOTL Hydro owns its own transformer stations and consequently has no IESO invoiced transformation costs. In addition, NOTL Hydro does not have Hydro One invoiced transmission costs.

As originally approved in NOTL Hydro's 2024 Cost of Service Application EB-2023-0041 (Appendix 5), the Large Use customer RTSRs are proposed to be the current Uniform Transmission Rates. Therefore, for this calculation, the 2025 billed kW attributable to the Large Use class was removed from the inputs on Tab 12. The table below shows the 2025 actual units billed less the adjustments for the Large Use customer. Note that the higher adjustment in May 2025 was due to switching the Large Customer load to NOTL Station from York Station for part of the month.

Table 3: RTSR Revenue Requirement Adjustment of Large Use Customer

	Line 650 Network					Line 651 Connection				
	NOTL Station	York Station	Total	Remove Large Use	Total	NOTL Station	York Station	Total	Remove Large Use	Total
Jan-25	23,742	19,302	43,044	(10,474)	32,570	23,804	22,708	46,512	(12,323)	34,189
Feb-25	21,997	18,102	40,099	(9,432)	30,667	23,263	22,822	46,085	(17)	46,068
Mar-25	32	33,718	33,750	(7,697)	26,053	34	39,668	39,702	(9,055)	30,647
Apr-25	15,671	16,258	31,929	(5,212)	26,717	21,026	19,664	40,690	(7,753)	32,937
May-25	29,101	16,027	45,128	(20,356)	24,772	35,959	18,855	54,814	(22,974)	31,840
Jun-25	34,589	19,968	54,557	(10,686)	43,871	34,589	23,492	58,081	(12,571)	45,510
Jul-25	33,515	21,480	54,995	(10,424)	44,571	34,499	25,271	59,770	(12,264)	47,506
Aug-25	33,653	21,027	54,680	(10,392)	44,288	36,319	25,731	62,050	(12,123)	49,927
Sep-25	23,235	22,135	45,370	(12,731)	32,639	24,948	22,485	47,433	(12,692)	34,741
Oct-25	22,770	18,558	41,328	(10,539)	30,789	23,785	22,211	45,996	(12,402)	33,594
Nov-25	32	34,844	34,876	(9,782)	25,094	34	40,993	41,027	(11,508)	29,519
Dec-25	22,943	20,187	43,130	(11,348)	31,782	23,654	21,618	45,272	(11,456)	33,816

Table 4, from tab 12 of the IRM model, contains the historical network and line connection costs for 2025, adjusted for Large Use.

Table 4: Historical Network and Connection Costs (2025) – Adjusted

IESO Month	Network			Line Connection		
	Units Billed	Rate	Amount	Units Billed	Rate	Amount
January	32,570	\$6.37	\$ 207,468	34,189	\$1.00	\$ 34,189
February	30,667	\$6.37	\$ 195,349	46,068	\$1.00	\$ 46,068
March	26,053	\$6.37	\$ 165,958	30,647	\$1.00	\$ 30,647
April	26,717	\$6.37	\$ 170,186	32,937	\$1.00	\$ 32,937
May	24,772	\$6.37	\$ 157,797	31,840	\$1.00	\$ 31,840
June	43,871	\$6.37	\$ 279,461	45,510	\$1.00	\$ 45,510
July	44,571	\$6.37	\$ 283,916	47,506	\$1.00	\$ 47,506
August	44,288	\$6.37	\$ 282,117	49,927	\$1.00	\$ 49,927
September	32,639	\$6.37	\$ 207,910	34,741	\$1.00	\$ 34,741
October	30,789	\$6.37	\$ 196,128	33,594	\$1.00	\$ 33,594
November	25,094	\$6.37	\$ 159,850	29,519	\$1.00	\$ 29,519
December	31,782	\$6.37	\$ 202,449	33,816	\$1.00	\$ 33,816
Total	393,813	\$ 6.37	\$ 2,508,590	450,294	\$ 1.00	\$ 450,294

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

Forecast network and connection costs from tab 14 of the IRM model are contained in Table 5.

These are calculated by applying the 2027 UTRs from tab 11 of the IRM model against the 2025 units billed.

Table 5: Forecast Network and Connection Costs

IESO		Network			Line Connection		
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	
January	32,570	\$ 6.3900	\$ 208,120	34,189	\$ 1.0300	\$ 35,215	
February	30,667	\$ 6.3900	\$ 195,963	46,068	\$ 1.0300	\$ 47,450	
March	26,053	\$ 6.3900	\$ 166,479	30,647	\$ 1.0300	\$ 31,566	
April	26,717	\$ 6.3900	\$ 170,720	32,937	\$ 1.0300	\$ 33,925	
May	24,772	\$ 6.3900	\$ 158,292	31,840	\$ 1.0300	\$ 32,795	
June	43,871	\$ 6.3900	\$ 280,338	45,510	\$ 1.0300	\$ 46,875	
July	44,571	\$ 6.3900	\$ 284,807	47,506	\$ 1.0300	\$ 48,931	
August	44,288	\$ 6.3900	\$ 283,002	49,927	\$ 1.0300	\$ 51,425	
September	32,639	\$ 6.3900	\$ 208,563	34,741	\$ 1.0300	\$ 35,783	
October	30,789	\$ 6.3900	\$ 196,744	33,594	\$ 1.0300	\$ 34,602	
November	25,094	\$ 6.3900	\$ 160,352	29,519	\$ 1.0300	\$ 30,405	
December	31,782	\$ 6.3900	\$ 203,084	33,816	\$ 1.0300	\$ 34,831	
Total	393,813	\$ 6.39	\$ 2,516,466	450,294	\$ 1.03	\$ 463,803	

Billing Determinants for RTSRs

The billing determinants for all rate classes used to calculate the required revenue are based on 2025 actual data as reported in RRR 2.1.5 in April 2026. Large Use determinants were removed. As approved in NOTL Hydro's 2024 Cost of Service Application EB-2023-0041 (Appendix 5), the Large Use customer RTSRs are proposed to be the current Uniform Transmission Rates. NOTL Hydro is not aware of any current customers that would qualify for the EVC rate at this time as has used 1 as a place holder for kWh and KW quantities in this model.

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

Rate Class	Rate Description	Unit	Rate	Non-Loss Adjusted Metered kWh	Non-Loss Adjusted Metered kW	Applicable Loss Factor	Loss Adjusted Billed kWh
Residential Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0116	81,559,771	0	1.0374	84,610,107
Residential Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014	81,559,771	0	1.0374	84,610,107
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0106	46,917,037	0	1.0374	48,671,734
General Service Less Than 50 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0014	46,917,037	0	1.0374	48,671,734
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	4.6839	92,394,521	250,905		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered - EV CHARGING	\$/kW	0.7963	1	1		
General Service 50 To 4,999 kW Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.0450	92,394,521	250,905		
General Service 50 To 4,999 kW Service Classification	- EV CHARGING	\$/kW	0.1776	1	1		
Large Use Service Classification	Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	6.4200	0	0		
Large Use Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	\$/kW	1.0200	0	0		
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Network Service Rate	\$/kWh	0.0106	357,382	0	1.0374	370,748
Unmetered Scattered Load Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Meter	\$/kWh	0.0014	357,382	0	1.0374	370,748
Street Lighting Service Classification	Retail Transmission Rate - Network Service Rate	\$/kW	3.2679	573,150	1,600		
Street Lighting Service Classification	Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	0.3359	573,150	1,600		

Proposed RTSR Rates

Table 7 contains the proposed rates to recover forecast network and connection costs based on the billing determinants from Table 6 and is taken from tab 15 of the IRM model except for the Large Use Service Calculation. Those rates are based on the most recent transmission rates approved by the OEB:

Table 7: Proposed RTSR Rates

Rate Class	Rate Description	Unit	Proposed RTSR- Network
Residential Service Classification	Network Service Rate	\$/kWh	0.0109
General Service Less Than 50 kW Service Classification	Network Service Rate	\$/kWh	0.0099
General Service 50 To 4,999 kW Service Classification	Network Service Rate - Interval Metered	\$/kW	4.3952
General Service 50 To 4,999 kW Service Classification EV	Network Service Rate - Interval Metered	\$/kW	0.7472
Large Use Service Classification	Network Service Rate - Interval Metered	\$/kW	6.3900
Unmetered Scattered Load Service Classification	Network Service Rate	\$/kWh	0.0099
Street Lighting Service Classification	Network Service Rate	\$/kW	3.0665
Rate Class	Rate Description	Unit	Proposed RTSR- Connection
Residential Service Classification	Line and Transformation Connection Service Rate	\$/kWh	0.0014
General Service Less Than 50 kW Service Classification	Line and Transformation Connection Service Rate	\$/kWh	0.0014
General Service 50 To 4,999 kW Service Classification	Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.0774
General Service 50 To 4,999 kW Service Classification EV	Line and Transformation Connection Service Rate - Interval Metered	\$/kW	0.1832
Large Use Service Classification	Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.0300
Unmetered Scattered Load Service Classification	Line and Transformation Connection Service Rate	\$/kWh	0.0014
Street Lighting Service Classification	Line and Transformation Connection Service Rate	\$/kW	0.3463

NOTL Hydro utilized the January 1, 2026, Uniform Transmission rates to forecast the proposed rates. NOTL Hydro understands that the OEB will adjust each applicant's model to reflect any UTR changes on January 1, 2027, when they are determined. The IRM Model incorporating the RTSR calculations is being submitted separately in Excel format (Appendix 2). The bill impact for the RTSR Network rate for all rate classes except the Large Use rate class are declining more than 6%.

Table 8: RTSR Network Bill Impacts

RTSR Network	Units	Consumption (includes losses)	Current Rate	Current Charge	Proposed Rate	Proposed Charge	\$ Impact	% Impact
Residential	kWh	778	0.0116	9.03	0.0109	8.48	(0.54)	(6.03%)
GS<50 kW	kWh	2,075	0.0106	21.99	0.0099	20.54	(1.45)	(6.60%)
GS >50 and < 4.9999 kW	kW	135	4.6839	632.33	4.3952	593.35	(38.97)	(6.16%)
Large Use	kW	5,000	6.4200	32,100.00	6.39	31,950.00	(150.00)	(0.47%)
Unmetered	kWh	830	0.0106	8.80	0.0099	8.22	(0.58)	(6.60%)
Street Lighting	kW	29	3.2679	94.77	3.0665	88.93	(5.84)	(6.16%)

This impact is the combination of several factors. The IESO network charges units billed excluding the Large Use customer declined from 401,817 used in the 2026 IRM application EB-2025-0019 (Appendix 5) to 393,813, a decrease of 8,004 or 2%. The Network rate used in the 2026 IRM application was \$6.42 and the rate utilized at the time of this application is \$6.39, a

decrease of \$0.03 or 0.5%. These two factors together decreased the forecast Network charges from \$2,579,557 in 2026 to \$2,526,466 in 2027, a decrease of \$53,091 or 2.1%.

The billing determinants for all rate classes excluding Large Use and Street Lighting also increased from 2026 to 2027.

Table 9: RTSR Billing Determinants

RTSR Network	Units*	2027	2026	Variance	% Impact
Residential	kWh	84,610,107	81,302,767	3,307,340	3.91%
GS<50 kW	kWh	48,671,734	46,979,322	1,692,412	3.48%
GS >50 and < 4.9999 kW	kW	250,905	240,644	10,261	4.09%
Unmetered	kWh	370,748	363,293	7,455	2.01%
Street Lighting	kW	1,600	1,600	-	0.00%
* kWh is loss adjusted					

The decrease in the total cost combined with an increase in the billing determinates resulted in the decrease in Network rates for all classes excluding Large Use.

3.2.5 Low Voltage Service Rates.

NOTL Hydro does not have Low Voltage Service Rates.

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

On December 11, 2025, the OEB's Decision and Rate Order EB-2025-0019 (Appendix 5) approved a one-year disposition for NOTL Hydro's December 31, 2024, Group 1 deferral and variance accounts as well as the Group 2 Large Use variance account.

Table 10 contains the principal and interest amounts approved for disposition in NOTL Hydro's 2026 IRM application.

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Table 10: Approved Dispositions

Account		Claimed for Disposition (Y/N)	Principal Claim	Interest Claim	Total Claim
1551	Smart Metering Entity Charge Variance Account	Y	(8,197)	(581)	(8,778)
1580	RSVA - Wholesale Market Service Charge	Y	(147,720)	(5,231)	(152,950)
1580	Variance WMS – Sub-account CBR Class B	Y	97,382	3,712	101,094
1584	RSVA - Retail Transmission Network Charge	Y	210,813	10,185	220,998
1586	RSVA - Retail Transmission Connection Charge	Y	19,960	1,370	21,329
1588	RSVA - Power (excluding Global Adjustment)	Y	36,022	746	36,768
1589	RSVA - Global Adjustment	Y	36,876	2,014	38,889
1595-2021	Disposition and Recovery/Refund of Regulatory Balances (2021)	Y	8,857	1,182	10,039
1595-2022	Disposition and Recovery/Refund of Regulatory Balances (2022)	Y	-	(1,627)	(1,627)
Total Group 1			253,993	11,769	265,762
1508	Large Customer Variance Account	Y	(122,386)	(6,426)	(128,812)
Total Group 2			(122,386)	(6,426)	(128,812)
Total Claim			131,607	5,342	136,949

2

3 In 2026, the approved balances were transferred to a sub-account of 1595 in accordance with
 4 the Decision and Order. The corresponding rate riders for the refund/recovery of the approved
 5 balances are effective until December 31, 2026.

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

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

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Table 11: IRM Model Approved Dispositions (tab 3)

		B	C	D	BM	BN	BO	BP
		2026						
Account Descriptions		Account Number	Principal Disposition during 2026 - instructed by OEB	Interest Disposition during 2026 - instructed by OEB	Closing Principal Balances as of Dec 31, 2024 Adjusted for Disposition	Closing Interest Balances as of Dec 31, 2024 Adjusted for Disposition		
Group 1 Accounts								
LV Variance Account		1550	0	0	0	0		
Smart Metering Entity Charge Variance Account		1551	(8,197)	(581)	(3,364)	(107)		
RSVA - Wholesale Market Service Charge ¹		1580	(147,720)	(5,231)	(604,647)	(2,522)		
Variance WMS – Sub-account CBR Class A ¹		1580	0	0	0	0		
Variance WMS – Sub-account CBR Class B ¹		1580	97,382	3,712	108,908	931		
RSVA - Retail Transmission Network Charge		1584	210,813	10,185	(208,869)	(2,470)		
RSVA - Retail Transmission Connection Charge		1586	19,960	1,370	(6,309)	120		
RSVA - Power ¹		1588	36,022	746	(128,355)	(723)		
RSVA - Global Adjustment ¹		1589	36,876	2,014	(35,320)	766		
Disposition and Recovery/Refund of Regulatory Balances (2023) ¹		1595	0	0	(38,879)	(3,102)		
Disposition and Recovery/Refund of Regulatory Balances (2024) ¹		1595	0	0	(166,451)	(4,900)		
Disposition and Recovery/Refund of Regulatory Balances (2025) ¹		1595	0	0	0	2,142		
Disposition and Recovery/Refund of Regulatory Balances (2026) ¹		1595						
<i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>			(131,607)	(5,342)	131,607	5,342		
RSVA - Global Adjustment requested for disposition		1589	36,876	2,014	(35,320)	766		
Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition			76,653	4,858	(916,359)	(5,296)		
Total Group 1 Balance requested for disposition			113,529	6,872	(951,678)	(4,530)		
LRAM Variance Account (only input amounts if applying for disposition of		1568			0	0		
Total Group 1 balance including Account 1568 requested for disposition			113,529	6,872	(951,678)	(4,530)		

11

1 **2027 IRM CLAIM – GROUP 1 ACCOUNTS**

2 This section sets out the 2027 IRM Claims for the Group 1 Accounts.

3 Please note that in the continuity schedule in tab 3 of the IRM model, the starting point for all
 4 non-1595 account entries are the date for which approval was received in the 2026 IRM, i.e.,
 5 December 31, 2024. The starting point for 1595 accounts has been completed starting at
 6 December 31, 2023 as this is the earliest vintage year where there is a balance in account
 7 1595.

8 **Interest Rates**

9 The interest rates used to calculate actual and forecasted carrying charges are shown in Table
 10 12 and are in accordance with the methodology approved by the OEB in EB-2006-0117 on
 11 November 28, 2006 (Appendix 5).

12 **Table 12: Interest Rates Applied to Deferral and Variance Accounts (%)**

Quarter by Year	Prescribed interest Rate
2023 - Q1	4.73%
2023 - Q2	4.98%
2023 - Q3	4.98%
2023 - Q4	5.49%
2024 - Q1	5.49%
2024 - Q2	5.49%
2024 - Q3	5.20%
2024 - Q4	4.40%
2025 - Q1	3.64%
2025 - Q2	3.16%
2025 - Q3	2.91%
2025 - Q4	2.91%
2026 - Q1	2.55%
2026 - Q2	2.55%
2026 - Q3	2.55%
2026 - Q4*	2.55%
* forecast based on 2026 Q3 prescribed rate.	

1 Claimed Amounts

2 The total Group 1 Accounts claim is a credit amount of (\$947,327) as per cell BT48 of tab 3 of
3 the 2027 IRM model as summarized in Table 13 below.

4 **Table 13: Summary of Claims**

B	C	D	BQ	BR	BS	BT	BU	BV	BW
16	Projected Interest on Dec-31-2026 Balances							2.1.7 RRR ⁵	
17									
18	Account Descriptions	Account Number	Projected Interest from Jan 1, 2026 to Dec 31, 2026 on Dec 31, 2025 balance adjusted for disposition during 2026 ²	Projected Interest from Jan 1, 2027 to Apr 30, 2027 on Dec 31, 2025 balance adjusted for disposition during 2026 ²	Total Interest	Total Claim	Account Disposition : Yes/No?	As of Dec 31, 2025	Variance RRR vs. 2025 Balance (Principal + Interest)
19									
20	Group 1 Accounts								
21	LV Variance Account	1550	0		0	0		0	0
22	Smart Metering Entity Charge Variance Account	1551	(86)		(193)	(3,557)		(12,249)	0
23	RSVA - Wholesale Market Service Charge ¹	1580	(15,418)		(17,940)	(622,587)		(549,186)	210,932
24	Variance WMS – Sub-account CBR Class A ¹	1580	0		0	0		0	0
25	Variance WMS – Sub-account CBR Class B ¹	1580	2,777		3,708	112,616		0	(210,932)
26	RSVA - Retail Transmission Network Charge	1584	(5,326)		(7,796)	(216,665)		9,659	0
27	RSVA - Retail Transmission Connection Charge	1586	(161)		(41)	(6,350)		15,140	0
28	RSVA - Power ⁴	1588	(3,273)		(4,002)	(132,356)		(92,316)	0
29	RSVA - Global Adjustment ⁴	1589	(901)		(135)	(35,455)		4,335	0
30	Disposition and Recovery/Refund of Regulatory Balances (2023) ³	1595	(991)		(4,094)	(42,973)	Yes	(41,981)	0
31	Disposition and Recovery/Refund of Regulatory Balances (2024) ³	1595	(4,245)		(9,145)	0	No	(171,362)	0
32	Disposition and Recovery/Refund of Regulatory Balances (2025) ³	1595	0		2,142	0	No	2,142	0
33	Disposition and Recovery/Refund of Regulatory Balances (2026) ³	1595					No		0
34	Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility								
35			3,356		8,698	0			0
36									
37									
38									
39	RSVA - Global Adjustment requested for disposition	1589	(901)		0	(135)	(35,455)	4,335	0
40	Total Group 1 Balance excluding Account 1589 - Global Adjustment requested for disposition		(23,367)		0	(28,663)	(911,872)	(840,143)	0
41	Total Group 1 Balance requested for disposition		(24,268)		0	(28,798)	(947,327)	(835,808)	0
42									
43									
44	LRAM Variance Account (only input amounts if applying for disposition of	1568			0	0		0	0
45									
46									
47									
48	Total Group 1 balance including Account 1568 requested for disposition		(24,268)		0	(28,798)	(947,327)	(835,808)	0

6 The balance for account 1580 RSVA – Wholesale Market Service Charge differs from the
7 account balances in the trial balance reported through RRR. The variance of \$210,932 as
8 calculated in cell BW23 on tab 3 of the IRM model is a result of the RRR value recorded in cell
9 BV23 including the amounts for account 1580 – Variance WMS – Sub-account CDR Class B for
10 \$210,932.

11 1550 Retail Settlement Variance Account – Low Voltage Variance Account

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

15 1551 Smart Metering Entity Charge Variance Account

16 For 2027, NOTL Hydro is requesting disposition of:

- 17 • a closing principal balance at December 31, 2025 of (\$3,364) adjusted for dispositions
- 18 during 2026, plus
- 19 • a closing interest balance at December 31, 2025 of (\$107) adjusted for dispositions
- 20 during 2026, plus
- 21 • the forecasted interest of (\$86) for 2026

1 The total claim for this account is a credit balance of (\$3,557).

2 **1580 Retail Settlement Variance Account - Wholesale Market Service Charges (exc.**
3 **CBR – Class B & CBR – Class A)**

4 For 2027, NOTL Hydro is requesting disposition of:

- 5 • a closing principal balance at December 31, 2025 of (\$604,647) adjusted for dispositions
6 during 2026, plus
- 7 • a closing interest balance at December 31, 2025 of (\$2,522) adjusted for dispositions
8 during 2026, plus
- 9 • the forecasted interest of (\$15,418) for 2026

10 The total claim for this account is a credit balance of (\$622,587).

11 **1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-**
12 **account CBR – Class A)**

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

15 **1580 Retail Settlement Variance Account - Wholesale Market Service Charges (sub-**
16 **account CBR – Class B)**

17 For 2027, NOTL Hydro is requesting disposition of:

- 18 • a closing principal balance at December 31, 2025 of \$108,908 adjusted for dispositions
19 during 2026, plus
- 20 • a closing interest balance at December 31, 2025 of \$931 adjusted for dispositions during
21 2026, plus
- 22 • the forecasted interest of \$2,777 for 2026

23 The total claim for this account is a debit balance of \$112,616.

1584 Retail Settlement Variance Account - Retail Transmission Network Charges

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

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$208,869) adjusted for dispositions during 2026, plus
- a closing interest balance at December 31, 2025 of (\$2,470) adjusted for dispositions during 2026, plus
- the forecasted interest of (\$5,326) for 2026

The total claim for this account is a credit balance of (\$216,665).

1586 Retail Settlement Variance Account - Retail Transmission Connection Charges

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

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$6,309) adjusted for dispositions during 2026, plus
- a closing interest balance at December 31, 2025 of \$120 adjusted for dispositions during 2026, plus
- the forecasted interest of (\$161) for 2026

The total claim for this account is a credit balance of (\$6,350).

1588 Retail Settlement Variance Account – Power

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

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$128,355) adjusted for dispositions during 2026, plus
- a closing interest balance at December 31, 2025 of (\$729) adjusted for dispositions during 2026, plus
- the forecasted interest of (\$3,273) for 2026

The total claim for this account is a credit balance of (\$132,356).

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

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

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$35,320) adjusted for dispositions during 2026, plus
- a closing interest balance at December 31, 2025 of \$766 adjusted for dispositions during 2026, plus
- the forecasted interest of (\$901) for 2026

The total claim for this account is a credit balance of (\$35,455).

1595 Disposition and Recovery of Regulatory Balances

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

NOTL Hydro is claiming the disposition of its 2023 1595 regulatory balances in this application. NOTL Hydro has previously disposed of its 1595 regulatory balances up to and including 2022.

1595 – Disposition and Recovery / Refund of Regulatory Balances (2023)

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$38,879), plus
- a closing interest balance at December 31, 2025 of (\$3,102), plus

- the forecasted interest of (\$991) for 2026

The total claim for this account is a credit balance of (\$42,973).

Table 14: Account 1595-2023 Residual Balances

Rate Class	Determinant	Billed Amount	2023 IRM Amount	Variance	Billed Usage	2023 IRM Usage	Variance
RESIDENTIAL	kWh	\$ 68,806	\$ 71,357	\$ (2,551)	75,163,880	78,544,394	(3,380,514)
GENERAL SERVICE LESS THAN 50 KW	kWh	\$ 31,952	\$ 29,728	\$ 2,224	44,254,032	42,026,390	2,227,642
GENERAL SERVICE 50 TO 4,999 KW	kW	\$ 187,435	\$ 153,231	\$ 34,204	231,212	195,348	35,864
LARGE USER	kW	\$ 31,172	\$ 22,197	\$ 8,974	93,106	67,379	25,727
UNMETERED	kWh	\$ 295	\$ 209	\$ 86	344,121	262,765	81,356
STREET LIGHTING	kW	\$ 473	\$ 438	\$ 34	1,598	1,568	30
Total		\$ 320,132	\$ 277,160	\$ 42,972			

The over-recovery of 2023 1595 balances was primarily due to increased demand in the GS>50 rate class. The underlying demand values used to determine the 2023 rate riders was the actual demand from 2021, a year in which GS>50 demand was impacted by the ongoing restrictions related to the COVID-19 pandemic. The 1595 2023 recovery proportions are based on the proportions as submitted in that application EB-2022-0052 (Appendix 5) as seen in the table below.

Table 15: Account 1595-2023 Recovery Proportions

2023	Source Tab 5								Source Tab 6.1 GA	Source Tab 6.2 CBR B		
Rate Class	1551	1580	1584	1586	1588	1595 (2018)	1568	Total Tab 5	1589	1580	Total	%
RESIDENTIAL	(5,267)	53,219	54,294	(24,002)	7,167	3,024	0	88,435	57	(9,758)	78,734	27.0%
GENERAL SERVICE LESS THAN 50 KW	(958)	28,475	29,051	(12,842)	3,835	4,612	(14,354)	37,819	273	(5,221)	32,871	11.3%
GENERAL SERVICE 50 TO 4,999 KW	0	52,120	53,173	(23,506)	7,019	49,034	22,449	160,290	4,204	(8,732)	155,762	53.5%
LARGE USE	0	12,966	13,228	(5,848)	1,746	0	539	22,631	0	0	22,631	7.8%
UNMETERED SCATTERED LOAD	0	178	182	(80)	24	(46)	0	257	7	(33)	231	0.1%
STREET LIGHTING	0	381	388	(172)	51	452	0	1,100	31	(70)	1,061	0.4%
STANDBY	0	0	0	0	0	0	0	0	0	0	0	0.0%
Total	(6,225)	147,338	150,315	(66,450)	19,844	57,076	8,634	310,533	4,572	(23,814)	291,291	100.0%
Tab 5 & Tab 6.1 GA												
EB-2022-0052												
NOTL_2023 IRM Appl_App 2_IRM Rate Generator Model_20221208												

1508 Specific Customer (Large Use) Variance Account

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

For 2027, NOTL Hydro is requesting disposition of:

- a closing principal balance at December 31, 2025 of (\$197,779) adjusted for dispositions during 2026, plus
- a closing interest balance at December 31, 2025 of (\$2,790) adjusted for dispositions during 2026, plus
- the forecasted interest of (\$5,043) for 2026

The total claim for this account is a credit balance of (\$205,613).

Table 16: 1508 Large Use Deferral Account Continuity

Account Number	2025								2026		Projected Interest on Dec-31, 2025 Balances				
	Opening Principal Amounts as of Jan 1, 2025	Transactions Debit / (Credit) during 2025	OEB- Approved Disposition during 2025	Closing Principal Balance as of Dec 31, 2025	Opening Interest Amounts as of Jan 1, 2025	Interest Jan 1 to Dec 31, 2025	OEB- Approved Disposition during 2025	Closing Interest Amounts as of Dec 31, 2025	Principal Disposition during 2026 - instructed by OEB	Interest Disposition during 2026 - instructed by OEB	Closing Principal Balances as of Dec 31, 2025 Adjusted for Disposition during 2026	Closing Interest Balances as of Dec 31, 2025 Adjusted for Disposition during 2026	Projected Interest from Jan 1, 2026 to Dec 31, 2025 balance adjusted for disposition during 2026	Total Interest	Total Claim
1508	(182,226)	(197,779)	59,840	(320,165)	(5,663)	(6,651)	3,098	(9,216)	122,386	6,426	(197,779)	(2,790)	(5,043)	(7,833)	(205,613)

The total claim of (\$205,613) will be allocated to each rate class based on 2025 distribution revenue.

Table 17: Allocation of Large Use Variance Account

Rate Class	kWh	kW	Customers	Distribution Revenue	% of Distribution Revenue	Allocation	Rate Rider
Residential	81,559,771	-	8,482	3,604,448	51.0%	(104,910)	(1.03) per customer
GS<50	46,917,037	-	1,500	1,563,719	22.1%	(45,513)	(0.0010) per kWh
GS>50	92,394,521	250,905	130	1,239,376	17.5%	(36,073)	(0.1438) per KW
Large User	84,851,381	145,279	1	388,582	5.5%	(11,310)	(0.0778) per KW
USL	357,382	-	64	22,421	0.3%	(653)	(0.0018) per kWh
Street Lights	573,150	1,600	2,291	245,809	3.5%	(7,154)	(4.4726) per KW
Total	306,653,242	397,784	12,468	7,064,354	100.0%	(205,613)	

Determinants

The billing determinants for all rate classes are based on 2025 actual data as reported in RRR 2.1.2 and 2.1.5 in April 2026. NOTL Hydro confirms the accuracy of the auto-populated data.

Disposition

All GA rate riders are calculated on a kWh basis.

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

1 Threshold Test

2 The Threshold Test referred to in Section 3.2.5 of the Filing Guidelines is met based on the
3 following calculations:

4 Total Claim for Threshold Test = \$947,327

5 Total metered kWh = 306,653,242

6 Threshold test (total claim per kWh) = $\$947,327 / 306,653,242 = \0.0031 , which is above the
7 threshold of a minimum of $\$0.001 / (\$0.001)$ per kWh in magnitude.

8 Rate Riders

9 The proposed rate riders for disposition of the 2027 claims are as shown below in Table 18.

10 **Table 18: Proposed Deferral/Variance Account Rate Riders**

Rate Class	Unit	Group 1 Deferral / Variance Account Rate Rider	Class B CBR Rate Rider	Non-RPP Global Adjustment Rate Rider	Large Use Deferral / Variance Account Rate Rider
Residential	kWh	(0.0034)	0.0005	(0.0005)	
	\$				(1.03)
General Service less than 50 kW	kWh	(0.0033)	0.0005	(0.0005)	(0.0010)
General Service 50 to 4,999 kW	kW	(1.2660)	0.2081		(0.1438)
	kWh			(0.0005)	
Large Use	kW	(1.8856)			(0.0778)
Unmetered Scattered Load	kWh	(0.0033)	0.0005	(0.0005)	(0.0018)
Street Lighting	kW	(1.2406)	0.1950		(4.4726)
	kWh			(0.0004)	

11

12 3.2.6.1 Commodity Accounts 1588 and 1589**13 New Accounting Guidance**

14 NOTL Hydro confirms that it has fully implemented the OEB's February 21, 2019, guidance from
15 January 1, 2019. NOTL Hydro subsequently implemented the changes associated with the
16 introduction of the Ultra-Low Overnight price plan in 2024. NOTL Hydro does not have any pre-
17 2025 balances that have yet to be disposed of on a final basis.

18 Certification of Evidence

19 I, Jeff Klassen, Vice President Finance for NOTL Hydro certify to the best of my knowledge that
20 NOTL Hydro has robust processes and internal controls in place for the preparation, review,

verification and oversight of the account balances being disposed, consistent with the certification requirements in Chapter 1 of the filing requirements. NOTL Hydro has not made any adjustments to DVA balances that were previously approved by the OEB on a final basis.

Commodity Accounts Analysis Workform

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

NOTL Hydro bills non-RPP customers on the actual GA rate and unbilled revenue for 2025 was trued-up to the actual amount.

The expected GA amount for non-RPP Class B Customers for 2025 was \$3,542,671.

Table 19: Expected GA Amount

A	B	C	D	E	F	G	H	I	J	K
37	Analysis of Expected GA Amount									
38	Year	2025								
		Non-RPP Class B Including Loss Factor Billed Consumption (kWh)	Deduct Previous Month Unbilled Loss Adjusted Consumption (kWh)	Add Current Month Unbilled Loss Adjusted Consumption (kWh)	Non-RPP Class B Including Loss Adjusted Consumption, Adjusted for Unbilled (kWh)	GA Rate Billed (\$/kWh)	\$ Consumption at GA Rate Billed	GA Actual Rate Paid (\$/kWh)	\$ Consumption at Actual Rate Paid	Expected GA Price Variance (\$)
39	Calendar Month	F	G	H	I = F+G+H	J	K = I*J	L	M = I*L	N=M-K
40	January	6,753,265			6,753,265	0.04109	\$ 277,492	0.04109	\$ 277,492	\$ -
41	February	5,970,146			5,970,146	0.00300	\$ 17,910	0.00300	\$ 17,910	\$ -
42	March	5,959,634			5,959,634	0.06948	\$ 414,075	0.06948	\$ 414,075	\$ -
43	April	5,642,095			5,642,095	0.06915	\$ 390,151	0.06915	\$ 390,151	\$ -
44	May	5,843,485			5,843,485	0.13493	\$ 788,461	0.13493	\$ 788,461	\$ -
45	June	7,062,906			7,062,906	0.05972	\$ 421,791	0.05972	\$ 421,791	\$ -
46	July	8,663,656			8,663,656	0.01438	\$ 124,583	0.01438	\$ 124,583	\$ -
47	August	8,227,633			8,227,633	0.03010	\$ 247,652	0.03010	\$ 247,652	\$ -
48	September	7,161,122			7,161,122	0.06185	\$ 442,915	0.06185	\$ 442,915	\$ -
49	October	6,648,744			6,648,744	0.04885	\$ 324,791	0.04885	\$ 324,791	\$ -
50	November	6,240,180			6,240,180	0.01816	\$ 113,322	0.01816	\$ 113,322	\$ -
51	December	7,011,382			7,011,382	-0.00292	\$ (20,473)	-0.00292	\$ (20,473)	\$ -
52	Net Change in Expected GA Balance in the Year (i.e. Transactions in the Year)	81,184,149	-	-	81,184,149		\$ 3,542,671		\$ 3,542,671	\$ -

The amounts reflected in cells C41:C52 in the GA 2025 tab in the Commodity Account Analysis Workform are the actual non-RPP kWhs consumed in each month including losses. NOTL Hydro utilized this data in place of billed amounts – previous month unbilled + current month unbilled. NOTL Hydro updated the GA rates in columns G and L to match the amounts posted by the IESO (Appendix 5).

All Class B non-RPP customers are billed at the actual GA rate, therefore, the expected GA price variance is zero. The net change in account 1589 for 2025 was (\$74,194) including OEB approved dispositions of (\$38,874). Excluding the approved dispositions, the net change in principal balance for account 1589 for 2025 was (\$35,320). There is one reconciling item in addition to the Total Expected GA Variance as calculated by the Workform. This item relates to a metering issue with a GS>50 customer. The issue was discovered and resolved in 2025; however a portion of the adjustment related to the period from July 2024 to December 2024 in the amount of \$58,429. The customer was underbilled that amount in 2024. The resulting unresolved difference is \$33,467 or 0.9% which is below the 1% threshold.

Table 20: Reconciliation of Net Change in GA Amount (excluding OEB approved dispositions)

Note 5 <u>Reconciling Items</u>				
Item	Amount	Explanation	Principal Adjustment on DVA Continuity Schedule	Principal Adjustments
Net Change in Principal Balance in the GL (i.e. Transactions in the Year)	\$ (35,320)			If "no", please provide an explanation
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - prior year				
CT 148 True-up of GA Charges based on Actual Non-RPP Volumes - current year				
Remove prior year end unbilled to actual revenue differences				
Add current year end unbilled to actual revenue differences				
Significant prior period billing adjustments recorded in current year	\$ 58,430	Significant billing adjustment to one customer from metering issue	No	The billing adjustment was settled in 2025 and is already reflected in current year transactions. The amount will be returned to customers through disposition.
Significant current period billing adjustments recorded in other year(s)				
CT 148 prior period adjustments recorded in the current year				
IESO Settlement Adjustments - within 24 months of IESO invoice				
IESO Settlement Adjustments - outside of 24 months of IESO invoice				
6				
7				
8				
9				
10				
Note 6 Adjusted Net Change in Principal Balance in the GL	\$ 23,110			
Net Change in Expected GA Balance in the Year Per Analysis	\$ (10,357)			
Unresolved Difference	\$ 33,467			
Unresolved Difference as % of Expected GA Payments to IESO	0.9%			

NOTL Hydro performed the reasonability test for Account 1588 which is included in the Commodity Account Analysis Workform (Appendix 3). The results of the reasonability test support the conclusion that GA charges have been appropriately allocated between customer classes. The reconciling items of \$160,822 relate to prior year billing adjustments. \$29,386 relates to the metering issue with the GS>50 customer as described above. There was an additional adjustment required for a RPP customer of \$131,435 relating to a historic unauthorized use of power that occurred over an extended period.

Table 21: Account 1588 Reasonability

 Ontario Energy Board							
Account 1588 Reasonability							
Note 7 <u>Account 1588 Reasonability Test</u>							
Year	Account 1588 - RSVA Power				Account 4705 - Power	Account 1588 as % of Account 4705	
	Transactions ¹	Principal Adjustments ²	Reconciling Items ³	Total Activity in Calendar Year			
2025	128,355	-	160,822	32,467	24,824,551	0.1%	
Cumulative	128,355	-	160,822	32,467	-	0.0%	

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

The calculation of Global Adjustment for Class B customers and allocation to Class A customers that transitioned during the period are shown below.

Table 22: Rate Rider Calculation for RSVA – Power – Global Adjustment (Tab 6.1)

		Total Metered 2025		Total Metered 2025 Consumption for Customers that Transitioned Between Class A and B during the period GA balance accumulated	Non-RPP Metered 2025 Consumption for Current Class B Customers (Non-RPP Consumption excluding WMP, Class A and Transition Customers' Consumption)	% of total kWh	Total GA \$ allocated to Current Class B Customers		GA Rate Rider
		Total Metered Non-RPP 2025 Consumption excluding WMP	Consumption for Class A Customers that were Class A for the entire period GA balance accumulated						
	kWh	kWh	kWh	kWh	kWh				
RESIDENTIAL SERVICE CLASSIFICATION	kWh	561,839	0	0	561,839	0.8%	(\$253)	(\$0.0005)	kWh
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION	kWh	4,475,949	0	0	4,475,949	6.2%	(\$2,015)	(\$0.0005)	kWh
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	88,155,981	9,247,141	12,135,375	66,773,465	92.1%	(\$30,099)	(\$0.0005)	kWh
LARGE USE SERVICE CLASSIFICATION	kWh	84,851,381	84,851,381	0	0	0.0%	\$0	\$0.0000	kWh
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	157,452	0	0	157,452	0.2%	(\$71)	(\$0.0005)	kWh
STREET LIGHTING SERVICE CLASSIFICATION	kWh	502,237	0	0	502,237	0.7%	(\$26)	(\$0.0004)	kWh
STANDBY POWER SERVICE CLASSIFICATION	kWh	0	0	0	0	0.0%	\$0	\$0.0000	kWh
Total		178,704,838	94,098,522	12,135,375	72,470,942	100.0%	(\$52,624)		

NOTL Hydro had two customers transitions from Class A to Class B and two customers transition from Class B to Class A during the period when the Account 1589 RSVA Global Adjustment balance accumulated.

Table 23: Class A Transition Customers – Non-loss Adjusted Billing Determinants**Transition Customers - Non-loss Adjusted Billing Determinants by Customer**

Customer	Rate Class		2025	
			July to December	January to June
Customer 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	2,159,460	1,871,837
		kW	5,504	5,064
		Class A/B	A	B
Customer 2	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,570,406	1,676,217
		kW	3,976	3,768
		Class A/B	A	B
Customer 3	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,894,160	1,107,351
		kW	8,847	7,502
		Class A/B	B	A
Customer 4	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	846,056	1,009,888
		kW	3,009	3,089
		Class A/B	B	A

Table 24: Allocation of Total Consumption (kWh) between Class B and Class A/B Transition Customers

Allocation of total Non-RPP Consumption (kWh) between Current Class B and Class A/B Transition Customers			
		Total	2025
Non-RPP Consumption Less WMP Consumption	A	178,704,838	178,704,838
Less Class A Consumption for Partial Year Class A Customers	B	5,847,105	5,847,105
Less Consumption for Full Year Class A Customers	C	94,098,522	94,098,522
Total Class B Consumption for Years During Balance Accumulation	D = A-B-C	78,759,211	78,759,211
All Class B Consumption for Transition Customers	E	6,288,269	6,288,269
Transition Customers' Portion of Total Consumption	F = E/D	7.98%	

Table 25: Allocation of GA Balance to Transition Customers

Allocation of GA Balances to Class A/B Transition Customers						
# of Class A/B Transition Customers		4				
Customer		Total Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2025	% of kWh	Customer Specific GA Allocation for the Period When They Were Class B customers	Monthly Equal Payments
Customer 1		1,871,837	1,871,837	29.77%	\$ 843	\$ 70
Customer 2		1,676,217	1,676,217	26.66%	\$ 755	\$ 63
Customer 3		1,894,160	1,894,160	30.12%	\$ 853	\$ 71
Customer 4		846,056	846,056	13.45%	\$ 381	\$ 32
Total		6,288,269	6,288,269	100.00%	\$ 2,831	

3.2.6.2 Capacity Based Recover (CBR)

NOTL Hydro had three Class A customers during the entire period where the Account 1580, Sub-account CBR Class B balance accumulated, two customers transitioned from Class A to Class B and two customers transitioned from Class B to Class A during the period.

Table 26: Class A Transition Customers – Non-loss Adjusted Billing Determinants

Transition Customers - Non-loss Adjusted Billing Determinants by Customer

Customer	Rate Class		2025	
			July to December	January to June
Customer 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	2,159,460	1,871,837
		kW	5,504	5,064
		Class A/B	A	B
Customer 2	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,570,406	1,676,217
		kW	3,976	3,768
		Class A/B	A	B
Customer 3	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	1,894,160	1,107,351
		kW	8,847	7,502
		Class A/B	B	A
Customer 4	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	846,056	1,009,888
		kW	3,009	3,089
		Class A/B	B	A

Table 27: Allocation of Total Consumption (kWh) between Class B and Class A/B Transition Customers

Allocation of Total Consumption (kWh) between Current Class B and Class A/B Transition Customers			
		Total	2025
Total Consumption Less WMP Consumption	A	306,653,242	306,653,242
Less Class A Consumption for Partial Year Class A Customers	B	5,847,105	5,847,105
Less Consumption for Full Year Class A Customers	C	94,098,522	94,098,522
Total Class B Consumption for Years During Balance Accumulation	D = A-B-C	206,707,615	206,707,615
All Class B Consumption for Transition Customers	E	6,288,269	6,288,269
Transition Customers' Portion of Total Consumption	F = E/D	3.04%	

Table 28: Allocation of CBR Balance to Transition Customers

Allocation of CBR Class B Balances to Transition Customers						
# of Class A/B Transition Customers		4				
Customer		Total Metered Class B Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers	Metered Class B Consumption (kWh) for Transition Customers During the Period When They Were Class B Customers in 2025	% of kWh	Customer Specific CBR Class B Allocation for the Period When They Were Class B Customers	Monthly Equal Payments
Customer 1		1,871,837	1,871,837	29.77%	\$ 1,020	\$ 85
Customer 2		1,676,217	1,676,217	26.66%	\$ 913	\$ 76
Customer 3		1,894,160	1,894,160	30.12%	\$ 1,032	\$ 86
Customer 4		846,056	846,056	13.45%	\$ 461	\$ 38
Total		6,288,269	6,288,269	100.00%	\$ 3,426	\$ 285

Further details on the disposition of this account included above.

3.2.6.3 Disposition of Account 1595

NOTL Hydro is claiming the disposition of its 2023 1595 regulatory balances in this application and confirms that the residual balance in these accounts is being requested for disposition only

once. NOTL Hydro has previously disposed of its regulatory balances up to and including 2022. The rate riders for account 1595 (2023) were approved for recovery/disposition over 1 year. 1595 (2023) rate riders expired on December 31st, 2023. Consistent with the guidance in the filing requirements these accounts are now eligible for disposition. Further explanation of the residual balances for account 1595 2023 is provided above.

3.2.7 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

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

3.2.7.1 Disposition of LRAMVA

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

3.2.7.2 Continuing Use of the LRAMVA for New NWS Activities

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

3.2.8 Tax Changes

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

3.2.9 Z-factor Claims

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

3.2.10 Off-ramps

NOTL Hydro's 2025 distributor earnings were within the 300 basis points dead band as per its 2025 RRR filing for 2.1.5.6.

3.2.11 Stream 2 Local Electricity Demand-Side Management Program Funding Requests

NOTL Hydro is not seeking any Stream 2 Local Electricity Demand-Side Management Program funding in this application.

3.2.12 Capacity Allocation Model

NOTL Hydro is not seeking to establish a Capacity Allocation Model in this application.

3.3.1 Advanced Capital Module

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

3.3.2 Incremental Capital Module

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

3.3.3 Treatment of Costs for 'eligible investments'

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

3.4 Specific Exclusions from IRM Applications

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

1 **Appendices**

1 **Appendix 1 – NOTLH 2026 IRM Checklist**

2 Filed separately in Excel format.

1 **Appendix 2 – NOTLH 2026 IRM Rate Generator Model**

2 Filed separately in Excel format.

- 1 **Appendix 3 – NOTLH 2026 Commodity Accounts Analysis**
- 2 **Workform**
- 3 Filed separately in Excel format.

1 **Appendix 4 – NOTLH Tariff Sheet – January 1, 2025**

2 Filed separately in PDF format.

Appendix 5 – Relevant Past Decisions and Supporting Documents

Tranche Assignments and Filing Due Dates for 2027 Incentive Rate-setting Mechanism (IRM) Electricity Rate Applications

<https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2027-electricity-distribution-rate>

OEB letter 2027 Inflation Parameters

<https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2027-electricity-distribution-rate>

PEG Report – 2024 Benchmarking Update

https://www.oeb.ca/sites/default/files/PEG%20Report%20to%20the%20Ontario%20Energy%20Board%202025_20250818.PDF

NOTL Hydro 2024 Cost of Service EB-2023-0041

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

NOTL Hydro 2026 IRM EB-2025-0019

<https://www.rds.oeb.ca/CMWebDrawer/Record?q=casenummer:eb-2025-0019&sortBy=recRegisteredOn-&pageLength=400>

NOTL Hydro 2023 IRM EB-2022-0052

<https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2022-00523>

Approval of Accounting Interest Rates Methodology for Regulatory Accounts

https://www.oeb.ca/documents/cases/EB-2006-0117/letter_accountinginterest_281106.pdf

NOTL Hydro 2009 Cost of Service EB-2008-0237

<https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2009-electricity-distribution-rate>

- 1 NOTL Hydro 2023 IRM EB-2022-0052
- 2 [https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2022-](https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2022-0052&sortBy=recRegisteredOn-&pageLength=400)
- 3 [0052&sortBy=recRegisteredOn-&pageLength=400](https://www.rds.oeb.ca/CMWebDrawer/Record?q=CaseNumber=EB-2022-0052&sortBy=recRegisteredOn-&pageLength=400)
- 4 IESO Post GA Rates 2025
- 5 <https://www.ieso.ca/sector-participants/settlements/global-adjustment-for-class-b>