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

AND IN THE MATTER OF an application by Elexicon Energy Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective January 1, 2027 and for each following year through December 31, 2031.

SETTLEMENT PROPOSAL

FILED September 18, 2026, REVISED October 15, 2026

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PART A: INTRODUCTION

This settlement proposal (the "Settlement Proposal") is filed with the Ontario Energy Board ("OEB") in connection with Elexicon Energy Inc.'s ("Elexicon" or the "Utility") Custom Incentive Rate-setting ("Custom IR") application made under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B) (the "Act"), seeking approval for changes to the rates that it charges for electricity distribution for a period of five years, effective from January 1, 2027, and for each following year through to December 31, 2031 (the "Application"). The proceeding for the Application was assigned File Number EB-2025-0312 by the OEB (the "Proceeding"). As set forth herein, the Settlement Proposal contains a partial settlement of the issues within the Application. The remaining unsettled matters are identified below and will be determined through an oral hearing.

PART B: BACKGROUND

Elexicon filed the Application, together with a request for confidential treatment of certain aspects of the application on December 19, 2025. The OEB issued a Letter of Completeness on January 19, 2026, followed by a Notice of Hearing and Letter of Direction on January 23, 2026. On March 2, 2026, the OEB issued Procedural Order No. 1, which granted Elexicon's request to file updated evidence, established two rounds of interrogatories to accommodate the updated evidence, and set the schedule for the Technical Conference and Settlement Conference.

In accordance with Procedural Order No. 1, Elexicon filed updated evidence on April 2, 2026, relating to: (i) Benefit Cost Analyses for its Non-Wires Solutions ("NWS") evidence, (ii) its Control Centre OM&A segment forecast, and (iii) Exhibit 9, including updated Group 1 balances and revised Group 2 deferral and variance account balances proposed for disposition in light of the OEB's decision in Elexicon's 2026 IRM, EB-2025-0046.

On April 10, 2026, the OEB issued its Decision on the Issues List and Confidentiality. Interrogatories in this Application were filed in two rounds in accordance with Procedural Order No. 1. The first round of interrogatories was received between April 2 and April 10, 2026, and Elexicon filed its responses on May 8, 2026. The second round of interrogatories was received between May 12 and May 13, 2026, and Elexicon filed its responses on May 27, 2026.

Procedural Order No. 2, issued on May 15, 2026, established procedural steps relating to Elexicon's request for confidential treatment and/or permanent redaction of certain interrogatory responses, rescheduled the Motions Hearing to July 9, 2026, and otherwise maintained the schedule established in Procedural Order No. 1.

On May 22, 2026, OEB Staff filed expert evidence prepared by Pacific Economics Group ("PEG") in the form of two reports. Procedural Order No. 3, issued on July 2, 2026, and revised on July 9, 2026, granted Elexicon permission to file reply evidence in response to the PEG reports and related interrogatory responses. Elexicon filed its reply evidence on July 10, 2026, and responses to interrogatories on its reply evidence on July 22, 2026. In addition to addressing reply evidence related to the PEG reports, the OEB also extended the Settlement Conference schedule by one additional day to August 4, 2026.

The Technical Conference was conducted as a hybrid proceeding from June 22 through June 25, 2026. Elexicon subsequently filed its undertaking responses on July 8 and July 10, 2026, pursuant to the extension granted by the OEB.

On July 22, 2026, a transcribed Evidence Presentation Day was held during which Elexicon presented an overview of the Application to the OEB panel of commissioners and responded to their questions.

The Settlement Conference began on July 27, 2026, per the Procedural Order No. 1. The Parties (as defined below) extended settlement discussions and reached an oral agreement on a tentative substantial partial settlement on August 7, 2026.

Elexicon advised the OEB, by letter on August 11, 2026, that a tentative partial settlement was reached. More particularly, the Parties reached a substantial settlement on all of the issues in the Approved Issues List, either in whole or in part. The following aspects of certain issues remain unresolved and will be determined through an oral hearing:

- The OM&A funding level for the 2027 Test Year, including the resulting allocation of shared services costs (Issues 4.1 and 4.2);
- The Long-Term Debt Rate ("LTDR") component of Elexicon's cost of capital (Issue 5.1);
- The implementation period for the harmonization of distribution base rates (Issue 8.1);
- The recovery of costs associated with the Dx NEXT cloud computing implementation project (Account 1511), subject to the agreed-upon maximum potential disallowance cap of 45% (Issue 9.1);
- The disposition period for Group 2 account balances, and
- The resulting amounts associated with Issues 1.3, 3.2, 5.5, 7.1, 7.2 and 7.6, for which agreement has been reached on the applicable methodologies and calculations, but remain dependent, in part, on the OEB's determination of the unresolved issues identified above.

PART C: THE SETTLEMENT PROCESS

Pursuant to Procedural Order No. 3, a virtual Settlement Conference was carried out on July 27 to 31 and August 4 to 7, lasting a total of eight days. The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "Rules") and the *Practice Direction on Settlement Conferences* (the "Practice Direction"). Sarah Daitch acted as facilitator for the Settlement Conference.

Elexicon and the following intervenors (the "Intervenors") participated in the Settlement Conference:

Building Owners and Managers Association (BOMA);

Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC);

Consumers Council of Canada (CCC);

Distributed Resource Coalition (DRC);

Energy Probe Research Foundation (EP);

Pollution Probe (PP);

School Energy Coalition (SEC);

Vulnerable Energy Consumers Coalition (VECC);

Quinte Manufacturer's Association (QMA); and

Power Workers' Union (PWU).

Elexicon and the Intervenors are collectively referred to as the "Parties". The Parties in the Settlement Conference are bound by the obligations with respect to settlement privilege and confidentiality as set out in the Practice Direction.

Notwithstanding any other wording in this Settlement Proposal, PWU is neither supporting nor opposing any elements of this Settlement Proposal. Where this Settlement Proposal refers to the "Parties" agreeing to or accepting something, that does not include the PWU, nor does it include any other party that is taking no position on the relevant issue.

OEB Staff did not participate during the Settlement Conference, other than for facilitation and update purposes. However, Parties did coordinate with OEB Staff on specific questions and issues where their input was important to advance settlement discussions.

PART D: PREAMBLE TO THE TERMS OF THE SETTLEMENT PROPOSAL

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this Proceeding identified as settled in this Settlement Proposal. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement creating mutual obligations, and is binding and enforceable in accordance with its terms.

As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings* and that the rules contained therein do not apply. Instead, in the Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this Proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference, except as expressly agreed to by the Parties as a term of this Settlement Proposal. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were: (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference; and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as

the Parties. Parties have agreed that certain materials provided during the Settlement Conference will be filed on the public record by Elexicon.

This Settlement Proposal provides a Settlement Proposal Overview (Part D), followed by a description of the Key Components of Settlement (Part E), and a detailed description of the terms of settlement organized in accordance with the Approved Issues List (Part F). Part F includes a brief description of each of the settled issues, together with references to the relevant evidence on the record in this Proceeding. The Parties agree that references to the "evidence" in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and technical conference undertakings, and other components of the record up to and including the date hereof, including the additional information provided by the Parties in this Settlement Proposal and the attachments to this document (the "Attachments"). The Parties agree that for each settled issue (or partially settled issue) the evidence in this Proceeding in respect of that settled (or partially settled) issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this Proceeding provides an appropriate and robust evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. The distinct issues addressed in this Settlement Proposal are intricately interrelated. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Settlement Proposal. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as valid settlement subject to any revisions that may be agreed upon by the Parties. It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all Parties who took a position on a particular issue must

agree with any revised Settlement Proposal as it relates to that issue, or decide to take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in the Proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise issues and/or to take any position in any other proceeding, whether or not Elexicon is a party to such proceeding, provided that no Party shall take a position that would result in the Settlement Proposal not applying in accordance with the terms contained herein. In this Settlement Proposal, where the Parties or any of them "accept" the evidence of Elexicon, or "agree" to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words "for the purpose of settlement of the issues herein" shall be deemed to qualify that acceptance or agreement. There are appendices and attachments to this Settlement Proposal which provide further support for the proposed settlement. The Parties acknowledge that the appendices and attachments were prepared by Elexicon. While the intervenors who participated in the Settlement Conference have reviewed the appendices and attachments, they are relying on the accuracy of those appendices and attachments and the underlying evidence in entering into this Settlement Proposal.

Settlement Proposal Overview

The Parties have reached a complete settlement, partial settlement, or no settlement on the aspects of the Approved Issues List as summarized below in Table 1:

Table 1: Settlement Status for Approved Issues List Items

"Complete Settlement" means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.	**1.1, 1.2, 1.4, 2.1, 2.2, 3.1, 5.3, 5.4, 6.1, 7.3, 7.4, 7.5**

"Partial Settlement" means an issue for which there is partial settlement, as Elexicon and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.	**1.3, 3.2, 4.1, 4.2, 5.1, 5.2, 5.5, 7.1, 7.2, 7.6, 8.1, 9.1**
"No Settlement" means an issue for which no settlement was reached. Elexicon and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).	**N/A**

There are no issues for which no settlement was reached. All unresolved matters relate to partially settled issues. Certain issues remain partially unsettled because substantive aspects of those issues remain subject to the OEB's determination. Other issues are partially unsettled because the resulting amounts cannot be finalized until the OEB has made its determination on those matters.

- Issue 4.1 is partially settled. The Parties have not reached agreement on the appropriate OM&A funding level for the 2027 Test Year. However, the Parties have agreed that OM&A amounts for the purpose of calculating the 2028-2031 Revenue Growth Factor ("RGF") will be indexed annually using an inflation factor of 2.00% and a growth factor of 1.57%. As the OEB-approved 2027 test year will serve as the base year for the determination of OM&A amounts over the remainder of the rate term, the OEB's decision of this issue will affect the resulting 2028-2031 OM&A amounts.
- Issue 4.2 is partially settled. The Parties have not reached agreement on the resulting shared services cost allocations, as those allocations are dependent on the OEB's determination of the appropriate 2027 Test Year OM&A funding level under Issue 4.1. However, the shared services costs reflected in Other Revenue have been agreed through the settlement of Issue 5.3.

Accordingly, the OEB's determination of the unresolved aspects of Issue 4.1 may affect the resulting allocations and revenue requirement.

- Issue 5.1 is partially settled. The Parties agree on all aspects of Elexicon's capital structure and cost of capital, except for the LTDR.
- Issue 8.1 is partially settled. The Parties agree on the proposed rate harmonization. However, the implementation period for harmonization of base distribution rates for the legacy rate zones remains unsettled and may affect the resulting 2027-2031 base distribution rates.
- Issue 9.1 is partially settled. The Parties agree on the disposition of the Group 1 and Group 2 account balances, except for the amount and disposition period for Account 1511 which entails recovery of the Dx NEXT implementation costs. The Parties agree with the proposed one-year disposition period for Group 1 account balances, the proposed one-year disposition period for Account 1592, PILs and Tax Variances. The disposition period for the remaining Group 2 account balances remains unsettled. The OEB's determination of the unresolved issues may affect the resulting rate riders.
- Issues 1.3, 3.2, 5.5, 7.1, 7.2 and 7.6 are partially unsettled. The Parties agree with the proposed methodologies and calculations, subject to the modifications described in Part F below. However, the resulting amounts will be updated, as necessary, to reflect the OEB's determination on the unsettled issues.

Accordingly, where an issue did not reach complete settlement, the calculations and outcomes reflected in this Settlement Proposal incorporate Elexicon's proposed amounts for the unsettled components of that issue and will be updated, as necessary, to reflect the OEB's determination through the Draft Rate Order process.

The following summarizes, at a high level, the most significant elements of the Settlement Proposal, including with respect to the Custom IR Framework, rate base, capital expenditures, load forecast, deferral and variance account disposition, revenue requirement, and bill impacts for Elexicon's distribution business. More detailed descriptions of the key components of settlement are set out below in Part E, and descriptions of each of the settled issues, together with references to the evidence submitted on the record in this Proceeding, based on the Approved Issues List, are set out in Part F. The overall revenue requirement summary and bill impact of

Elexicon's 2027 to 2031 Custom IR plan, as updated with the amendments agreed upon in this Settlement Proposal and assuming the proposed amounts in respect of the unsettled issues, are set out in Tables 2 and 3, below, respectively.

The Application and the supporting evidence provide detail on Elexicon's revenue requirement for the 2027 test year and revenues for 2028 to 2031, which are derived from the proposed Custom IR framework. Through negotiations, the Parties have agreed to modifications to Elexicon's proposed Custom IR framework, which are summarized in Table 4 below.

With respect to the Custom IR Framework, Elexicon's application proposed a multi-year funding framework which includes a cost-of-service rebasing for 2027, and a Custom Revenue Cap Index ("CRCI") applied to determine the revenues for the years 2028-2031. The proposed CRCI formula ($I - X + G + IPD_{OMA} + RGF$) was based on: (i) the OEB's annual inflation factor applicable to electricity distributors ("I"); (ii) a combined productivity and stretch factor ("X") of 0.15%; (iii) a Growth Factor ("G") of 2.48% to reflect the incremental cost of serving growing customer count and peak demand, exclusive of inflation; (iv) an Input Price Differential ("IPD_{OMA}") of 0.25% to reflect the difference between the OEB's inflation factor and actual inflation applicable to OM&A, scaled to reflect the proportion of Elexicon's OM&A relative to total revenue requirement; and (v) a Revenue Growth Factor ("RGF") to enable Elexicon to address incremental needs in accordance with its five-year capital and operational investment plans.

The proposed Custom IR Framework also included the establishment of an asymmetrical Capital-Related In-Service Addition Variance Account ("CISAVA") applicable to the majority of Elexicon's capital investments to protect customers from capital underspending relative to the investment plan, and an Earnings Sharing Mechanism ("ESMDA") to protect customers from significant utility overearnings. The proposed framework further included four targeted deferral and variance accounts to support customer growth, economic development, and sector transformation initiatives: (i) a symmetrical Demand-Related Variance Account to track variances in capital-related revenue requirement ("DRVA") resulting from variances between actual and forecast in-service additions associated with customer and third-party driven work; (ii) a symmetrical variance account to capture variances in capital contributions and Connection and Cost Recovery Agreement payments to Hydro One Networks Inc. ("CCRAVA"); (iii) a deferral account to record costs associated with unforeseen

station investments that may be required to address capacity needs arising during the 2027-2031 rate term ("NSDA"); (iv) an NWS Deferral Account that permits Elexicon to fund the OM&A costs associated with NWS when opportunities for a cost effective solution arise ("NWSDA"); and (v) a Large Load Revenue Variance Account ("LLRVA") to capture variances between forecast and actual distribution revenue over the 2027 to 2031 period collected from new large commercial and industrial customers.

The Parties have agreed to a multi-year custom rate framework whereby revenue for the first year of the period (2027) is determined using a cost-of-service test year approach, and the revenues for each of the remaining years (2028-2031) are determined by applying a custom index to escalate the prior year revenue in order to determine the revenue for the next year. The agreed upon Custom Revenue Cap Index ("CRCI") is expressed as CRCI = I – X + RGF, where:

- "I" is an inflation factor to be set annually for the years 2028-2031 in accordance with the OEB's inflation parameters for electricity distributors applicable to the effective rate year;
- "X" is the Productivity Factor equal to the sum of (i) the Total Factor Productivity measure of zero percent and (ii) a 0.3 percent efficiency stretch factor.
- "RGF" is a custom Revenue Growth Factor, which funds incremental capital and operational investment needs in the outer years of 2028-2031. The RGF is based on the incremental revenue required in years 2028-2031 to fund (i) the capital-related revenue requirement associated with the expenditures set out in this Settlement Proposal (less an incremental capital stretch factor of 0.15%) and (ii) growth in operational expenditures derived using an index-based approach using a growth factor of 1.57%.

As part of the framework, the Parties have also agreed to the establishment of utility-specific variance accounts: (i) a DRVA to track variances in capital-related revenue requirement resulting from variances between actual and forecast in-service additions associated with customer and third-party driven work, subject to a 15% symmetrical deadband; (ii) a CCRAVA; and (iii) an NWSDA. The Parties have also agreed to Elexicon's proposed asymmetrical five-year cumulative ESMDA which would share over-earnings on a 50/50 basis above a 100-basis points threshold.

Other key elements of the proposed settlement include acceptance of Elexicon's opening rate base and a reduction in proposed capital expenditures of 16%, or $118.4M, over the 2027-2031 rate term. With respect to the load forecast, the Parties have agreed to Elexicon's proposed methodology, subject to modifications to the customer count and volume forecasts as set out in this Settlement Proposal. Elexicon's proposed capital structure and cost of capital have been accepted, except for the LTDR. The 2027-2031 return on equity and short-term debt rate will be based on the OEB's 2027 Cost of Capital Parameters, while the LTDR remains unsettled and will be determined by the OEB through the oral hearing. Other Revenue has been set at approximately $5.2M in 2027 and will be indexed annually by inflation for the 2028-2031 period. The Parties have also agreed on the methodology and calculations for cost allocation, rate design, and rate harmonization, with the exception of the implementation period for the harmonization of base distribution rates, which remains unsettled and will be determined by the OEB through the oral hearing.

The Parties agree with Elexicon's proposed disposition of its Group 1 deferral and variance account balances. The Parties further agree to the proposed disposition of Group 2 account balances, subject to certain adjustments to certain Account 1508 sub-account balances. Account 1511, Cloud Computing Implementation Cost, which records the implementation costs associated with Elexicon’s Dx NEXT project, remains unsettled. The prudence and recovery of Dx NEXT implementation costs, subject to an agreed-upon maximum potential disallowance of 45% of the principal balance, will be determined through the oral hearing. With respect to disposition periods, the Parties agree with the proposed one-year disposition period for the Group 1 account balances and the proposed one-year disposition period for Account 1592, (PILs and Tax Variance for 2006 and Subsequent Years). The proposed disposition period for the remaining Group 2 account balances remains unsettled and will depend on the overall customer bill impacts resulting from the OEB’s determination of the unsettled issues. The Parties further agree that Elexicon will continue the PILs and Tax Variance Account - Accelerated CCA as a Group 2 account and discontinue all other Group 2 accounts.

The Parties have also agreed that Elexicon will undertake a number of commitments, as set out in Part G.

The Parties agree that the Custom IR framework, as modified through the settlement process is appropriate for setting rates for the 2027-2031 period, and provides adequate resources to allow the Utility to manage its assets and to operate a safe and reliable electricity distribution system.

Tables 2 and 3 summarize the overall impacts of the settled Custom IR framework. Table 2 sets out the proposed and settled revenue requirement for the 2027-2031 rate term. The settled Base Revenue Requirement reflects the outcomes of this Settlement Proposal and, for 2028 through 2031, is derived from the settled revenue requirement components shown below. The settled Current Year Base Revenue reflects the application of the settled CRCI adjustments and forms the basis for the determination of rates for 2028 through 2031. For unresolved aspects of partially unsettled issues, the proposed amounts have been used in the associated calculations. Based on the settled revenue requirement shown in Table 2, Table 3 sets out the bill impacts for a typical Residential customer and a typical GS<50 kW customer reflecting the outcomes of this Settlement Proposal. Detailed bill impacts reflecting the settled rates for all rate classes are provided in Attachment 22. Attachment 23 provides a comparison of the proposed and settled bill impacts for all rate classes. Unless otherwise specified, the proposed figures are based on Elexicon's evidence including updates that have been filed throughout the process. The settled figures reflect the outcomes set out in this Settlement Proposal together with Elexicon's proposed amounts for the unsettled issues.

Elexicon has prepared supporting attachments reflecting the terms of this Settlement Proposal and has included them as Attachments 1 to 23. The attachments will be updated, as necessary, through the Draft Rate Order process to reflect the OEB's determination of the unsettled issues, including any resulting recalculations or rate mitigation, the OEB's 2027 cost of capital and inflation parameters, as well as any applicable OEB-issued rates, charges, or parameters available at that time, including Uniform Transmission Rates that will be reflected in Elexicon's Retail Transmission Service Rates ("RTSRs"), Hydro One Networks Inc. Sub-Transmission rate class rates that will be reflected in Low Voltage service rates, and the province-wide Wireline Pole Attachment Charge and Retail Service Charges.

Table 2: 2027-2031 Settled Revenue Requirement ($M)[1]

$ millions)	2027		2028		2029		2030		2031		TOTAL		
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Variance
OM&A Expenses (including Property Taxes)	$81.9	$82.9	$88.5	$85.8	$90.4	$88.9	$92.4	$92.0	$94.8	$95.3	$448.0	$444.9	-$3.1
Depreciation/Amortization Expenses	$28.5	$28.6	$29.1	$29.7	$33.6	$31.3	$37.4	$34.0	$43.3	$39.2	$172.0	$162.7	-$9.2
Deemed Interest Expense	$17.8	$17.7	$19.7	$19.2	$22.5	$21.3	$25.3	$23.4	$29.7	$27.1	$115.0	$108.6	-$6.3
Income Taxes (grossed up)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Return on Deemed Equity	$22.5	$22.4	$24.9	$24.2	$28.5	$26.8	$32.0	$29.6	$37.5	$34.2	$145.2	$137.2	-$8.0
Service Revenue Requirement	$150.6	$151.5	$162.2	$158.8	$175.0	$168.3	$187.1	$179.0	$205.2	$195.8	$880.1	$853.5	-$26.6
Less Revenue Offsets	-$4.8	-$5.2	-$4.9	-$5.3	-$5.1	-$5.4	-$5.3	-$5.5	-$5.4	-$5.7	-$25.6	-$27.2	-$1.6
Base Revenue Requirement	**$145.8**	**$146.3**	**$157.2**	**$153.5**	**$169.9**	**$162.8**	**$181.8**	**$173.5**	**$199.7**	**$190.2**	**$854.5**	**$826.3**	**-$28.2**
Current Year Base Revenue (CRCI)	**$145.8**	**$146.3**	**$156.9**	**$152.9**	**$169.4**	**$161.5**	**$181.0**	**$171.4**	**$198.5**	**$187.2**	**$851.6**	**$819.2**	**-$32.4**
Variance: Proposed vs. Settled Current Year Base Revenue ($)		$0.44	-$0.3	-$4.02	-$0.6	-$7.87	-$0.8	-$9.60	-$1.2	-$11.31	-$2.9	-$32.36	
Variance: Proposed vs. Settled Current Year Base Revenue (%)		0.3%		-2.6%		-4.6%		-5.3%		-5.7%		-3.8%	

Notes:

- The proposed figures reflect the revenue requirement presented in interrogatory response 1-Staff-1, Attachments 1 through 4: 2027 – 2031 Revenue Requirement Workforms, updated to incorporate undertakings JT3.22, JT3.33 and JT4.6, as well as Clarification Question VECC-6.
- The proposed and settled amounts for Base Revenue Requirement and Current Year Base Revenue (CRCI) correspond to the "Pre-Settlement" and "Settlement Agreement" amounts, respectively, shown on lines 10 and 11 of the 9.Rev_Reqt tab in the Revenue Requirement Workforms provided as Attachments 14.1 through 14.5.
- For unresolved aspects of partially unsettled issues, the proposed amounts have been used in the associated calculations.
- The CRCI variance reflects the application of the settled CRCI formula (see Table 8 below) and represents the difference between the Base Revenue Requirement and Current Year Base Revenue.

[1] Totals may not sum due to rounding.

Table 3: Summary of Total Bill Impacts[2]

		2027		2028		2029		2030		2031		5-Year Average	
		Proposed	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**
Veridian Rate Zone													
Residential (750 kWh)	Sub-Total A ($)	$10.98	$10.91	$5.73	$4.05	$3.18	$1.78	$2.77	$2.27	$4.55	$4.13	$5.44	$4.63
	Sub-Total A (%)	30.6%	30.4%	12.2%	8.7%	6.1%	3.5%	5.0%	4.3%	7.8%	7.5%	12.0%	10.5%
	Total Bill ($)	$11.36	$11.93	$4.89	$3.45	$3.73	$2.62	$3.44	$3.06	$5.10	$4.73	$5.70	$5.16
	Total Bill (%)	8.0%	8.4%	3.2%	2.2%	2.4%	1.7%	2.1%	1.9%	3.1%	2.9%	3.7%	3.4%
GS < 50 kW (2,000 kWh)	Sub-Total A ($)	$19.50	$19.30	$13.81	$8.91	$8.06	$3.40	$6.86	$4.20	$10.70	$7.80	$11.78	$8.72
	Sub-Total A (%)	27.5%	27.2%	15.3%	9.9%	7.7%	3.4%	6.1%	4.1%	9.0%	7.3%	12.8%	10.0%
	Total Bill ($)	$20.62	$21.93	$12.74	$8.54	$9.57	$5.40	$8.50	$6.12	$12.13	$9.53	$12.71	$10.30
	Total Bill (%)	5.9%	6.2%	3.4%	2.3%	2.5%	1.4%	2.2%	1.6%	3.0%	2.4%	3.4%	2.8%
Whitby Rate Zone													
Residential (750 kWh)	Sub-Total A ($)	$7.02	$6.95	$5.96	$4.28	$3.18	$1.78	$2.77	$2.27	$4.55	$4.13	$4.70	$3.88
	Sub-Total A (%)	17.8%	17.6%	12.8%	9.2%	6.1%	3.5%	5.0%	4.3%	7.8%	7.6%	9.8%	8.3%
	Total Bill ($)	$5.10	$5.66	$6.57	$5.13	$3.73	$2.62	$3.44	$3.06	$5.10	$4.73	$4.79	$4.24
	Total Bill (%)	3.5%	3.9%	4.3%	3.4%	2.4%	1.7%	2.1%	1.9%	3.1%	2.9%	3.1%	2.7%
GS < 50 kW (2,000 kWh)	Sub-Total A ($)	$7.87	$7.62	$13.07	$8.22	$8.06	$3.40	$6.86	$4.20	$10.70	$7.80	$9.31	$6.25
	Sub-Total A (%)	9.5%	9.2%	14.4%	9.1%	7.8%	3.4%	6.1%	4.1%	9.0%	7.3%	9.3%	6.6%
	Total Bill ($)	$3.93	$5.20	$14.76	$10.61	$9.57	$5.40	$8.50	$6.12	$12.13	$9.53	$9.78	$7.37
	Total Bill (%)	1.1%	1.4%	4.0%	2.9%	2.5%	1.4%	2.2%	1.6%	3.0%	2.4%	2.5%	1.9%

[2] Totals may not sum due to rounding.

PART E: KEY COMPONENTS OF THE SETTLEMENT

This section summarizes the key components of the substantial settlement reached by the Parties. The evidentiary basis upon which each specific issue was settled is explained in Part F.

1. Effective and Implementation Date

The Parties agree that the effective date for the rates and charges arising from this Settlement Proposal, inclusive of the outcome on the unsettled issues, will be January 1, 2027.

The Parties further agree that in the event the requested rate orders cannot be implemented by January 1, 2027, to correspond to the agreed effective date, Elexicon's current distribution rates and charges, will be effective on an interim basis as of January 1, 2027, and that Elexicon will recover any differences between the interim rates and the final rates effective January 1, 2027, through the calculation of foregone revenue rate riders.

2. Custom Incentive Rate-Setting Plan

The Parties agree that Elexicon's 5-year Custom IR Framework, commencing on January 1, 2027, as modified by this Settlement Proposal and subject to determination of the unsettled issues, fulfills the OEB's expectations and requirements for a Custom IR application and is fully responsive to the directive arising from any previous applications.

With respect to the rate-setting methodology underpinning Elexicon's 2027-2031 Custom IR plan, the Parties have reached agreement on the use of a revenue cap structure based on the parameters set out in the "As Settled" column of Table 4, below, and described above at Part D.

Pursuant to the agreed-upon framework, revenues for the first year of the rate period (2027) are determined using a cost-of-service forward test year approach, and the revenue for each of the remaining years (2028-2031) are determined by applying a custom revenue cap index to escalate the prior year revenue in order to

determine the revenue for the next year. The agreed upon Custom Revenue Cap Index ("CRCI") is expressed as CRCI = I – X + RGF, where:

- "I" is an Inflation Factor to be set annually for the years 2028-2031 in accordance with the OEB's inflation parameters for electricity distributors applicable to the effective rate year;
- "X" is the Productivity Factor equal to the sum of (i) the Total Factor Productivity measure of zero percent and (ii) a 0.3 percent efficiency stretch factor.
- "RGF" is a custom Revenue Growth Factor, which funds incremental capital and operational investment needs in the outer years of 2028-2031.

  The RGF is based on the incremental revenue required in years 2028-2031 to fund (i) the capital-related revenue requirement associated with the expenditures set out in this Settlement Proposal (less an incremental capital stretch factor of 0.15%) and (ii) growth in operational expenditures derived using an index-based approach using a1.57% growth factor.

As part of the Custom IR Framework, the Parties have agreed to the establishment of utility-specific variance accounts: (i) an ESMDA; (ii) a DRVA, modified from Elexicon's proposal to incorporate a 15% symmetrical deadband; (iii) a CCRAVA, as proposed by Elexicon; and, (iv) an NWSDA, as proposed by Elexicon. The Parties have also agreed that the proposed Capital In-Service Additions Variance Account ("CISAVA"), New Stations Deferral Account ("NSDA"), and Large Load Revenue Variance Account ("LLRVA") will not be established.

The settled Custom IR Framework is different from the Custom IR Framework proposed by Elexicon. The modifications to the proposed Custom IR Framework arising from the proposed settlement are set out in Table 4, below (with modifications bolded and italicized). The utility-specific variance and deferral accounts comprising the settled Custom IR Framework are summarized in Table 5 below.

Table 4: 2027-2031 Custom IR Framework[3]

	Custom IR Rate Framework As Proposed	Custom IR Rate Framework As Settled
Term	5 years	5 years
Year 1: **Cost of Service**	Capital-related revenue requirement and OM&A funding based on a forward test year cost of service methodology.	Capital-related revenue requirement and OM&A funding based on a forward test year cost of service methodology.
Years 2-5: **Custom Index**	$CRCI = I_n - X + G + IPD_{oma} + RGF_n$ Cost of service rebasing in 2027, followed by a CRCI applied in each of 2028-2031	***CRCI = I – X + RGF*** Cost of service rebasing in 2027, followed by a CRCI applied in each of 2028-2031.
Inflation Factor ("I")	OEB's annually published Inflation Factor applicable to electricity distributors. I is applied as an increase to the CRCI and is applicable to the entire revenue envelope. This factor is the only factor in the formula that is updated annually.	OEB's annually published Inflation Factor applicable to electricity distributors. I is applied as an increase to the CRCI and is applicable to the entire revenue envelope. This factor is the only factor in the formula that is updated annually.
X-Factor ("X")	X = 0.15%, based on a fixed productivity factor (0.0%) and a fixed utility-specific stretch factor (0.15%). The X-factor is applied as a decrease to the CRCI and is applicable to the entire revenue envelope.	***X = 0.3%, based on a fixed productivity factor (0.0%) and a fixed stretch factor (0.3%).*** The X-factor is applied as a decrease to the CRCI and is applicable to the entire revenue envelope.
Incremental Capital Stretch Factor	None.	***0.15% Incremental Stretch Factor is applied as a decrease to the capital-related revenue requirement used to derive the RGF component of the CRCI, and is applicable only to capital-related revenue requirement.***

[3] Modifications in As-Settlement Custom IR Framework are displayed in bold, italicized font.

	Custom IR Rate Framework As Proposed	**Custom IR Rate Framework As Settled**
Growth ("G")	A fixed factor of 2.48% representative of the growth in utility costs associated with output growth (e.g. forecast customer and peak demand growth) where G is applied as an increase to the CRCI, and is applicable to the entire revenue envelope.	***Growth factor as per RGF, below.***
Input Price Differential ("IPDoma")	A fixed factor of 0.25% representative of the rate at which Elexicon's OM&A input costs are increasing relative to the rate of inflation provided for in I. The factor does not apply to capital-related revenue requirement and is scaled down to apply only to the current-year OM&A portion of service revenue requirement. The forecast IPD_{oma} values applied for 2028 through 2031 are 0.13%, 0.13%, 0.12%, and 0.11%, respectively.	***Removed.***
Revenue Growth Factor ("RGF")	Forecast capital-related revenue requirement, including forecast capital additions, is determined using forecast rate base and capital-related costs, with Working Capital Allowance increases limited to I-X adjustment OM&A forecasts for 2028-2031 reflecting annual work plans, including the implementation of activities paced from 2027 and inflationary increases in non-labour costs. RGF is applied as an increase to the CRCI, and is applicable to the entire revenue envelope.	The incremental revenue requirement for the 2028-2031 period will consist of: (i) capital-related revenue requirement ***funding determined in accordance with this Settlement Proposal, net of the agreed capital stretch factor of 0.15%*** and an adjustment to fund Working Capital Allowance revenue requirement based on I - X; (ii) ***OM&A funding determined using an index-based approach comprised of forecast OEB inflation and a 1.57% growth factor, with the approved 2027 OM&A funding level as the base year***; and,

	Custom IR Rate Framework As Proposed	**Custom IR Rate Framework As Settled**
		(iii) Removal of a forecast of OEB Inflation from the calculation to determine final RGF values for each year from 2028 through 2031. RGF is applied as an increase to the CRCI, and is applicable to the entire revenue envelope.
Other Revenue	Based on a 5-year forecast of Other Revenue	***Other Revenue set for 2027 and escalated annually by the OEB's inflation factor for 2028 to 2031.***

Table 5: Utility-Specific Deferral and Variance Accounts

	As Proposed[4]	As Settled
Earnings Sharing Mechanism Deferral Account ("ESMDA")	Asymmetrical in favour of ratepayers 100 basis point dead band above OEB-approved ROE. 50/50 sharing of excess earnings above the dead band. Cumulative earnings assessment over the 2027-2031 rate term.	Asymmetrical in favour of ratepayers 100 basis point dead band above OEB-approved ROE. 50/50 sharing of excess earnings above the dead band. Cumulative earnings assessment over the 2027-2031 rate term.
Capital In-Service Addition Variance Account ("CISAVA")	Asymmetrical account with a 2% deadband Protects customers in the event that Elexicon does not materially deliver on its investment plan. Captures differences between forecast and actual in-service additions. Translates differences into a capital-related revenue requirement. Capital-related costs in excess of forecast are absorbed by the utility until its next rebasing. Protects customers from overcollection if capital-related costs are below forecast. Applies to the majority of Elexicon's capital program, with the exception of amounts otherwise addressed via the DRVA, CCRAVA and NSDA.	***Removed.***
Demand-Related Variance Account ("DRVA")	Symmetrical account. Customer & Generation Connections, Externally Initiated Plant Relocations, and System Expansions. Captures variances in the capital-related revenue requirement associated with mandatory, customer-driven capital programs. Ensures Elexicon can fulfil its connection obligations while protecting	Symmetrical account ***with a 15% deadband.*** Customer & Generation Connections, Externally Initiated Plant Relocations, and System Expansions. Captures variances in the capital-related revenue requirement associated with mandatory, customer-driven capital programs. Ensures Elexicon can fulfil its connection obligations while protecting

[4] Exhibit 9, Tab 4, Schedules 1 and 2 (April 2, 2026)

	As Proposed[4]	As Settled
	ratepayers from variances in forecast demand-related costs.	ratepayers from variances in forecast demand-related costs.
Connection and Cost Recovery Agreement Variance Account ("CCRAVA")	Symmetrical account. Symmetrically captures variances in the capital-related revenue requirement associated with CCRA payments made to HONI. Provides protection to both ratepayers and the utility from variances in Hydro One payments. Applies to variances that are often the result of factors that are outside of the control of utility management.	Symmetrical account. Symmetrically captures variances in the capital-related revenue requirement associated with CCRA payments made to HONI. Provides protection to both ratepayers and the utility from variances in Hydro One payments. Applies to variances that are often the result of factors that are outside of the control of utility management.
New Stations Deferral Account ("NSDA")	Captures the incremental capital-related revenue requirement of additional stations projects beyond those included in Elexicon's Substation Growth program Applies to additional stations projects beyond those currently forecast Station projects which are material, non-discretionary investments.	***Removed.***
Non-Wires Solutions Deferral Account ("NWSDA")	Captures any incremental revenue requirement resulting from implementation of Non-Wires Solutions (NWS) over the 2027 to 2031 period. Applies to NWS implemented during the rate term. Ensures Elexicon can pursue NWS when and where it is in the best interest of ratepayers to do so.	Captures any incremental revenue requirement resulting from implementation of Non-Wires Solutions (NWS) over the 2027 to 2031 period. Applies to NWS implemented during the rate term. Ensures Elexicon can pursue NWS when and where it is in the best interest of ratepayers to do so.

	As Proposed[4]	As Settled
Large Load Variance Account ("LLRVA")	Symmetrical account. Tracks variances between the volume and timing of forecast revenues of new large commercial and industrial customers in Elexicon's forecast. Symmetrically tracks variances in the incremental load for these customers over the rate term.	***Removed.***

Incremental Capital Stretch Factor:

In addition to the agreed upon 0.3% stretch factor as part of the CRCI, the Parties have agreed that an Incremental Capital Stretch Factor of 0.15% will be applied to 2028-2031 capital-related revenue requirement within the derivation of RGF values, as shown in Table 6. As such, the 0.15% will not be applied within the annual CRCI as the required reductions will already be accounted for in the approved RGF values.

CRCI for 2028-2031:

Table 6, Table 7, and Table 8 show the calculation of the agreed-upon RGF values, the components of the settled CRCI, and the resulting revenues for the 2028-2031 period. The 2027 OM&A amounts in these tables reflect Elexicon's proposed 2027 Test Year OM&A forecast plus an additional $1M of sustainment-related non-labour costs that was deferred to 2028 under the proposed rate framework. This adjustment does not constitute agreement among the Parties regarding the appropriate 2027 OM&A amounts, but is Elexicon's revision to its proposed 2027 Test Year OM&A. Additional details regarding the 2027 OM&A funding level, which forms the starting point for the OM&A funding proposal and remains subject to the OEB's determination of the unsettled OM&A issue, are provided in Section F below. During the 2028-2031 annual rate applications, the inflation factor included in the CRCI will be updated based on the OEB's inflation parameter for electricity distributors applicable to the effective rate year.

Table 6 below shows the derivation of the settled RGF values to be included in annual update applications over the 2028-2031 period, subject to final 2027 test year OM&A figures approved by the

OEB in this Proceeding. The RGF adopts the settled capital-related revenue requirement forecast for 2028 through 2031 (line 8), less an adjustment to establish Working Capital Allowance funding on the basis of forecast inflation less a stretch factor of 0.3% (shown in lines 9 to 11), and an incremental capital stretch factor of 0.15% (shown lines 12 to 14). OM&A funding within the RGF is established based on a forecast Test Year OM&A for 2027. For the years 2028 through 2031, the prior year's approved OM&A funding (line 15) is escalated for forecast inflation of 2.00% (line 16) and growth funding of 1.57% (line 17), which sum with the prior year's OM&A funding to establish the current year OM&A funding for the purpose of deriving the RGF (row 18). The year-to-year difference in Total Service Revenue Requirement (line 20) is expressed as a percentage increase required relative to the prior year's approved funding (line 21). The required funding increase is reduced by a forecast of the OEB's inflation factors from 2028 to 2031 of 2.00% (line 22). The resulting RGF values (line 23) will be established on a final basis in this Proceeding, for inclusion in the CRCI in the annual updates completed for the years 2028 to 2031.

Table 6: Derivation of Revenue Growth Factor ($M)[5]

Line		Formula	2027	2028	2029	2030	2031
1	Average Net Fixed Assets	Forecast	577.6	625.8	696.5	770.5	894.9
2	Working Capital Allowance (WCA)	Forecast	36.1	38.1	40.2	42.1	43.9
3	Rate Base	Line 1 + Line 2	613.7	663.9	736.6	812.5	938.8
4	Return on Debt	Line 3 x 60% x WACD%	17.7	19.2	21.3	23.4	27.1
5	Return on Equity	Line 3 x 40% x ROE%	22.4	24.2	26.8	29.6	34.2
6	Depreciation	Forecast	28.6	29.7	31.3	34.0	39.2
7	PILs Taxes	Forecast	-	-	-	-	-
8	**Total Capital Related Revenue Requirement**	**Lines 4 + 5 + 6 + 7**	**68.7**	**73.0**	**79.4**	**87.0**	**100.5**
9	Less Incremental Capital Related Revenue Requirement related to WCA	Forecast	-	- 2.5	- 2.6	- 2.7	- 2.9
10	**Capital Related Revenue**	**Lines 8 + 9**	**68.7**	**70.5**	**76.8**	**84.3**	**97.6**

[5] Totals may not sum due to rounding.

Line		Formula	2027	2028	2029	2030	2031
	Requirement (Excl. WCA)						
11	Less Incremental Capital Stretch Factor (0.15%)	Line 10 x 0.15%		- 0.1	- 0.1	- 0.1	- 0.1
12	Less prior years' Incremental Capital Stretch	Sum Prior Years' Line 11			- 0.1	- 0.2	- 0.3
13	Add-back WCA Revenue Requirement	Indexed by I	-	2.4	2.5	2.5	2.6
14	**Capital Related Revenue Requirement (less Incremental Capital Stretch with WCA at I-X)**	**Lines 10 + 11 + 12 + 13**	**68.7**	**72.8**	**79.0**	**86.4**	**99.7**
15	**Prior Year OM&A for RGF**	Prior Year Line 18		**82.9**	**85.8**	**88.9**	**92.0**
16	Add Inflation (2.00%)	Prior Year Line 15 × 2.00%		1.7	1.7	1.8	1.8
17	Add Growth (1.57%)	Prior Year Line 15 × 1.57%		1.3	1.3	1.4	1.4
18	**Total OM&A for RGF**	**Lines 15+16+17**	**82.9**	**85.8**	**88.9**	**92.0**	**95.3**
19	**Service Revenue Requirement (SRR) for RGF**	**Lines 14 + 18**	**151.5**	**158.6**	**167.9**	**178.5**	**195.0**
20	Increase in SRR for RGF ($)	Current Year Line 19 - Prior Year Line 19		7.1	9.3	10.6	16.6
21	**Increase in SRR relative to Prior Year SRR (%)**	**Current Year Line 20 / Prior Year Line 19**		**4.71%**	**5.83%**	**6.29%**	**9.28%**
22	Less: I	Forecast Inflation Factor		-2.00%	-2.00%	-2.00%	-2.00%
23	**Revenue Growth Factor (RGF)**	**Lines 21 + 22**		**2.71%**	**3.83%**	**4.29%**	**7.28%**
Note: Prior Year refers to the immediately preceding year. Current Year refers to the year shown in the applicable column.							

Table 7 below shows a forecast of the CRCI values for the years 2028 to 2031, based on a forecast of OEB inflation factors of 2.00% for each year. On an actual basis, the inflation factors relied upon in each of these years will be the OEB Inflation Factor applicable to electricity distributors for the year in question. The remaining two values comprising the CRCI, X-factor (X) and RGF, will be established on a final basis in this Proceeding.

Table 7: Forecast Custom Revenue Cap Index by Component[6][7]

	2028		2029		2030		2031	
	Proposed	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**	**Proposed**	**Settled**
Inflation: I		2.00%		2.00%		2.00%		2.00%
Productivity & Stretch: X		0.30%		0.30%		0.30%		0.30%
Revenue Growth Factor: RGF		2.71%		3.83%		4.29%		7.28%
CRCI (I-X+RGF)	**7.43%**	**4.41%**	**7.82%**	**5.53%**	**6.76%**	**5.99%**	**9.49%**	**8.98%**

The CRCI values for 2028 to 2031 approved for implementation in the annual updates applicable to each year will be applied to the prior year's approved Service Revenue Requirement. Escalated Service Revenue Requirement amounts will subsequently be reduced by Other Revenue, to determine Base Revenue Requirement funding used in the design of rates. Other Revenue will be escalated annually in accordance with the Parties' agreement to apply the OEB's Inflation Factor (I) and is shown in Table 8 using a placeholder inflation rate of 2%. Table 8 below compares proposed and settled Service Revenue Requirement and Base Revenue Requirement funding.

[6] As the proposed CRCI of I-X+RGF+G+IPD_{oma} is not directly comparable to the settled CRCI of I-X+RGF, Table 7 above compares only the total proposed and settled forecast CRCI. Proposed figures reflect interrogatory response 1-Staff-1, updated to incorporate undertakings JT3.33, JT4.6, and JT3.22, as well as Clarification Question VECC-6.

[7] Totals may not sum due to rounding.

Table 8: Forecast Distribution Revenue Resulting from Application of CRCI[8]

($millions)	2027		2028		2029		2030		2031		TOTAL	
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled
Prior Year Service Revenue	N/A	N/A	$150.6	$151.5	$161.8	$158.2	$174.5	$166.9	$186.3	$176.9		
CRCI	N/A	N/A	7.43%	4.41%	7.82%	5.53%	6.76%	5.99%	9.49%	8.98%		
Current Year Service Revenue	$150.6	$151.5	$161.8	$158.2	$174.5	$166.9	$186.3	$176.9	$203.9	$192.8	$877.2	$846.4
Other Revenue	-$4.8	-$5.2	-$4.9	-$5.3	-$5.1	-$5.4	-$5.3	-$5.5	-$5.4	-$5.7	-$25.6	-$27.2
Current Year Distribution Revenue	**$145.8**	**$146.3**	**$156.9**	**$152.9**	**$169.4**	**$161.5**	**$181.0**	**$171.4**	**$198.5**	**$187.2**	**$851.6**	**$819.2**
Variance: Proposed vs. Settled ($)		$0.44		-$4.02		-$7.87		-$9.60		-$11.31		-$32.36
Variance: Proposed vs. Settled (%)		0.3%		-2.6%		-4.6%		-5.3%		-5.7%		-3.8%

Note: Proposed figures reflect Interrogatory Response 1-Staff-1, including updates arising from Undertakings JT3.33, JT4.6 and JT3.22, and Clarification Question VECC-6. The proposed and settled Current Year Base Revenue ($M) correspond to the "Pre-Settlement" and "Settlement Agreement" amounts, respectively, shown on line 11 (Distribution Revenue) of the 9.Rev_Reqt tab in the attached Revenue Requirement Workforms for each rate year.

[8] Totals may not sum due to rounding.

The settled CRCI calculations are reflected in the Revenue Requirement Workforms attached to this Settlement Proposal in Attachments 14.1 through 14.5 and are presented as the "Settlement Agreement" amounts. The proposed amounts are presented as the "Pre-Settlement" amounts and reflect the Revenue Requirement Workforms filed in interrogatory response 1-Staff-1 and as updated to incorporate undertakings JT3.33, JT4.6, and JT3.22, as well as Clarification Question VECC-6. For partially unsettled issues, the proposed amounts have been retained for unresolved elements and any resulting calculations. The resulting RGF calculations remain subject to updates required to reflect the OEB's determination of the unresolved aspects of Issues 4.1, 4.2, 5.1, 8.1 and 9.1 and any corresponding changes to the Revenue Requirement Work Forms, including revenue requirement, cost allocation, rate design and revenue reconciliation.

3. Performance Monitoring and Reporting

As the Parties have agreed to an envelope reduction in 2027-2031 capital expenditures and to allow Elexicon to implement the agreed-upon reductions at its operational discretion, the Parties are not in a position to agree to revised targets for the proposed Performance Custom Scorecard. Accordingly, the Parties agree that Elexicon will only be required to report on the OEB's Electricity Distributor Scorecard (EDS).

4. Rate Base and Capital

a) <u>Establishing the 2027 Opening Rate Base:</u>

The Parties accept Elexicon's proposed opening rate base, except for $146,419 in undepreciated capital costs associated with certain integration-related technology capital investments[9], which will not be included in the opening rate base. The 2027-2031 rate base amounts are set out in Table 9 below.

[9] Interrogatory Response 1-SEC-16, Table 2.

Table 9: 2027-2031 Settled Rate Base ($000's) [10]

	2027	2028	2029	2030	2031
Proposed Rate Base	**616,525**	**682,746**	**781,033**	**877,221**	**1,027,765**
Average Net Fixed Assets	581,216	644,977	741,401	836,176	984,542
Working Capital Allowance	35,309	37,769	39,632	41,045	43,223
Settled Rate Base	**613,725**	**663,929**	**736,612**	**812,512**	**938,797**
Average Net Fixed Assets	577,598	625,782	696,462	770,453	894,891
Working Capital Allowance	36,127	38,146	40,151	42,059	43,906
Difference	**-2,800**	**-18,817**	**-44,420**	**-64,709**	**-88,968**
Average Net Fixed Assets	-3,618	-19,195	-44,940	-65,724	-89,651
Working Capital Allowance	818	377	519	1,015	683
Note: Proposed amounts reflect Interrogatory Response 1-Staff-1, Attachments 1 through 5, updated to incorporate the OM&A adjustment set out in undertaking JT4.6.					

b) Working Capital Allowance:

The Parties agree to Elexicon's proposed weighted Working Capital Allowance rate of 6.62%. Working capital will be updated in the Draft Rate Order to reflect the latest available cost of power figures and, as necessary, the OEB's determination on the unsettled OM&A issue. Please see Table 10 below for a summary of the resulting Working Capital Allowance changes, as set out in Appendices 2-ZA and 2-ZB, provided as Attachment 6.

[10] Totals may not sum due to rounding.

Table 10: Settled Working Capital Allowance Summary ($000's)[11]

	2027	2028	2029	2030	2031
OM&A	82,036	84,977	88,024	91,180	94,448
Property Taxes	815	831	848	864	882
Cost of Power	462,879	490,422	517,638	543,293	567,906
Working Capital Allowance Rate (%)	6.62%	6.62%	6.62%	6.62%	6.62%
Working Capital Allowance – Settled	**36,127**	**38,146**	**40,151**	**42,059**	**43,906**
Working Capital Allowance – Proposed	35,309	37,769	39,632	41,045	43,223
Change	818	377	519	1,015	683

Note: The proposed amounts reflect the working capital allowance set out in Interrogatory Response 1-Staff-1, Attachments 1 through 5 updated to incorporate undertakings JT3.33, JT4.6, and JT3.22, as well as Clarification Question VECC-6.

c) 2027-2031 Capital Expenditures and In-Service Additions:

The Parties agree to an envelope 16.0% reduction to Elexicon's proposed 2027-2031 capital expenditure, representing approximately $118.4M. As a result, the capital expenditure is reduced from approximately $740.0M to $621.6M. Elexicon's application of the agreed-upon reductions across the capital plan and investment categories as set out in Table 11 and Appendix 2-AA Elexicon has determined to apply the agreed upon reductions to each investment category as follows. For clarity, intervenors are not agreeing to any specific category or program level allocation of the reduction, but accept that Elexicon has applied the agreed upon reductions across the capital plan for the purposes of determining rates.

Adjustments related to the revised capital expenditures and resulting in-service additions are summarized in Table 11 below and reflected in the updated Appendix 2-AA (Capital Projects) and Appendix 2-AB (Capital Expenditures), which are provided as Attachment 4 to this Settlement Proposal.

[11] Totals may not sum due to rounding.

Table 11: Settled Gross and Net Capital Expenditures by Investment Category ($M)[12]

Proposed Capital	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	99.9	66.1	63.4	70.2	74.6	374.2
System Renewal	31.3	53.7	56.0	68.8	70.2	280.0
System Service	44.6	39.8	46.8	35.4	72.2	238.8
General Plant	13.7	10.4	16.8	12.5	12.3	65.8
Total Gross Expenditures	189.5	170.0	183.0	186.9	229.3	958.7
Total Contributions	66.2	40.3	33.3	37.9	41.1	218.7
Total Net Expenditures	123.3	129.7	149.7	149.0	188.1	740.0
Settled Capital	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	99.9	65.8	58.3	65.0	69.4	358.4
System Renewal	14.0	34.7	40.4	54.9	50.6	194.7
System Service	42.1	38.3	44.2	31.6	68.0	224.1
General Plant	13.7	10.4	16.2	11.6	11.2	63.1
Total Gross Expenditures	169.8	149.2	159.1	163.0	199.2	840.3
Total Contributions	66.2	40.3	33.3	37.9	41.1	218.7
Total Net Expenditures	103.6	109.0	125.8	125.2	158.0	621.6
Difference	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	0.0	0.3	5.1	5.2	5.2	15.7
System Renewal	17.3	18.9	15.6	13.8	19.6	85.3
System Service	2.5	1.5	2.6	3.8	4.2	14.7
General Plant	0.0	0.0	0.6	1.0	1.1	2.7
Total Gross Expenditures	19.7	20.8	24.0	23.8	30.1	118.4
Total Contributions	0.0	0.0	0.0	0.0	0.0	0.0
Total Net Expenditures	19.7	20.8	24.0	23.8	30.1	118.4

[12] Totals may not sum due to rounding. Note, proposed amounts are based on the evidence set out in Exhibit 2B, Tab 4, Schedule 1.

The total proposed in-service additions ("ISAs") of $708.3M over the five-year Custom IR term have been reduced by $115.5M as shown in the table below, to reflect the impact of the capital expenditure reductions described above. The ISAs in Table 12 below, and supporting Attachment 5 - OEB Appendix 2-AA ISA are calculated consistent with the methodology outlined in Elexicon's response to interrogatory 2B-SEC-35.

Table 12: Net In-Service Additions by Investment Category ($M)[13]

Proposed ISA	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	77.8	79.8	67.0	67.5	72.8	364.9
System Renewal	15.7	59.3	49.5	69.1	67.8	261.4
System Service	9.9	23.6	40.0	14.8	141.3	229.4
General Plant	13.7	10.4	16.8	12.5	12.3	65.8
Total Gross In-Service Additions	117.0	173.0	173.3	163.9	294.2	921.5
Total Contributions	50.7	50.6	36.1	36.0	39.8	213.2
Total Net In-Service Additions	66.3	122.4	137.2	127.9	254.4	708.3
Settled ISA	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	77.8	79.5	61.9	62.1	67.8	349.2
System Renewal	10.3	37.8	27.9	61.0	40.4	177.4
System Service	8.4	21.7	37.8	11.4	137.2	216.4
General Plant	13.7	10.4	16.2	11.6	11.2	63.1
Total Gross In-Service Additions	110.2	149.4	143.8	146.1	256.6	806.1
Total Contributions	50.7	50.6	36.1	36.0	39.8	213.2
Total Net In-Service Additions	59.4	98.8	107.7	110.1	216.8	592.8
Difference	**2027**	**2028**	**2029**	**2030**	**2031**	**Total 2027-2031**
System Access	0.0	0.3	5.1	5.4	5.0	15.7
System Renewal	5.4	21.4	21.6	8.1	27.4	84.0
System Service	1.5	1.9	2.2	3.3	4.1	13.0
General Plant	0.0	0.0	0.6	1.0	1.1	2.7
Total Gross In-Service Additions	6.9	23.7	29.5	17.8	37.6	115.5
Total Contributions	0.0	0.0	0.0	0.0	0.0	0.0
Total Net In-Service Additions	6.9	23.7	29.5	17.8	37.6	115.5

Note: Proposed amounts are based on the evidence set out in Exhibit 2B, Tab 4, Schedule 1.

[13] Totals may not sum due to rounding.

5. Capital Structure, Cost of Capital, Depreciation, PILs and Other Revenue

a) Capital Structure and Cost of Capital

The Parties agree with Elexicon's proposed capital structure and cost of capital parameters, with the exception of the LTDR proposed in Appendix 2-OB (JT3.22). Specifically, the Parties agree on Elexicon's use of the OEB's deemed capital structure and that Elexicon's 2027-2031 return on equity and deemed short term debt rate will be based on the OEB's 2027 Cost of Capital Parameters. The LTDR remains unsettled and this issue will be addressed through the oral hearing.

The figures set out in this Settlement Proposal are summarized in Table 13 below and reflect the OEB's 2026 cost of capital parameters, including Elexicon's proposed LTDR. These figures will be updated, as applicable, to reflect the OEB's determination of the unsettled LTDR issue and the OEB's 2027 Cost of Capital Parameters.

Table 13: OEB Cost of Capital Parameters Used for Settlement Purposes

	Proposed Rate	Settled Rate
Return on Equity	9.11%	9.11%
LTDR	4.96%	Unsettled
Short-Term Debt Rate	2.72%	2.72%

Note: Proposed figures are based on JT3.22. Settled amounts are subject to update in the Draft Rate Order to reflect the 2027 Cost of Capital parameters published by the OEB in the fourth quarter of 2026.

b) Depreciation, Amortization, Disposal

Elexicon's proposed depreciation and disposals (including derecognition) methodology were accepted by the Parties. The resulting settled net depreciation amounts, are displayed in Table 14 below, and set out in Appendix 2-BA, which is provided as Attachment 4 to this Settlement Proposal.

Table 14: 2027-2031 Settled Net Depreciation ($M)[14]

	2027	2028	2029	2030	2031	Total
Proposed Depreciation	-28.5	-29.1	-33.6	-37.4	-43.3	-171.9
Settled Depreciation	-28.6	-29.7	-31.3	-34.0	-39.2	-162.8
Difference	0.1	0.6	-2.3	-3.4	-4.1	-9.1

Note: Proposed amounts are based on 1-SEC-13 and reflect the net depreciation presented in Appendix 2-BA.

c) PILs

The Parties agree that PILs will be set at "0" for each year of the 2027-2031 rate term. This is consistent with Elexicon's forecast negative regulatory taxable income in 2027 and the use of its tax loss carry forward balances pre-2027 to reduce the PILS in rates in 2027 to 2031 period to Nil. An updated PILs Workform will be filed with the Draft Rate Order to reflect the OEB's determination of the unsettled issues on OM&A and the LTDR and any resulting impacts on the PILs calculation.

6. Other Revenue

The Parties have agreed to the 2027 Test Year Other Revenue, subject to the following adjustments:

- Wireline Pole Attachment revenue (USofA 4235) will be updated to reflect the OEB-approved 2027 specific charge for access to power poles ($/pole/year), excluding wireless attachments.
- The amount for Gain on Disposition of Utility and Other Property (USofA 4355) will be updated using a 3-year average of actual results for 2023-2025.
- An increase of $200,000 to the 2027 Other Revenue total, which has been assigned to Miscellaneous Non-Operating Income (USofA 4390).

Table 15 below presents the updated Other Revenue by category for 2027 and the corresponding illustrative amounts for 2028-2031, escalated annually in accordance with the Parties' agreement to apply the OEB's

[14] Totals may not sum due to rounding.

Inflation Factor (I), using a placeholder inflation rate of 2%. The updated Other Revenue forecast is reflected in revised Appendix 2-H, which is Attachment 11 to this Settlement Proposal.

Table 15: Changes to 2027 Other Revenue Resulting from Settlement ($000's)[15]

USofA Description	2027	2028	2029	2030	2031
Total Other Revenue - Proposed	4,799	4,947	5,104	5,267	5,450
Total Other Revenue - Settled	5,221	5,325	5,432	5,541	5,651
Difference	422	378	328	273	202

Note: Proposed amounts reflect 1-SEC-13, including subsequent revisions reflected in 6-VECC-36 and JT3.33.

7. OM&A

The Parties have reached partial settlement on Issue 4.1 of the Approved Issues List. The 2027 Test Year OM&A funding level remains unsettled. However, the Parties have agreed that the OM&A amounts used to calculate the RGF for 2028 to 2031 will be determined using an index-based approach consisting of a forecast inflation factor of 2.00% and a 1.57% growth factor. The index will be applied to the OEB-approved 2027 Test Year, to be adjudicated in this Proceeding, to determine the 2028-2031 OM&A for the purpose of calculating RGF.

The Parties have further agreed that Elexicon can make representations as to its 2027 OM&A forecast, specifically the appropriateness of including an additional $1.0M to the Test Year. This revision represents sustainment-related non-labour OM&A costs that were originally deferred from 2027 into 2028. For clarity, this adjustment does not reflect the Intervenors' acceptance of the $1M amount as appropriate, and is being made without prejudice to their ability to challenge the appropriateness of this amount and the entirety of the proposed 2027 OM&A budget which are unsettled.

Appendices 2-JA, 2-JB and 2-JC, included in Attachment 9 to this agreement, are based on the most recently filed versions filed in response to 1-SEC-13 and have been revised to incorporate the adjustment to regulatory one-time costs reflected in JT4.6 and the $1M adjustment to sustainment OM&A, as described above. The

[15] Totals may not sum due to rounding.

appendices are provided for reference purposes only as the starting point for the oral hearing on the unresolved aspects of Issue 4.1 and, therefore, have been updated only through the 2027 Test Year. The final versions, reflecting the OEB's determination and the resulting updates to the 2028-2031 period, will be filed with the Draft Rate Order.

For illustrative purposes, Table 16 below presents the proposed and revised 2027-2031 OM&A amounts reflected in this Settlement Proposal. The revised OM&A amounts include the above-referenced adjustments to the unsettled 2027 OM&A forecast and the agreed-upon indexing methodology for 2028-2031.

Table 16: 2027-2031 Revised OM&A (Including Property Taxes) Funding Methodology ($M) [16]

	2027	2028	2029	2030	2031	Total 2027-2031
Proposed OM&A Budget	81.9	88.5	90.4	92.4	94.8	448.0
Proposed Stretch Factor (0.15%)		-0.1	-0.3	-0.4	-0.5	-1.3
Proposed OM&A Funding	81.9	88.3	90.2	92.0	94.3	446.7
Revised OM&A Budget	82.9	85.8	88.9	92.0	95.3	444.9
Settled Stretch Factor (0.3%)		-0.2	-0.5	-0.8	-1.0	-2.6
Revised OM&A Funding	82.9	85.6	88.4	91.3	94.3	442.3
Variance: Proposed vs. Revised OM&A Funding ($)	**1.0**	**-2.8**	**-1.8**	**-0.7**	**0.0**	**-4.3**

Note: Proposed amounts are based on 1-SEC-13, and include Property Taxes, as well as adjustments as a result of increases to OM&A in JT4.6, as well as the proposed $1M adjustment in 2027 noted above.

The proposed shared services cost allocation methodology is partially unsettled as the resulting shared services costs remain dependent on the OEB's determination of the appropriate OM&A funding level under Issue 4.1. A copy of OEB Appendix 2-N, Shared Services and Corporate Cost Allocation, as filed as Attachment 1 to 4-Staff-131(1), is provided as Attachment 10 to this Settlement Proposal, and will be updated, if necessary, in the Draft Rate Order.

[16] Totals may not sum due to rounding.

8. Revenue Load Forecast

For the purpose of settlement, the Parties have accepted Elexicon's load forecast proposals, subject to the following modifications.

First, with respect to customer counts used in the revenue load forecast, the:

- GS <50 kW customer count has been adjusted with growth rates by a factor representing ratio of i) the average forecast Residential customer count growth rate from 2025 to 2031 to ii) the average historical Residential customer growth rate from 2016 to 2025. The adjustment is applied separate for each rate zone. On a weighted average basis between the two rate zones the ratio is 1.17 and increases the annual average GS <50 kW forecast growth rate from 0.79% to 0.94%.
- The connection timing adjustment applied to forecast large load customer connections has been reduced from 25% to 15%.[17]

Second, with respect to the volumes used in the revenue load forecast, the:

- Savings from the Local Initiatives Program have been removed in each year from 2023 to 2026.
- GS <50 kW rate class kWh forecasts have been adjusted by the same factor as the corresponding customer count adjustment described above.
- Forecast values of GDP variable in the Veridian General Service 50 to 2,999 kW, Veridian General Service 3,000 to 4,999 kW, and Veridian Large Use rate classes have been adjusted such that they are the weighted average of i) holding the values constant from 2025 to 2028 and escalating GDP annually from 2029 to 2031 to avoid double counting growth that is included with the manual addition of upcoming known large customer loads (75% weighting), and ii) escalating GDP variables annually in each year (25% weighting).
- The connection timing adjustment applied to forecast large load customer volumes has been reduced from 25% to 15%.

The customer and load forecast resulting from these modifications are presented in Table 17 below.

[17] The connection timing adjustment is described in Interrogatory Response 1-PP-21 (d)

Table 17: 2027-2031 Customer and Load Growth[18]

Year		Total GWh	Total GWh % Change	Total Billed MW	Total MW % Change	Total Customers / Connections	Total % Customer/ Connection Change
2027	Proposed	3,885.2	5.1%	4,576.8	8.4%	231,870	1.3%
	Settled	3,932.9	5.6%	4,647.7	9.0%	231,905	1.3%
2028	Proposed	4,033.1	3.8%	4,831.2	5.6%	235,064	1.4%
	Settled	4,081.6	3.8%	4,900.3	5.4%	235,116	1.4%
2029	Proposed	4,165.7	3.3%	5,063.1	4.8%	238,615	1.5%
	Settled	4,213.0	3.2%	5,129.1	4.7%	238,684	1.5%
2030	Proposed	4,251.3	2.1%	5,194.4	2.6%	242,217	1.5%
	Settled	4,294.2	1.9%	5,251.8	2.4%	242,303	1.5%
2031	Proposed	4,309.3	1.4%	5,272.5	1.5%	245,669	1.4%
	Settled	4,350.2	1.3%	5,326.0	1.4%	245,773	1.4%

Notes: The proposed amounts reflect the load forecast set out in VECC-CQ-6 Attachment 1, and percentage changes represent year-over-year changes. For 2027, the percentage change is relative to the 2026 forecast.

An updated Load Forecast model and Appendix 2-IB reflecting these agreed-upon modifications is attached to this Settlement Proposal as Attachment 13 and 8, respectively.

9. Cost Allocation

The Parties agree with Elexicon's cost allocation and revenue-to-cost ratios as proposed, in 1-Staff-1, including the following updates from the following subsequent revisions:

- Billing and collecting weighting factors should align with Clarification Question VECC-CQ-11.
- The portion of meter reading costs included in USoA #5315 should be reclassified to USoA #5310 and the portion of USoA #5405 and #5410 related to Key Accounts should be reclassified to USoA #5405, and Meter capital and meter reading costs will be based on the number of meters in each class rather than on the number of customers arising from the Technical Conference transcript (Vol. 4, p. 73).

[18] Totals may not sum due to rounding.

- The weighted average 2026 rates used as "existing" 2026 rates in Tab I6.1 Revenue for the purposes of calculating revenues at current rates and revenues at status quo rates should be updated to reflect the settled load forecast billing determinants of each rate zone (JT4.11).

The settled cost allocation results reflect the following further modification:

- The density weighting factors applied to the Seasonal Residential rate class will be calculated using only Seasonal Residential customer assets. This results in weighting factors of 9.35 for poles, 5.39 for overhead conductors, 1.69 for underground conductors, and 4.93 for transformers.

The proposed and settled cost allocation results reflect Elexicon's proposed Sentinel Lighting rate mitigation, as proposed in the application.

The resulting Cost Allocation Model and revised Load Profile Model are attached to this Settlement Proposal as Attachments 15 and 16, respectively. These models reflect the settled 2027 load forecast and 2027 Revenue Requirement Workform provided as Attachments 13 and 14.1, respectively. Additional updates arising from the OEB's determination of the unsettled issues will be incorporated in the Draft Rate Order.

10. Rate Design

a) Base Distribution Rates:

The Parties agree with Elexicon's proposed rate design methodology for base distribution rates, including the rate mitigation methodology, the application of which results in rate mitigation for the Sentinel Lighting rate class, subject to the following modification to the fixed/variable split methodology. For non-Residential rate classes above the fixed charge ceiling in 2027 based on the 2027 Cost Allocation Model, fixed charges will be held constant for the remainder of the rate term, which applies to the General Service < 50 kW, General Service 50 to 2,999 kW, General Service 3,000 to 4,999 kW, and Large Use rate classes. For all other rate classes, distribution rate adjustments during the rate term will be allocated between fixed and variable charges according to the rate class's existing fixed and variable proportions, calculated with the prior year's approved rates and forecast billing determinants.

For each of the 2028-2031 rate years, the revenue requirement allocated to each rate class will be determined using the prior year's approved rates and the forecast billing determinants applicable to the effective rate year. First, revenue by rate class will be calculated by applying the prior year's approved rates to the applicable forecast billing determinants. A common deficiency factor will then be established by dividing the approved base revenue requirement for the rate year by the total revenue calculated using prior year rates and applied uniformly across all rate classes. The resulting rates will be subject to rate mitigation, as necessary, to limit total bill impacts to the OEB's 10% threshold.

The resulting Rate Design Model for base distribution rates is provided as Attachment 17 to this Settlement Proposal. Additional updates required to reflect the terms of this Settlement Proposal will be incorporated in the Draft Rate Order.

b) Loss Factors, RTSRs, LV Service Rates, Rate Riders, Specific Service Charges and Other Charges

The Parties also agree to the proposed loss factors and rate design methodology of the RTSRs, LV Service Rates, Group 1 rate riders, Group 2 rate riders and Specific Service Charges. The Parties agree that Elexicon's proposed RTSRs and Low Voltage rates are based on the proposed modified version of the OEB-prescribed models and required inputs, with modifications to reflect the proposed rate harmonization approach. Also, as noted in Section 1 above, if the implementation date is delayed beyond the OEB-approved effective date, the rate design for any foregone revenue rate rider will be determined in the Draft Rate Order. The calculation and resulting amounts for the Group 2 rate riders, including any updates to underlying account balances arising from the OEB-approved balance for Account 1511 or changes to disposition period for Group 2 accounts, consistent with the agreed rate design methodology, will be provided in the Draft Rate Order, along with any foregone revenue rate rider.

Elexicon will continue to apply OEB-approved provincial rates for wireline pole attachments, retail services, regulatory charges, and other charges, including the Smart Metering Entity charge and microFIT charge. Any revisions issued by the OEB and known to Elexicon at the time of the Draft Rate Order will be reflected in the 2027 tariff schedules and, thereafter, updated annually as required for 2028 to 2031.

For the 2027 to 2031 Custom IR term, RTSRs will continue to be calculated and billed on a net load basis, consistent with Elexicon's current approach and the OEB's RTSR Workform. Elexicon has agreed to assess the feasibility and costs of implementing gross load billing for applicable RTSRs to align the rate design of RTSRs with Uniform Transmission Rates billing determinants and will include the results of that assessment in its next cost of service application.

11. Rate Harmonization

The Parties agree with Elexicon's proposed rate harmonization approach. However, the period over which harmonization of base distribution rates will be implemented, including whether it will occur over one year as proposed or over a longer term, remains an unsettled issue to be addressed at the oral hearing. All other aspects of the harmonization proposal will be implemented effective January 1, 2027. The Parties agree that rate harmonization will include:

- Harmonization of Residential, GS <50 kW, Street Lighting, Sentinel Lighting, and Unmetered Scattered Load rate classes across the legacy VRZ and WRZ rate zones, with the existing VRZ Seasonal Residential and Large Use maintained as harmonized rate classes
- Harmonization of legacy WRZ GS >50 kW customers with the existing VRZ demand-based class structure, consisting of the GS 50 to 2,999 kW and GS 3,000 to 4,999 kW rate classes
- Elimination of legacy rate-zone specific rate classes

As a result, Elexicon will implement the harmonization of:

- Base distribution rates through the alignment of fixed and variable rate design in accordance with OEB policy, cost allocation results and the terms of this Settlement Proposal, subject to the OEB's determination of the harmonization period
- RTSRs
- Low Voltage (LV) rates
- Loss Factors
- Specific Service Charges and Retail Service Charges, including the discontinuation of certain legacy zone-specific charges that are no longer required or applicable

Certain rate riders will continue to be maintained separately for the legacy VRZ and WRZ rate zones to align with the disposition of Group 1 and Group 2 balances, including legacy balances attributable to each rate zone.

The Rate Design Model provided as Attachment 17 reflects Elexicon's proposed one year harmonization of base distribution rates. Any updates required to reflect the OEB's determination on the harmonization period will be incorporated in the Draft Rate Order.

12. Deferral and Variance Accounts

The Parties agree to dispose of the proposed Group 1 account balances and the Group 2 account balances with the exception of Account 1511, Cloud Computing Implementation Costs (Dx NEXT). The Parties further agree with the proposed one-year disposition period for the Group 1 account balances and the proposed one-year disposition period for Account 1592, PILs and Tax Variances. The disposition period for the remaining Group 2 account balances remains unsettled.

Revised DVA Continuity Schedules for Elexicon, the VRZ, and the WRZ are provided as Attachments 19.1, 19.2, and 19.3, respectively. The schedules currently incorporate a forecast Q4 2026 interest rate and will be updated in the Draft Rate Order to reflect the Q4 2026 OEB-prescribed interest rate, as well as any changes resulting from the OEB's determination of the unsettled issues.

As noted above in Section 1, if implementation of the final rates is delayed beyond the effective date of January 1, 2027, the Parties agree that Elexicon will recover any foregone revenue through a separate rate rider.

a) <u>Group 1 Deferral and Variance Accounts</u>

The Parties agree with Elexicon's proposed disposition of its Group 1 deferral and variance account balances as of December 31, 2025, including projected carrying charges to December 31, 2026. As understanding Group 1 accounts rely on specialized regulatory accounting knowledge and experience, Intervenors, sought and rely upon the input of OEB Staff. Intervenors have settled the issue with respect to Group 1 Accounts based on an

understanding that Board Staff have no specific issues with the calculation, balances thereof and disposition riders for Group 1 accounts.

At the request of the Intervenors, OEB Staff advised the Parties that it has no concerns with Elexicon's proposed disposition of its Group 1 deferral and variance account balances, and expect OEB Staff will confirm this in writing after the settlement proposal has been filed. On that basis, Intervenors are able to agree to the proposed disposition.

No changes to the proposed Group 1 account balances or their disposition have resulted from this Settlement Proposal. [19] Tables 18 and 19 below therefore reflect the Group 1 account balances and disposition as proposed by Elexicon.

Commodity Account Workforms supporting the balances in Accounts 1588 and 1589 for each rate zone are provided as Attachments 20.1 and 20.2.

Table 18: Settled Group 1 Deferral and Variance Account Balances - VRZ[20]

Settled Group 1 Accounts	Account	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
LV Variance Account	1550	(1,859,205)	(69,593)	(1,928,799)
Smart Metering Entity Charge Variance Account	1551	(51,084)	(1,883)	(52,967)
RSVA - Wholesale Market Service Charge	1580	(3,811,228)	(85,288)	(3,896,517)
Variance WMS – Sub-account CBR Class B	1580	936,520	30,034	966,555
RSVA - Retail Transmission Network Charge	1584	230,258	$2,137	232,396
RSVA - Retail Transmission Connection Charge	1586	(181,947)	(11,660)	(193,608)
RSVA - Power (excluding Global Adjustment)	1588	654	(64,809)	(64,156)
RSVA - Global Adjustment	1589	(4,183,749)	(124,786)	(4,308,534)
Disposition and Recovery/Refund of Regulatory Balances (2023)	1595	(331,214)	379,665	48,451
Group 1 total (including Account 1589)		**(9,250,995)**	**53,817**	**(9,197,178)**

[19] The proposed and settled amounts are based on Attachments 2 and 3 to Exhibit 9, Tab 1, Schedule 1 (updated April 2, 2026), which were subsequently filed as Attachments 2 and 3 to 9-Staff-182, without revisions to the proposed Group 1 account balances.
[20] Totals may not sum due to rounding.

Table 19: Settled Group 1 Deferral and Variance Account Balances - WRZ[21]

Group 1 Accounts	Account	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
LV Variance Account	1550	(120,969)	(6,214)	(127,183)
Smart Metering Entity Charge Variance Account	1551	(119,681)	(11,128)	(130,809)
RSVA - Wholesale Market Service Charge	1580	(2,720,139)	(165,730)	(2,885,870)
Variance WMS – Sub-account CBR Class B	1580	910,529	50,512	961,041
RSVA - Retail Transmission Network Charge	1584	745,037	86,603	831,641
RSVA - Retail Transmission Connection Charge	1586	99,904	34,312	134,217
RSVA - Power (excluding Global Adjustment)	1588	(1,869,049)	(177,246)	(2,046,294)
RSVA - Global Adjustment	1589	(226,930)	85,439	(141,491)
Disposition and Recovery/Refund of Regulatory Balances (2021)	1595	(26,021)	39,554	13,533
Disposition and Recovery/Refund of Regulatory Balances (2022)	1595	(14,262)	9,874	(4,388)
Disposition and Recovery/Refund of Regulatory Balances (2023)	1595	(102,717)	155,465	52,748
Group 1 total (including Account 1589)		**(3,444,299)**	**101,443**	**(3,342,856)**

b) Group 2 Deferral and Variance Accounts

With the exception of Account 1511, Cloud Implementation Costs in respect of the Dx NEXT project, for which no agreement was reached, the Parties agree with Elexicon's proposed disposition of its Group 2 deferral and variance account balances with the following adjustments to the Account 1508 sub-account balances:

- Disposition of 50% of the balance recorded in the Getting Ontario Connected Account (with the remainder of the balance to be written off), and
- Recalculation of the LEAP account balances using IRM-escalated base amounts.

The Parties did not reach agreement on the balance in Account 1511, Cloud Implementation Costs, which includes approximately $42M in implementation costs related to Elexicon's Dx NEXT project, plus

[21] Totals may not sum due to rounding.

the associated carrying charges. The appropriateness of the historical and forecast Dx NEXT amounts recorded in this account, and the appropriate recovery thereof through rate riders, will be adjudicated by the OEB. However, recognizing the historical costs of Dx NEXT, the parties agree that any potential disallowance on Dx NEXT will be capped at 45% of the principal balance recorded in Account 1511, excluding carrying charges. For greater clarity, this cap does not imply that the Intervenors accept the prudence or reasonableness of any specific portion of the costs of the Dx NEXT project.

Tables 20 through 22 below show the settled Group 2 deferral and variance account balances by rate zone. The adjustments described above affect only the Elexicon Group 2 balances. Accordingly, the Elexicon table (Table 20) includes the proposed balances, settled balances, and resulting differences. The “settled” balance shown for Account 1511, Cloud Computing Implementation Costs, reflects Elexicon's proposed amount in response to Interrogatory 9-Staff-182 and remains subject to the OEB's determination of this issue. The settlement adjustments do not affect the Group 2 DVA balances for the VRZ or WRZ. As a result, the settled balances presented below for the VRZ and WRZ, as presented below, are unchanged from the proposed balances.

Table 20: Group 2 Deferral and Variance Account Dispositions - Elexicon[22]

Proposed Group 2 DVA Description	**Account**	**Principal Balance ($) A**	**Interest Balance ($) B**	**Total Claim ($) C=A+B**
GOCA Variance Account	1508	1,779,973	93,909	1,873,882
LEAP EFA Funding Deferral Account	1508	612,134	14,692	626,826
Incremental Cloud Computing Implementation Costs	1511	42,004,781	5,087,570	47,092,351
Total Proposed		44,396,888	5,196,171	49,593,059
Settled Group 2 DVA Description	**Account**	**Principal Balance ($) A**	**Interest Balance ($) B**	**Total Claim ($) C=A+B**
GOCA Variance Account	1508	889,987	46,954	936,941
LEAP EFA Funding Deferral Account	1508	554,608	13,558	568,166
Incremental Cloud Computing Implementation Costs	1511	42,004,781	5,087,570	47,092,351
Total Settled		43,449,376	5,148,082	48,597,458
Difference Group 2 DVA Description	**Account**	**Principal Balance ($) A**	**Interest Balance ($) B**	**Total Claim ($) C=A+B**
GOCA Variance Account	1508	(889,987)	(46,954)	(936,941)
LEAP EFA Funding Deferral Account	1508	(57,526)	(1,135)	(58,660)
Incremental Cloud Computing Implementation Costs	1511	-	-	-
Total Difference		(947,512)	(48,089)	(995,601)

Note: The proposed amounts are based on Attachment 1 to 9-Staff-182. The settled amount shown for Account 1511 (Cloud Implementation Costs) remains subject to the OEB's determination of the unresolved issue.

[22] Totals may not sum due to rounding.

Table 21: Settled Group 2 Deferral and Variance Account Dispositions - VRZ[23]

Settled Group 2 Accounts	Account	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
Pole Attachment Revenue Variance	1508	(858,143)	(21,349)	(879,492)
OEB Cost Assessment Variance (VRZ)	1508	887,745	20,624	908,369
Collection of Account Variances (VRZ)	1508	2,287,422	58,199	2,345,621
Retail Cost Variance Account - Retail	1518	(84,220)	(1,587)	(85,807)
Retail Cost Variance Account – STR	1548	2,600	(4)	2,596
PILs and Tax Variance for 2006 and Subsequent Years	1592	(6,480,618)	(898,596)	(7,379,214)
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	6,433,854	415,627	6,849,481
Total Settled		2,188,639	(427,086)	1,761,553

Note: The settled amounts are unchanged from the proposed amounts set out in Attachment 2 to 9-Staff-182, as no settlement adjustments have been made to the Veridian Rate Zone Group 2 deferral and variance account balances.

Table 22: Settled Group 2 Deferral and Variance Account Balances - WRZ[24]

Settled Group 2 Accounts	Account	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
Pole Attachment Revenue Variance	1508	(206,544)	(5,076)	(211,620)
OEB Cost Assessment Variance (WRZ)	1508	295,238	6,819	302,058
Change in Estimated Useful Life (WRZ)	1508	1,377,520	-	1,377,520
PILs and Tax Variance for 2006 and Subsequent Years	1592	(2,417,140)	(298,384)	(2,715,524)
Total Settled		(950,926)	(296,641)	(1,247,566)

Note: The settled amounts are unchanged from the proposed amounts set out in Attachment 3 to 9-Staff-182, as no settlement adjustments have been made to the Whitby Rate Zone Group 2 deferral and variance account balances.

c) Continuation and Discontinuation of Existing Accounts

The Parties agree to the continuation and discontinuation of existing Group 2 deferral and variance accounts as proposed by Elexicon with the exception of: (i) the OEB Cost Assessments and LEAP EFA Funding account, which the Parties agree will be discontinued; and (ii) Account 1592, PILs & Tax Variance - Accelerated CCA, which the Parties agree will continue effective January 1, 2027. Table 23 below

[23] Totals may not sum due to rounding.
[24] Totals may not sum due to rounding.

provides a summary of the proposed and settled Group 2 accounts. The account status of Dx NEXT as captured in Table 23 is unsettled. The Parties have also reached agreement on the establishment and non-establishment of certain new utility-specific variance and deferral accounts as part of the Custom IR Framework. These accounts are described in below in (d).

Table 23: Settled Group 2 DVA Status*

Group 2 Account - Description	Account	Type	Rate Zone	Proposed Account Status[25]	Settled Account Status
OEB Cost Assessments	1508	Generic	VRZ, WRZ	Continue	Discontinue
Collection of Account Variance	1508	Utility Specific	VRZ	Discontinue	Discontinue
Getting Ontario Connected ("GOCA")	1508	Generic	Elexicon	Discontinue	Discontinue
Pole Attachments	1508	Generic	VRZ, WRZ	Discontinue	Discontinue
LEAP EFA Funding	1508	Generic	Elexicon	Continue	Discontinue
Change of Estimated Useful Lives	1508	Utility Specific	WRZ	Discontinue	Discontinue
Cloud Computing Implementation Account	1511	Generic	Elexicon	Continue	Unsettled
Retail Cost Variance Account – Retail	1518	Generic	VRZ	Discontinue	Discontinue
Retail Cost Variance Account – STR	1548	Generic	VRZ	Discontinue	Discontinue
IFRS-CGAAP Transitional PP&E	1575	Generic	VRZ	Discontinue	Discontinue
PILs & Tax Variance - Accelerated CCA	1592	Generic	VRZ, WRZ	Continue	Continue
Extended Horizons Variance Account	1518	Generic	VRZ	Discontinue*	Discontinue

*The settled account statuses shown in the table are effective December 31, 2026. Also, consistent with Elexicon's proposal, the Extended Horizons Variance Account will be discontinued upon establishment of the new DRVA.

d) Establishment of New Deferral and Variance Accounts

The Parties agree to establish the following new accounts:

- ESMDA, as proposed

[25] Exhibit 9, Tab 3, Schedule 3 (updated April 2, 2026).

- DRVA, modified from Elexicon's proposal to incorporate a 15% symmetrical deadband
- CCRAVA, as proposed, and
- NWSDA, as proposed.

The Parties agree that the proposed Capital In-Service Additions Variance Account Variance Account (CISAVA), New Stations Deferral Account (NSDA), and Large Load Revenue Variance Account (LLRVA) will not be established.

The description and settlement outcome of each proposed utility-specific deferral and variance account is summarized in Table 5 above.

Draft accounting orders for the new accounts agreed to by the Parties, are appended to this Settlement Proposal as Attachments 3.1 to 3.4, respectively. The DAO for the DRVA and CCRAVA include a baseline capital related revenue requirement, which is impacted by the OEB's determination of Issue 5.1, and will be revised at Draft Rate Order stage to reflect the impact of the OEB's determination on that issue.

e) Method of Disposition

The Parties agree to the disposition of Elexicon's Group 1 account balances through rate riders established separately for each rate zone and that Group 2 balances will be disposed of through either Elexicon or rate zone-specific rate riders, consistent with Elexicon's proposal and how the underlying balances were tracked, as reflected in the tables above.

The Parties further agree that the Group 1 account balances will be disposed of over a one-year period. Elexicon had proposed the disposition period for all Group 2 accounts to be five years with exception to two accounts, PILs (1592), and the Cloud Computing Deferral Account (1511). The Parties agree that the PILs account will be disposed of over one year. The appropriate disposition period for the remaining Group 2 account balances is an unsettled issue that will be addressed through the oral hearing as it will depend on the overall customer bill impacts resulting from the OEB's determination of the unsettled issues affecting the base distribution rates.

As noted above in Section 1, if implementation of the final rates is delayed beyond the effective date of January 1, 2027, the Parties agree that Elexicon will recover any foregone revenue through a separate rate rider, with the recovery period to be determined by the OEB.

PART F: SETTLEMENT PROPOSAL BY ISSUE

Whereas the preceding Parts summarize the key components of the settlement reached by the Parties, this section provides detail on how each of the issues in the OEB's Approved Issues List (other than the unsettled issues) has been addressed through either Elexicon's Custom IR application or the modifications to the utility's rate plan which have been agreed upon in this Settlement Proposal.

1. General Issues:

Issue 1.1: Has Elexicon Energy responded appropriately to all relevant OEB directions from previous proceedings?

Complete Settlement

The Parties agree that Elexicon has responded appropriately to all relevant OEB directives from previous proceedings.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 3, Schedule 1A: Administration (pages 5-6) Exhibit 7, Tab 1, Schedule 1: Cost Allocation (Section 2.4) Exhibit 9, Tab 3, Schedule 2 (Updated April 2, 2026): Disposition of Group 2 Deferral and Variance Account Balances Exhibit 9, Tab 3, Schedule 5 (Updated April 2, 2026): Group 2 Analysis for Disposition (Sections 2, 3, 6 & 9)
Interrogatories	7-Staff-151, 7.0-VECC-70, 7.0-VECC-71, 4-CCC-45, 9-CCC-66, 9-CCC-67, 4-Staff-118, 9-Staff-168, 9-STAFF-170, 9-Staff-194
Undertakings	JT2.10, JT3.34, JT3.35, JT3.36
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 1.2: Has Elexicon Energy demonstrated that rebasing at this time is necessary and in the public interest?

Complete Settlement

The Parties agree that Elexicon has demonstrated that rebasing at this time is necessary and in the public interest.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 2, Schedule 1: Executive Summary and Business Plan (Section 3.6) Exhibit 1, Tab 4, Schedule 1: Early Rebasing Business Case Exhibit 1, Tab 5, Schedule 1: Rate Setting Framework, pages 11-12
Interrogatories	1-CCC-6, 2-CCC-15, 4-CCC-36, 5-Staff-136, 4-SEC-84, 10-CCC-70, 4.1-PWU-07, 1-SEC-9, 1-SEC-11
Undertakings	N/A
Clarification Questions	N/A
Other	Evidence Day Presentation (Slide 8)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 1.3: Are the rates and bill impacts resulting from Elexicon Energy's application appropriate?

Partial Settlement

The Parties agree that Elexicon has appropriately calculated the rates and bill impacts arising from the settled amounts. The Parties acknowledge that these bill impacts have been calculated using the settled outcomes in this Settlement Proposal and Elexicon's proposed amounts for the unsettled issues. The final bill impacts are subject to the OEB's determination on the unsettled issues.

Table 3 in Part D of this Settlement Proposal summarizes the bill impacts associated with the change from Elexicon's proposed revenue requirement recovered through rates and riders to the partially settled revenue requirement reflected in this Settlement Proposal. Attachment 22 sets out the estimated 2027 rates, and Attachment 23 sets out the detailed bill impacts for typical customers in each rate class.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 3, Schedule 1B: Application Summary Exhibit 8, Tab 1, Schedule 1: Rate Design Exhibit 10, Tab 1, Schedule 1: Evidence Update (Section 5)
Interrogatories	1-Staff-1, 8-SEC-93, 8-Staff-154, 8-Staff-159, 9-Staff-181, 9-Staff-169, 1-SEC-11, 1-SEC-12, 8-SEC-93, 9-SEC-99, 10-CCC-70
Undertakings	JT4.8
Clarification Questions	N/A
Other	Evidence Day Presentation (Slide 34)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 1.4: Is the proposed effective date appropriate?

Complete Settlement

The Parties agree that the effective date for the rates and charges arising from this Settlement Proposal, inclusive of the outcome on the unsettled issues, will be January 1, 2027, as described in Part E, Section 1. The Parties further agree that, in the event the approved rates and charges cannot be implemented by January 1, 2027, Elexicon's current distribution rates and charges will remain in effect on an interim basis as of January 1, 2027. The Draft Rate Order will include a proposed foregone revenue recovery mechanism to recover any

differences between the interim rates and the final rates effective January 1, 2027, with the recovery period to be determined by the OEB.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 3, Schedule 1A: Administration
Interrogatories	N/A
Undertakings	N/A
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

2. Custom Incentive Rate Setting

Issue 2.1: Are all elements of Elexicon Energy's Custom Incentive Rate Setting Proposal for the determination of rates appropriate?

Complete Settlement

The Parties agree to a Custom IR Framework with a five-year test period commencing January 1, 2027, and ending December 31, 2031. The settled Custom IR Framework modifies the Custom IR Framework proposed by Elexicon. The settled Custom IR framework together with the modifications to the proposed Custom IR Framework are set out in Table 4 of Part E, Section 2 above.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 2, Schedule 1: Executive Summary and Business Plan Exhibit 1, Tab 3, Schedule 1B: Application Summary (Section 5) Exhibit 1, Tab 5, Schedule 1: Rate Setting Framework Exhibit 1, Tab 5, Schedule 1, Appendix A: Economic Benchmarking and Incentive Regulation Parameter Study (Clearspring Report)

	Exhibit 4, Tab 1, Schedule 1: OM&A Overview Exhibit 9, Tab 4, Schedule 1: Establishment of New Deferral and Variance Accounts Exhibit 9, Tab 4, Schedule-2: Details of New Deferral and Variance Accounts
Interrogatories	1-Staff-4, 1-Staff-6 through 1-Staff-16, 1-Staff-18 through 1-Staff-24, 1-Staff-35, 9-Staff-161, 1-SEC-19, 1-SEC-27, 1-CCC-6, and Attachment 1, 1-CCC-7, 4-CCC-36, 5-CCC-62, 1-DRC-3, 1-CCMBC-1, 1-EP-3, 1-VECC-9
Undertakings	JT3.20, JT3.36, JT4.1-1, JT4.1-2, JT4.1-6
Clarification Questions	N/A
Other	Evidence Day Presentation (Slides 35-36)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 2.2. Is the proposed 2027-2031 Custom Performance Scorecard appropriate?

Complete Settlement

As the Parties have agreed to an envelope reduction in 2027-2031 capital expenditures and to allow Elexicon to implement the agreed-upon reductions at its operational discretion, the Parties are not in a position to agree to revised targets for the proposed Performance Custom Scorecard. Accordingly, the Parties agree that Elexicon will only be required to report on the OEB's Electricity Distributor Scorecard (EDS).

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 2, Schedule 1: Executive Summary (Section 3.3.2) Exhbiit 1, Tab 4, Schedule 1: Early Rebasing Business Case Exhibit 1, Tab 5, Schedule 1: Rate Framework Exhibit 1, Tab 6, Schedule 1: Custom Performance Scorecard Exhibit 2B, Tab 2, Schedule 2: Performance Measurement for Continuous Improvement Exhibit 4, Tab 1, Schedule 4: Sustainment OM&A Program (Section 5) Exhibit 4, Tab 1, Schedule 5: Customer Care OM&A Program

	Exhibit 4, Tab 1, Schedule 6: Common Corporate OM&A Program (Section 3 and Appendix A)
Interrogatories	1-PP-5, 1-PP-16, 2B-PWU-04, 4.1-PWU-13, 1-CCC-3, 1-CCC-7, 4-CCC-46, 4-CCC-51, 2-Staff-40, 4-Staff-120, 2B-SEC-39, 2B-SEC-40, 2B-SEC-41
Undertakings	JT1.16, JT3.4
Clarification Questions	N/A
Other	Evidence Day Presentation (Slide 38)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

3. Capital Spending and Rate Base

Issue 3.1. Are the proposed capital expenditures and in-service additions appropriate?

Complete Settlement

Subject to the modifications to capital expenditures and capital in-service additions described in Part E, Section 4c), the Parties agree that the capital expenditures and capital in-service additions are appropriate. Part G, which forms a binding and integral part of this Settlement Proposal, contains commitments that are integral to this issue, including on items regarding NWS, Capacity Planning, EV Charging and Stakeholder Engagement.

In the context of a settlement related to a number of items as set out herein, the Parties agree that the settlement of this issue enables the utility to address customer requirements and manage the grid in a safe and reliable manner in accordance with good utility practice.

The following OEB Appendices have been updated as Attachment 5 to the Settlement Proposal: Appendix 2-AA - Capital Expenditure Table, Appendix 2-BA - 2026-2030 Fixed Asset Continuity Schedule, Appendix 2-C - 2026-2030 Depreciation and Amortization Expense.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 3, Schedule 1B: Application Summary Exhibit 1, Tab 3, Schedule 2: Distribution System Plan Overview Exhibit 1, Tab 5, Schedule 1: Rate Framework Exhibit 2A, Tab 1, Schedule 1: Rate Base Overview Exhibit 2A, Tab 4, Schedule 1: Capitalization Policy Exhibit 2B, Tab 1, Schedule 1: DSP Overview Exhibit 2B, Tab 4, Schedule 1: Capital Expenditure Summary Exhibit 2B, Tab 4, Schedule 2: Forecast Impact of System Investments on System O&M Costs Exhibit 2B, Tab 4, Schedule 3: Material Investments Exhibit 2B, Tab 4, Schedule 3 Appendix A – P
Interrogatories	2-CCC-8, 2-CCC-11 through 2-CCC-35, 2-DRC-6 through 2-DRC-9, 2A-CCMBC-2 through 2B-CCMBC-6, 2-EP-4 through 2-EP-11, 2-STAFF-36 through 2-STAFF-88, 2-VECC-11 through 2-VECC-21, 1-PP-2 through 1-PP-5, 1-PP-9 through 1-PP-12, 1-PP-15 through 2-PP-24, 2B-PWU-4 through 2B-PWU-6, 1-SEC-02, 1-SEC-13, 2A-SEC-28 through 2B-SEC-67, 2-STAFF-87, 2-STAFF-88, 2-SEC-33, 2-SEC-36, 2-SEC-60 2-CCC-23
Undertakings	JT1.4, JT1.5, JT1.7, JT1.8, JT1.13, JT2.4, JT2.8, JT2.12, J3.14 Attachment 4
Clarification Questions	SC-CCC-2, SC-CCC-3
Other	Evidence Day Presentation (Slides 1-2, 5-7 and 9-24)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 3.2. Are the proposed rate base, depreciation rates, and depreciation expenses appropriate?

Partial Settlement

Subject to the modification to the 2027 opening net fixed assets used to establish 2027 rate base and the modifications to capital expenditures and in-service amounts over the 2027-2031 period set out in Part E, Section 4c) of this Settlement Proposal, the Parties agree to the 2027-2031 rate base amounts (including the working capital allowance amounts) set out in Part E, Section 4a) and 4b), subject to changes in the calculations to reflect the impacts of other aspects of this Settlement Proposal. The Parties also agree to the depreciation rates and expenses set out in Part E, Section 5b) to this Settlement Proposal.

The Parties also acknowledge that while the proposed working capital allowance methodology, capital additions and depreciation have been agreed to, rate base will be updated once a decision is rendered by the OEB on the 2027 Test Year OM&A to reflect the impact on working capital. Working capital will also be updated with the latest available cost of power figures in the draft rate order stage. OEB Appendix 2-ZA Commodity Expense and 2-ZB Cost of Power are provided as Attachment 7.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 2A, Tab 1, Schedule 1: Rate Base Overview Exhibit 2A, Tab 2, Schedule 1: Depreciation and Amortization Exhibit 2A, Tab 3, Schedule 1: Working Capital Allowance Exhibit 2A, Tab 6, Schedule 1: Addition of Previously Approved ICM Project Assets to Rate Base
Interrogatories	2-CCC-11 through 2-CCC-14, 2-CCC-19, 2-CCC-20, 2-CCC-22, 2-CCC-30 2A-CCMBC-3, 2A-CCMBC-4, 1-Staff-1, 1-Staff-22, 1-Staff-25, 2-Staff-36, 2-Staff-42, 2-Staff-44, 2-Staff-45, 2-Staff-57, 2-Staff-63, 2-Staff-65, 2-Staff-74, 2-Staff-75, 2-Staff-76, 2-Staff-77, 2-Staff-78, 2-Staff-79, 2-Staff-83 through 2-Staff-86, 2-Staff-88, 6-Staff-145, 6-Staff-146, 10-Staff-199, 10-Staff-204, E1-PWU-02 1-SEC-11, 1-SEC-13 Attachment 1 App. 2-C, 1-SEC-16, 1-SEC-23, 2A-SEC-28, 2A-SEC-30, 2A-SEC-31, 2A-SEC-32, 2B-SEC-66, 2.0-VECC -14, 1-PP-12, 1-EP-1
Undertakings	JT2.13, JT3.10, JT3.24, JT3.26, JT3.27
Clarification Questions	SC-SEC-1, SC-SEC-3
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

4. OM&A

Issue 4.1: Are the proposed OM&A expenditures appropriate?

Partial Settlement

The Parties have reached partial agreement on this issue. The parties have settled the approach to determine the 2028 to 2031 OM&A amounts, which will be adjusted using an index approach under the rate framework agreed to per Issue 2.1. The determination of the appropriate amount of OM&A for the 2027 Test year is unsettled and will be resolved through an oral hearing process as described in Part E, Section 7 above.

The Parties have further agreed that Elexicon can make representations as to its 2027 OM&A forecast, specifically the appropriateness of including an additional $1.0M to the Test Year. This revision represents sustainment-related non-labour OM&A costs that were originally deferred from 2027 into 2028. For clarity, this adjustment does not reflect the Intervenors' acceptance of the $1M amount as appropriate, and is being made without prejudice to their ability to challenge the appropriateness of this amount and the entirety of the proposed 2027 OM&A budget which are unsettled.

Evidence

Schedules	Exhibit 4, Tab 1, Schedule 1: OM&A Overview Exhibit 4, Tab 1, Schedule 2: System Planning and Design Program Exhibit 4, Tab 1, Schedule 3: System Operations Program Exhibit 4, Tab 1, Schedule 4: Sustainment Program Exhibit 4, Tab 1, Schedule 5: Customer Care Program Exhibit 4, Tab 1, Schedule 6: Common Corporate Program Exhibit 4, Tab 1, Schedule 6 Appendix A: Dx NEXT Project Summary Exhibit 4, Tab 1, Schedule 6 Appendix A-1: Dx NEXT Project Summary (Business Case) Exhibit 4, Tab 2, Schedule 1: Workforce Plan and Compensation Program Exhibit 4, Tab 2, Schedule 1 Appendix A: Mercer Report Exhibit 10, Tab 2, Schedule 1: Control Centre OM&A Segment – Evidence Update
Interrogatories	4-CCC-36, 4-CCC-57, 10-CCC-71, 1-DRC-1, 1-Staff-2, 1-Staff-16, 1-Staff-22, 4-Staff-125, 2B-SEC-46, 9-SEC-96, 4.1-PWU-12, 1-SEC-13 Attachment 3

Undertakings	JT-4.1-6, JT-4.2, JT-2.14, JT-3.8, JT-3.9
Clarification Questions	N/A
Other	Evidence Day Presentation (Slides 26-29)
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 4.2: Is the proposed shared services cost allocation methodology and the quantum appropriate?

Partial Settlement

As the resulting shared services costs are directly dependent on the OEB's determination of the appropriate OM&A funding level under issue 4.1, the Parties have not come to an agreement on the cost allocation methodology. However, the quantum of shared service costs recovered through other revenues has been settled under Issue 5.3 below. Therefore, the issue is considered by the Parties to be partially settled.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 4, Tab 3, Schedule 1: Shared Services and Corporate Cost Allocations Exhibit 4, Tab 3, Schedule 2: Purchases of Non-Affiliate Services
Interrogatories	4-CCC-56, 4-Staff-128, 4-Staff-131, 4-SEC-87, 4-EP-14
Undertakings	JT3.14
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

5. COST OF CAPITAL, PILs, AND REVENUE REQUIREMENT

Issue 5.1: Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

Partial Settlement

The Parties accept that the proposed cost of capital structure and cost of capital parameters are appropriate subject to any adjustments arising from the OEB's decision on the unsettled issues. Specifically, the Parties agree on Elexicon's use of the OEB's deemed capital structure, and that Elexicon's cost of capital will be based on the OEB's 2027 Cost of Capital Parameters for ROE and short-term debt rate, which will be updated at the time of the rate order. The figures set out in this Settlement Proposal reflect the OEB's 2026 Cost of Capital Parameters.

The issue of the LTDR is unsettled and will be determined by the outcome of the oral hearing.

Evidence

Schedules	Exhibit 1, Tab 4, Schedule 1: Early Rebasing Case Exhibit 5, Tab 1, Schedule 1: Capital Structure Exhibit 5, Tab 1, Schedule 2: Cost of Capital Exhibit 1, Tab 8, Schedule 1: Financial Information
Interrogatories	1-Staff-21, 2-Staff-81, 5-Staff-132, 5-Staff-133, 5-Staff-134, 5-Staff-135, 5-Staff-137, 5-VECC-49, 5-VECC-50, 5-VECC-51, 5-CCC-63
Undertakings	JT3.22 Attachment 1 Updated 2-OA and 2-OB
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 5.2: Is the proposed PILs (or Tax) amount appropriate?

Partial Settlement

The Parties agree that the derivation of PILs and other tax-related components as proposed is appropriate. The PILs Workform for the 2027-2031 rate term will be updated at the Draft Rate Order stage to reflect the OEB's determination of the unsettled OM&A, the Dx NEXT project costs, and LTDR issues.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 6, Tab 2, Schedule 1: Corporate Taxes (Payments in Lieu of Taxes "PILs") Exhibit 9, Tab 3, Schedule 5: Accounts Analysis (Section 10)
Interrogatories	6-SEC-88 Attachment 1, 6-SEC-90, 9-SEC-98, 6-Staff-145, 6-Staff-146, 6-Staff-147, 6-Staff-148, 6-Staff-149, 6-Staff-150, 7-Staff-153, 9-Staff-171, 9-Staff-180, 9-Staff-181
Undertakings	JT3.30, JT3.31, JT3.32, JT3.33 (original and clarification), JT3.34 (original and clarification)
Clarification Questions	SC-SEC-5
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 5.3: Is the proposed Other Revenue forecast appropriate?

Complete Settlement

The parties agree to the value of $5.2M as the 2027 Test Year amount for Other Revenue, and that the amount over 2028 to 2031 test year period will be adjusted annually for inflation using the OEB's inflation factor, as set out in Part E, Section 6 above. An updated Appendix 2-H is provided as Attachment 12 to this Settlement Proposal.

Evidence

Schedules	Exhibit 6, Tab 3, Schedule 1: Other Revenue Exhibit 8, Tab 1, Schedule 1: Rate Design (Section 10)
Interrogatories	1-SEC-13 Attachment 2 Revised App.2-H 8-SEC-93 Attachment 1 Specific Service Charges, 8-SEC-94 4-Staff-131, 6-Staff-139 Attachment 1 App.2-H Account Details 6-Staff-141, 6-Staff-142, 6-Staff-143, 6-Staff-144, 1-VECC-1, 6-VECC-60 Attachment 1 App.2-H Mar-25 & Mar-26, 6-VECC-62, 6-VECC-63, 6-VECC-64, 6-VECC-65
Undertakings	JT3.5, JT3.33 (original and clarification)
Clarification Questions	SC-CCC-1
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 5.4: Have all impacts of any changes in accounting standards, policies, estimates, and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Complete Settlement

The Parties agree that no changes to accounting standards, accounting policies, or accounting estimates have been proposed in this Proceeding.

Evidence

Schedules	Ex. 1-8-1 Attachment 4 Audited Financial Statements Ex. 1-8-1 Attachments 6A and 6B Financial Statement Reconciliation (2024 and 2023) Ex. 2A-1-1 Attachment 1 OEB App. 2-C Depreciation and Amortization Expense Ex. 2A-2-1 Depreciation and Amortization Ex. 2A-4-1 Capitalization Policy
Interrogatories	N/A
Undertakings	N/A

Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 5.5: Is the proposed calculation of the Revenue Requirement appropriate?

Partial Settlement

Subject to any adjustments arising from the OEB's decision on the unsettled issues, the Parties accept that the proposed calculation of the revenue requirement is appropriate and agree with the calculated amounts with respect to the settled issues. The Parties acknowledge that the calculation of the revenue requirement will be updated in the Draft Rate Order to reflect the OEB approved amounts with respect to the unsettled issues, and that this update will be based on the revenue requirement calculation methodology set out in the Settlement Proposal, which the Parties agree is appropriate. For greater clarity, the resolution of this issue is subject only to the OEB's determination of the unsettled issues, and any necessary recalculations resulting from the mathematical consequences of the OEB's decision on those issues. Recalculations resulting from the OEB's decision on the unsettled issues shall only be addressed as part of the Draft Rate Order process. No party intends to adduce any evidence or argument at hearing related to this issue except to the extent necessary to understand the mathematical consequences of the OEB's decision on the unsettled issues.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 1, Tab 3, Schedule 1B: Application Summary Exhibit 1, Tab 5, Schedule 1: Rate Framework Exhibit 6, Tab 1, Schedule 1: Revenue Requirement Sufficiency and Deficiency Exhibit 8, Tab 1, Schedule 1: Rate Design (Section 15)
Interrogatories	1-CCC-05, 1-CCC-06, 1-Staff-1, 2-CCC-11, 1-SEC-11, 1-SEC-12, 1-SEC-17, 2A-SEC-30
Undertakings	N/A

Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

6. LOAD FORECAST

Issue 6.1: Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

Complete Settlement

Subject to the modifications set out in Part E, Section 8 of this Settlement Proposal, the Parties agree that the proposed load forecast methodologies and the resulting 2027-2031 charge determinants are reasonable for purposes of setting Elexicon's rates for 2027-2031. The settled 2027-2031 charge determinants are provided in Table 25 below.

Table 24: 2027-2031 Charge Determinants

MWh	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast
Residential	1,496,169	1,522,611	1,545,953	1,578,020	1,611,796
Residential Seasonal	13,137	13,563	13,936	14,392	14,865
GS <50 kW	354,777	354,832	354,087	355,353	356,378
GS 50 - 2,999 kW	1,328,857	1,338,757	1,344,927	1,351,543	1,352,835
GS 3,000 - 4,999 kW	282,740	309,345	330,219	341,725	353,536
Large Use	434,996	520,133	601,394	630,464	637,881
Street Light	15,625	15,821	16,020	16,221	16,426
Sentinel Light	87	86	84	83	82
USL	6,480	6,450	6,422	6,393	6,365
Total MWh	**3,932,868**	**4,081,599**	**4,213,042**	**4,294,193**	**4,350,164**
GS 50 - 2,999 kW	3,256,265	3,294,405	3,326,120	3,361,193	3,383,576
GS 3,000 - 4,999 kW	604,293	665,752	714,880	744,001	774,616
Large Use	742,952	895,387	1,042,834	1,100,818	1,121,411
Street Light	43,544	44,091	44,645	45,206	45,774
Sentinel Light	654	645	635	625	616
Total kW	**4,647,709**	**4,900,280**	**5,129,114**	**5,251,843**	**5,325,994**
Residential	169,426	171,982	174,699	177,521	180,169
Residential Seasonal	1,546	1,543	1,539	1,536	1,532
GS <50 kW	12,204	12,318	12,434	12,550	12,668
GS 50 - 2,999 kW	1,517	1,528	1,537	1,546	1,555
GS 3,000 - 4,999 kW	12	13	13	13	13
Large Use	6	6	6	7	7
Street Light	45,775	46,311	47,044	47,726	48,428
Sentinel Light	261	255	251	246	248
USL	1,159	1,159	1,159	1,158	1,153
Total Customers/Devices	**231,905**	**235,116**	**238,684**	**242,303**	**245,773**
Total Metered Customers	**184,710**	**187,390**	**190,229**	**193,174**	**195,944**

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 2B, Tab 3, Schedule 1: Asset Management Process Exhibit 3, Tab 1, Schedule 1: Revenue Load and Customer Forecast

Interrogatories	3-BOMA-01 through 8-BOMA-07, 2-CCC-15, 2-DRC-6, 3-DRC-10, 3-CCMBC-7, 3-CCMBC-8, 3-CCMBC-9, 1-Staff-1, 2-Staff-38, 2-Staff-62, 2-Staff-64, 3-Staff-90 through 3-Staff-99, 2·0-VECC-13, 3-VECC-22 through 3-VECC-38, 2B-SEC-43, 2B-SEC-50, 3-SEC-68, 3-SEC-69
Undertakings	JT1.1-01, JT1.2-1, JT1.2-3, JT1.2-4, JT1.2-5, JT1.2-6, JT1.2-7, JT1.2-9, JT1.2-10, JT1.2-11, JT1.2-13, JT1.19, JT1.21, JT1.22, JT4.7, JT4.12
Clarification Questions	SC-CCC-3, VECC-CQ-1, VECC-CQ-10, VECC-CQ-12, VECC-CQ-2, VECC-CQ-3, VECC-CQ-4
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

7. COST ALLOCATION, RATE DESIGN, AND OTHER CHARGES

Issue 7.1: Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

Partial Settlement

The Parties agree with Elexicon's proposals for cost allocation, including the proposed Seasonal Residential density weighting factor modification, and subject to the additional modifications as described in Part E, Section 9, of this Settlement Proposal. However, Issue 7.1 is only partially settled, as certain inputs and resulting amounts depend on the OEB's determination of unsettled issues.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 7, Tab 1, Schedule 1: Cost Allocation
Interrogatories	7-BOMA-05, 7-BOMA-06, 7-Staff-151, 7-Staff-152, 7-Staff-153, 7-VECC-66 through 7-VECC-73, 7-SEC-91
Undertakings	Technical Conference transcript (Vol. 4, p. 73), JT4.10
Clarification Questions	CQ-VECC-11

Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 7.2: Is the proposed rate design, including fixed/variable splits, appropriate?

Partial Settlement

The Parties agree with Elexicon's proposals for rate design, subject to the modifications as described in Part E, Section 10 of this Settlement Proposal. However, Issue 7.2 is only partially settled, as certain inputs and resulting amounts depend on the OEB's determination of unsettled issues.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 8, Tab 1, Schedule 1: Rate Design (Sections 1-5)
Interrogatories	8-Staff-154, 8-Staff-155, 8-Staff-157, 8-VECC-74, 8-VECC-75, 8-VECC-76, 8-VECC-80, 8-SEC-92, 8-SEC-93, 8-SEC-95
Undertakings	JT3.25, JT4.11
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 7.3. Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?

Complete Settlement

The Parties agree that Elexicon's proposed RTSRs and Low Voltage rates are appropriate and use a modified version of the OEB prescribed model and required inputs.

Elexicon will assess the feasibility and costs of implementing gross load billing for applicable RTSRs to align RTSR and UTR billing determinants and will include the results of that assessment in its next cost of service application.

An updated version of the RTSR Workform is provided as Attachment 19.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 8, Tab 1, Schedule 1: Rate Design (Sections 6 and 12)
Interrogatories	8-BOMA-7, 8-VECC-76, 8-Staff-156, 8.0-VECC-77, 8.0-VECC-78, 8.0-VECC-79
Undertakings	JT1.2-13, JT1.2-14
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 7.4: Are the proposed loss factors appropriate?

Complete Settlement

The Parties agree that Elexicon's proposed loss factors are appropriate. Appendix 2-R Loss Factors, reflecting the most recent calculation filed in response to Interrogatory 8-SEC-95(1), is provided as Attachment 13 to this Settlement Proposal.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 8, Tab 1, Schedule 1: Rate Design (Section 13)
Interrogatories	8-Staff-157, 8-Staff-159, 8-SEC-95
Undertakings	N/A
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 7.5: Are the Specific Service Charges and Retail Service Charges appropriate?

Complete Settlement

The Parties agree that Elexicon's Specific Service Charges and Retail Service Charges as proposed in the application are appropriate. A revised proposed 2027 Tariff Schedule is provided as Attachment 22 and will be updated, as necessary, to reflect the outcomes of this Settlement Proposal, the OEB's Decision on the unsettled issues, and any applicable updates to rates, charges and other tariff elements.

Evidence

The evidence in relation to this issue includes the following:

Schedules	Exhibit 8, Tab 1, Schedule 1: Rate Design (Section 10)
Interrogatories	8-Staff-158, 1.0-VECC-1, 6.0-VECC-62, 8-SEC-94, 6-Staff-142
Undertakings	N/A
Clarifying Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Issue 7.6: Are rate mitigation proposals required and appropriate?

Partial Settlement

The Parties agree with Elexicon's proposed rate mitigation methodology, which limits bill impacts for typical customers within a rate class while ensuring revenue-to-cost ratios remain within, or move toward, the OEB's policy ranges. Based on both Elexicon's proposed cost allocation model and the cost allocation model attached to this Settlement Proposal, the Sentinel Lighting rate class is the only rate class requiring mitigation.

The Parties acknowledge that the revenue-to-cost ratios and resulting bill impacts have been calculated using the settled outcomes reflected in this Settlement Proposal and Elexicon's proposed amounts for the unsettled issues. Any recalculations resulting from the OEB's determination of the unsettled issues will be addressed through the Draft Rate Order process, with any required mitigation implemented consistent with the proposed approach, also set out in this Settlement Proposal.

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Exhibit 8, Tab 1, Schedule 1: Rate Design (Section 17)
Interrogatories	7-Staff-153, 8-Staff-159, 7.0-VECC-72
Undertakings	N/A
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

8. Rate Harmonization

Issue 8.1: Is the rate harmonization proposal appropriate?

Partial Settlement

The Parties agree with Elexicon's proposed rate harmonization approach. However, the period over which harmonization of base distribution rates will be implemented, including whether it will occur over one year as proposed or over a longer term, remains an unsettled issue to be addressed at the oral hearing, as set out in Part E, Section 11.

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Exhibit 8, Tab 1, Schedule 1: Rate Design
Interrogatories	8-BOMA-7, 1-Staff-2, 2-Staff-87, 8-Staff-154, 8-Staff-156, 8-Staff-159, 8.0-VECC-79, 8-SEC-93, 8-SEC-94
Undertakings	N/A
Clarification Questions	N/A
Other	N/A
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

9. Deferral and Variance Accounts

Issue 9.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

Partial Settlement

The Parties agree with Elexicon's proposed balances in its existing Group 1 and Group 2 deferral and variance accounts, subject to the modifications set out in Part E, Section 12 b) above, which includes the disposition of 50% of the balance recorded in the Getting Ontario Connected Account (GOCA) (with

the remainder of the balance to be written off) and the recalculation of LEAP account balances using IRM-escalated base amounts. The Parties have not reached agreement with respect to the amount Account 1511, Cloud Computing Implementation Costs (Dx NEXT), which remains unsettled and will be addressed through the oral hearing. With respect to disposition periods, the Parties agree with Elexicon's proposed one-year disposition period for Group 1 accounts and a one-year disposition period for Account 1592, PILs and Tax Variance for 2006 and Subsequent Years. The disposition period for the remaining Group 2 account balances, remains unsettled and will also be addressed through the oral hearing.

The Parties also agree to the continuation of Account 1592, PILs & Tax Variance - Accelerated CCA and the discontinuation of the remaining existing Group 2 accounts, as set out in Part E, Section 12 c) of this Settlement Proposal. The Parties further agree to the establishment of ESMDA, DRVA, CCRAVA, and NWSVA, as set out in Part E, Section 12 d). The proposed accounting treatment for these accounts is accepted, subject to the incorporation of a 15% symmetrical deadband applicable to the DRVA. Draft Accounting Orders for the ESMDA, DRVA, CCRAVA and NWSVA are attached as Attachments 3.1, 3.2, 3.3 and 3.4, respectively.

Revised DVA Continuity Schedules for Elexicon, the VRZ, and the WRZ are provided as Attachments 20.1, 20.2, and 20.3, respectively. Attachment 20.1 reflects the settled DVA balances for Elexicon, and all three schedules reflect the settled load forecast. The schedules currently incorporate a forecast Q4 2026 interest rate and will be updated in the Draft Rate Order to reflect the Q4 2026 OEB-prescribed interest rate, as well as any changes resulting from the OEB's determination of the unsettled issues. In the event that the implementation date occurs after January 1, 2027, the Draft Rate Order will include any required foregone revenue recovery mechanism.

Evidence

The evidence in relation to this issue includes the following:

Exhibits	Exhibit 1, Tab 5, Schedule 1: Rate Framework Exhibit 1, Tab 4, Schedule 6 Common Corporate OM&A Program (Appendix A) Exhibit 9, Tab 1, Schedule 1: Summary of Disposition Request Exhibit 9, Tab 2, Schedule 1: LRAMVA Exhibit 9, Tab 3, Schedule 1: Group 2 Account Balances Exhibit 9, Tab 3, Schedule 2: Disposition of Group 2 Deferral and Variance Account Balances (Updated April 2, 2026) Exhibit 9, Tab 3, Schedule 3: Account Status (Updated April 2, 2026) Exhibit 9, Tab 3, Schedule 4: Interest Rates Applied (Updated April 2, 2026) Exhibit 9, Tab 3, Schedule 5: Accounts Analysis (Updated April 2, 2026) Exhibit 9, Tab 3, Schedule 6: Generic Accounts Not Being Used Exhibit 9, Tab 3, Schedule 7: Method of Disposition (Updated April 2, 2026)
Interrogatories	1-Staff-24, 1-Staff-26, 3-Staff-97, 4-Staff-104, 4-Staff-118, 4-Staff-122, 6-Staff-149, 9-Staff-160 through 9-Staff-196, 4.1-PWU-09, 1-SEC-20, 9-SEC-96 through 9-SEC-101, 9-VECC-81, 4-CCC-50, 4-CCC-51, 9-CCC-65 through 9-CCC-69
Undertakings	JT2.10, JT 3.36, JT3.25
Clarification Questions	SC-SEC-6
Other	Evidence Day Presentation (Slides 30-32 and 37), JP1.1
Supporting Parties	SEC, VECC, QMA, DRC, EP, PP, BOMA, CCC, CCMBC
Parties taking no position	PWU

Appendix to Part F:

Settlement Clarification Questions (PDF) and related excels:

- SC-CCC-1 Attachment 1_Revised_20260728
- SC-CCC-02_20260724
- SC-SEC-6_Large Customer List with LLRVA Updates

PART G: COMMITMENTS

For the purposes of settlement, the Parties agree to the following:

1. **General Commitments:** Elexicon confirms that its Distribution System Plan and proposed execution is in alignment with the Durham Region and local community energy and emission plans and commitments. This includes, but is not limited to Elexicon's agreement to:

    - Proactive planning for electrification (EVs, heat pumps), the energy transition and associated peak/load impacts
    - Enablement of DERs (thermal energy networks, distributed generation, storage, non-wires alternatives)
    - Growth planning related to municipal energy/emissions plans and growth plans
    - Communicate with local planners on load forecasts, hosting capacity, and distribution system constraints in the Region of Durham and local municipalities.

    Elexicon undertakes to collaborate with IESO, local municipalities, Durham Region and other relevant stakeholders to enable eDSM program delivery and results within its service territory.

    Elexicon will report on the ongoing actions and results related to the above activities and distribution system planning improvements associated with its coordination with local municipalities and the Durham Region in its next cost of service application.

2. **Energy transition planning:** Elexicon will consider system demand and capacity to ensure its system can meet future customer and energy transition needs, including net demand modeling of DERs. This work will be ongoing and included in development of Elexicon's next DSP which will be filed at the next rebasing.

3. **Non-wire Solutions:** Elexicon undertakes to conduct a best practice review of peer utility development and implementation of NWSs and implement enhancement to identify NWSs during the rate term with the intent to advance NWS options in Elexicon's service territory. Elexicon will report on the activities and outcomes in its next rebasing application.

4. **Capacity Constraints:** Elexicon shall examine solutions to reduce restrictions on customer DER connections, including constraints associated with restricted feeders, short-circuit capacity, thermal loading, protection coordination, and other system limitations. Elexicon will assess the solutions to mitigate system constraints impacting customer connections, including DERs and EV charging, with the goal of not refusing or delaying requests. Elexicon will report on the activities and outcomes, including how those improvements are illustrated in the updates to its capacity mapping, in its next rebasing application.

5. **Connection Constraints**: Elexicon shall monitor and report on EVSE and DER connection requests that are deferred, limited, or otherwise materially affected by system capacity constraints within its service territory. Elexicon shall report on such constraints where possible, including the number of impacted requests, customer class, service area, requested load, current status, and whether any interim or alternative connection solution was offered, as part of its ongoing distribution system planning processes and next rebasing application. Elexicon shall assess and report on potential mitigation measures, and any proposed next steps in its next rebasing application.

6. **EV Charging Connection Tracking**: Elexicon shall assess the feasibility of separately tracking EV charging connections within its service territory, including residential, commercial, industrial, and multi-unit residential EV charging connections. This assessment shall include consideration of system capability, data availability, implementation costs, and operational impacts. Elexicon shall report on the findings of its assessment, including any proposed changes to its tracking practices, in its next rebasing application.

7. **MURB and Rental Housing EV Charging**: Elexicon shall assess how its connection processes, customer information, and distribution system planning can support EV charging access for multi-unit residential buildings and rental housing. This assessment shall include consideration of known barriers, including connection complexity, and distribution system capacity constraints. Elexicon shall report on the outcome of this assessment and any proposed next steps in its next rebasing application.

8. **Managed EV Charging**: Elexicon shall assess the feasibility of managed EV charging solutions and other flexible load resources in supporting distribution system needs and consider the integration of feasible solutions in future planning, NWS screening, and system capacity assessments. Elexicon shall report on this assessment as part of its next rebasing application.

9. **V2X Readiness**: Elexicon shall assess the feasibility of bi-directional flows described in its interrogatory responses, including consideration of short-circuit capacity constraints, thermal constraints, protection coordination, and related system limitations. Elexicon shall report on the results of this assessment, including any implications for DER connections, EV charging, battery storage, and future V2X capability, in its next rebasing application.

10. **Stakeholder Engagement**: Elexicon will continue to expand its engagement with interested stakeholders regarding Elexicon's NWS and DER-related (including EVs) activities through its existing engagement channels. Elexicon will enhance communication on NWS and DERs in its engagements both broad and targeted, where appropriate. Elexicon will report on these efforts, and the feedback and input provided by interested stakeholders, in its next rebasing application.

11. **ULOTOU / Off-Peak Charging Awareness**: Elexicon shall pursue reasonable opportunities to increase customer awareness of rate options and customer behaviours that may support off-peak EV charging, including Ultra-Low Overnight Time-of-Use rates where applicable. Elexicon shall provide an update on its related customer awareness efforts and any available information on customer uptake in its next rebasing application.

12. **LEAP EFA**. In accordance with the OEB's letter in EB-2023-0135 dated February 12, 2024, Elexicon acknowledges that no eligible Low-income Energy Assistance Program Emergency Financial Assistance ("**LEAP EFA**") applicant should be denied assistance due to a lack of available funding. To support the effective implementation of this policy, Elexicon shall notify its LEAP partner agencies that additional LEAP EFA funding to assist eligible applicants is available where required. Elexicon shall make such additional funding available in a manner that does not discourage LEAP partner agencies from providing additional assistance to eligible energy consumers, including by ensuring that partner agencies are aware that requests for additional funding may be made where existing LEAP EFA funding is insufficient.

PART H: ATTACHMENTS

Attachment 1 - Load Forecast Summary

Attachment 2 - Draft Accounting Orders

Earnings Sharing Mechanism Deferral Account (ESMDA)

Demand Related Variance Account (DRVA)

Connection Cost Recovery Agreement Variance Account (CCRAVA)

Non-Wires Solutions Deferral Account (NWSDA)

Attachment 2 – DRVA – CCRVA supporting calculations_20260918 (Excel File)

Attachment 3 - Current Tariff Schedules (2026)

Attachment 4 - OEB Appendix 2-AA Capital Projects

OEB Appendix 2-AB Capital Expenditures

OEB Appendix 2-BA Fixed Asset Continuity Schedule

OEB Appendix 2-BB Service Life Comparison, and

OEB Appendix 2-C Depreciation and Amortization Expense

Attachment 5 - Net In-Service Additions by Program (OEB Appendix 2-AA View)

Attachment 6 - OEB Appendix 2-ZA Commodity Expense

OEB Appendix 2-ZB Cost of Power (2027-2031)

Attachment 7 - OEB Appendix 2-FA RGC Investment Summary

OEB Appendix 2-FB Renewable Enabling Improvement Investments

OEB Appendix 2-FC Renewable Expansion Investments

Attachment 8 - OEB Appendix 2-IB Actual and Forecast Load

Attachment 9 - OEB Appendix 2-JA Summary of Recoverable OM&A Expenses (2020-2027)

OEB Appendix 2-JB Recoverable OM&A Cost Driver Table (2020-2027)

OEB Appendix 2-JC OM&A Programs Table (2020-2027)

Attachment 10 - OEB Appendix 2-N Shared Services and Corporate Cost Allocation

Attachment 11 - OEB Appendix 2-H Other Operating Revenue

Attachment 12 - OEB Appendix 2-R Loss Factors

Attachment 13 - Elexicon Load Forecast Model

Attachment 14 - Revenue Requirement Workforms

Attachment 14.1 - 2027 Revenue Requirement Workform

Attachment 14.2 - 2028 Revenue Requirement Workform

Attachment 14.3 - 2029 Revenue Requirement Workform

Attachment 14.4 - 2030 Revenue Requirement Workform

Attachment 14.5 - 2031 Revenue Requirement Workform

Attachment 15 - Cost Allocation Model (2027)

Attachment 16 - Load Profiles for Demand Allocators

Attachment 17 - Rate Design Model (2027-2031)

Attachment 18 - Retail Transmission Service Rates Workform (2027-2031)

Attachment 19 - DVA Continuity Schedules

Attachment 19.1 DVA Continuity Schedules (OEB Deferral and Variance Account (Continuity Schedule) Workform)

Attachment 19.2 DVA Continuity Schedule (OEB Deferral and Variance Account (Continuity Schedule) Workform) – VRZ

Attachment 19.3 DVA Continuity Schedule (OEB Deferral and Variance Account (Continuity Schedule) Workform) – WRZ

Attachment 20 - Commodity Accounts Analysis Workforms

Attachment 20.1 - Commodity Accounts Analysis Workform – VRZ

Attachment 20.2 - Commodity Accounts Analysis Workform – WRZ

Attachment 21 - Proposed Tariff Schedules (2027)

Attachment 22 - Bill Impacts Model (2027-2031)

Attachment 23 - Summary of Bill Impacts