EXHIBIT 8: RATE DESIGN

2027 Cost of Service

InnPower Corporation
EB-2026-0052

8-1-1 RATE DESIGN

1. INTRODUCTION

This Exhibit documents InnPower's calculation of the proposed distribution rates by class for the 2027 test year, based on the Rate Design outlined below.

In this Exhibit, InnPower uses the term "current rates" or "existing rates" to refer to the distribution rates approved by the OEB to be effective from January 1, 2026 (i.e., the distribution rates as set out in the Board's "Final Rate Order", EB-2025-0027, dated December 19, 2025). The proposed rates for January 1, 2027, as calculated through this Applicant will be compared to InnPower's current rates. The current rate schedule is presented in Appendix 1.

InnPower Corporation has determined its total 2027 service revenue requirement to be $26,793,437. The total revenue offsets in the amount of $4,129,578 reduces InnPower Corporation's total service revenue requirement to a base revenue requirement of $22,663,859, which is used to determine the proposed distribution rates. The base revenue requirement is derived from InnPower Corporation's 2027 capital, operating/maintenance forecasts, weather normalized usage, forecasted customer counts, and regulated return on rate base. The revenue requirement is summarized in Table 8-1:

Table 8-1: Summary of Revenue Requirement

Particulars	2027 Test Year
OM&A Expenses	11,831,971
LEAP	16,660
Depreciation Expense	6,809,558
Property Taxes	114,484
Total Distribution Expenses	18,772,672
Regulated Return on Capital	8,020,764
Grossed up PILs	0
Service Revenue Requirement	26,793,437
Less: Revenue Offsets	-4,129,578
Base Revenue Requirements	22,663,859

The base revenue requirement is allocated to the various rate classes as set out in Exhibit 7 – Cost Allocation. The following Table 8-2 outlines the allocation of the base revenue requirement to InnPower Corporation's rate classes.

Table 8-2: Proposed Apportionment of Base Revenue to Rate Class

Customer Class Name	2027 Proposed Revenue Requirement
Residential	$18,846,855
GS < 50	$1,728,803
GS > 50 kW	$1,637,946
Unmetered Scattered Load	$24,046
Sentinel	$41,312
Street Light	$361,908
Embedded Distributor	$22,987
Total Base Revenue	$22,663,859

1.1 Rate Design Policy

On April 2, 2015, the Ontario Energy Board (OEB) issued a new rate design policy, "A New Distribution Rate Design for Residential Electricity Customers", declaring that electricity distributors will structure residential rates so that all the costs for distribution services are collected through a fixed monthly charge, rather than a blend of fixed and variable charges This new policy

would be implemented over several years to manage any customer bill impacts. Furthermore, on July 16, 2016, the Board issued a letter outlining the implementation approach that LDC's are to follow in transitioning towards a 100% fixed monthly charge for Residential consumers.

As per the Board's policy, InnPower began the process of transitioning to a 100% fixed monthly charge for its residential customers in 2016, as detailed in its 2017 Cost of Service application (EB-2016-0085). InnPower completed the transition in 2020 and, as noted in the Decision and Rate Order, EB-2019-0047, the OEB confirmed that InnPower has transitioned to fully fixed rates for residential customers. The use of a 100% fixed rate for Residential distribution charges continued into InnPower's OEB-approved EB-2023-0033 settlement proposal, and InnPower is proposing to maintain a 100% fixed monthly charge for its' residential customers to continue adherence to the OEB's policy.

2. FIXED/VARIABLE PROPORTION

2.1 Current Fixed / Variable Proportion

InnPower's determination of fixed and variable charges by rate class begins by determining the current split between fixed and variable distribution revenue. This is accomplished by applying the existing approved monthly service charges to the forecasted number of customers and volumes for 2027 (as shown in Exhibit 3 load forecast). Similarly, existing variable consumption and demand charges (i.e. per kWh and per kW charges) are applied against forecast kWh and kW billing determinants per applicable rate class based on the 2027 load forecast. The calculation excludes rate riders, rate adders, the adjustment for Low Voltage ("LV") and the transformer allowance.

The following Table outlines InnPower Corporation's current split between fixed and variable distribution revenue.

Table 8-3: Current Fixed/Variable Split

Customer Class Name	Fixed Charge Revenue	Variable Revenue	TOTAL	% Fixed Revenue	% Variable Revenue
Residential	$14,520,697	$0	$14,520,697	100.00%	0.00%
GS < 50	$813,948	$517,911	$1,331,859	61.11%	38.89%
GS > 50 kW	$273,725	$988,139	$1,261,864	21.69%	78.31%
Unmetered Scattered Load	$10,515	$9,091	$19,607	53.63%	46.37%
Sentinel	$17,694	$14,132	$31,827	55.60%	44.40%
Street Light	$205,339	$73,473	$278,812	73.65%	26.35%
Embedded Distributor	$2,886	$12,550	$15,436	18.70%	81.30%
Total Fixed Revenue	$15,844,805	$1,615,297	$17,460,102		

2.2 Proposed Fixed Charges

InnPower proposes to maintain the fixed/variable proportions assumed in the current rates to design the proposed monthly service charges for each class with the exception of the GS<50kW, GS>50kW, and Embedded Distributor rate classes.

InnPower took the approach of first determining fixed charges on the basis of maintaining the existing fixed/variable split assumed in current rates, as depicted in the Table below.

Table 8-4: Fixed Charges Maintaining Fixed/Variable Split

Customer Class Name	Total Base Revenue Requirment	Fixed Revenue %	Total Fixed Revenue	Annualized Customers / Connections	Fixed Charge Maintaing Fixed/Variable Split
Residential	$18,846,855	100.00%	$18,846,855	24,725	$63.52
GS<50 kW	$1,728,803	61.11%	$1,056,535	1,373	$64.11
GS 50 to 4999 kW	$1,637,946	21.69%	$355,306	90	$327.94
Sentinel Lighting	$24,046	53.63%	$12,896	68	$15.88
Street Lighting	$41,312	55.60%	$22,968	140	$13.64
Unmetered Scattered Load	$361,908	73.65%	$266,538	5,450	$4.08
Embedded Distributor	$22,987	18.70%	$4,297	1	$358.12
Total Fixed Revenue	$22,663,859		$20,565,395		

Where the results of this exercise resulted in a fixed charge which is below the Fixed Charge Ceiling identified in tab O2 of the OEB's Cost Allocation Model, the fixed charge was established on the basis of maintaining the current fixed/variable split. Where the exercise resulted in a fixed charge above the Fixed Charge Ceiling, the fixed charge was established as the higher of either the existing 2026 fixed charge, or the Fixed Charge Ceiling determined for that rate class.

Relying on the analysis described above, the GS<50kW and GS>50kW rate classes are proposed to have fixed charges established on the basis of the Fixed Charge Ceiling, the Embedded Distributor is proposed to maintain its current 2026 fixed charge, and all other rate classes are proposed to receive fixed charges designed to maintain the current fixed/variable revenue split. The Table below depicts this analysis and its results.

Table 8-5: Proposed Fixed Charges

Customer Class Name	Current Monthly Service Charge	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	Minimum System with PLCC Adustment (Fixed Charge Ceiling)	Fixed Charge Selected	Proposed Monthly Service Charge
Residential	$48.94	$63.52	$35.80	Current Split	$63.52
GS < 50	$49.39	$64.11	$50.14	Ceiling	$50.14
GS > 50 kW	$252.64	$322.87	$301.04	Ceiling	$301.04
Unmetered Scattered Load	$12.95	$15.88	$21.99	Current Split	$15.88
Sentinel	$10.51	$13.64	$28.11	Current Split	$13.64
Street Light	$3.14	$4.08	$6.73	Current Split	$4.08
Embedded Distributor	$240.48	$358.12	$48.65	Current Rate	$240.48

2.3 Proposed Variable Charges

To determine variable chargers, InnPower first determined the fixed revenue which would result from application of the fixed charges proposed above, applied against the 2027 Test Year forecast customer/connection count (annualized). Variable revenues by rate class are determined by subtracting fixed revenues from the base revenue requirement allocated to each rate class. Variable revenue is subsequently divided by annualized kWh or kW billing determinants, as applicable, to determine a volumetric charge per kWh or kW.

InnPower's proposed variable charges are shown in the table below:

Table 8-6: Proposed Distribution Volumetric Charge

Customer Class Name	Base Revenue Requirement	Fixed Revenue	Variable Revenue (excl. Trans. Allowance)	Transformer Allowance	Variable Revenue (incl. Trans. Allowance)	Annualized kWh or kW	Proposed Volumetric Charge
Residential	$18,846,855	$18,846,855	$0	$0	$0	N/A	N/A
GS < 50	$1,728,803	$826,324	$902,479	$0	$902,479	49,324,890	0.0183
GS > 50 kW	$1,637,946	$326,160	$1,311,787	$19,789	$1,331,576	179,308	7.4262
Unmetered Scattered Load	$24,046	$12,896	$11,150	$0	$11,150	417,038	0.0267
Sentinel	$41,312	$22,968	$18,344	$0	$18,344	295	62.1844
Street Light	$361,908	$266,538	$95,370	$0	$95,370	3,382	28.2004
Embedded Distributor	$22,987	$2,886	$20,101	$0	$20,101	2,575	7.8055
Total	$22,663,859	$20,304,627	$2,359,232	$19,789	$2,379,021		

2.4 Proposed Rates and Rate Classes

The table below outlines InnPower's proposed 2027 electricity distribution rates based on the preceding calculations.

Table 8-7: Proposed Distribution Rates

Customer Class Name	Proposed Monthly Service Charge Metric	Proposed Monthly Volumetric Charge Metric	Usage Metric
Residential	$63.52	N/A	N/A
GS < 50	$50.14	$0.0183	kWh
GS > 50 kW	$301.04	$7.4262	kW
Unmetered Scattered Load	$15.88	$0.0267	kWh
Sentinel	$13.64	$62.1844	kW
Street Light	$4.08	$28.2004	kW
Embedded Distributor	$240.48	$7.8055	kW

2.5 MicroFIT Service Charges

Currently, InnPower utilizes the province wide OEB approved MicroFIT Monthly Service Charge of $5.00. Through this Application, InnPower is proposing to maintain the current rate of $5.00 for the MicroFIT Monthly Service Charge.

8-2-1 RETAIL TRANSMISSION SERVICE RATES (RTSRs)

Electricity distributors are charged for transmission costs at the wholesale level and subsequently pass these charges on to their distribution customers through the RTSRs.

For each distribution rate class there are two RTSRs:

- RTSR Network charge - recovers the Uniform Transmission Rates (UTR) wholesale network service charge; and
- RTSR Connection charge - recovers the UTR wholesale line and transformation connection charges.

For the GS>50 rate class there are two new RTSRs:

Effective January 1, 2026, the RTSR rate for Electric Vehicle (EV) chargers was established to address the distinct electrical demand characteristics of EV charging facilities and to ensure costs associated with serving these loads are recovered in a fair and equitable manner.

- RTSR Network charge – EV Charging – recovers the UTR wholesale network service charge proportional to actual transmission system costs incurred by low-load factor EV chargers. Participating customers pay 17% of the base RTSR that applies to their general service rate class; and

- RTSR Connection charge – EV Charging – recovers the UTR wholesale line and transformation connection charge proportional to actual transmission system costs incurred by low-load factor EV chargers. Participating customers pay 17% of the base RTSR that applies to their general service rate class.

Variance accounts are used to capture timing differences and differences in the rate that a distributor pays for wholesale transmission service compared to the retail rate that the distributor is authorized to charge when billing its customers. InnPower Corporation completed its 2027 proposed RTSR in accordance with the Guideline G-2008-0001: Electricity Distribution Retail Transmission Service Rates, October 22, 2008 (and any subsequent updates). The RTSR model provided by the Board is being filed in conjunction with this application as IPC_2027COS_RTSR_20260724. InnPower Corporation understands that RTSR rates for the years 2028 – 2031 will be updated via its annual IRM applications to the OEB.

Table 8-8 below presents InnPower's existing versus its proposed RTSR for the 2027 Test Year.

Table 8-8: Proposed RTSR Rates – Network

Rate Class	Rate Description	Unit	Current RTSR-Network	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR Network
Residential	RTR - NSR	$/kWh	0.0124	234,015,186	0	2,832,273	68.0%	2,832,273	0.0121
GS<50 kW	RTR - NSR	$/kWh	0.0112	51,584,036	0	563,901	13.5%	563,901	0.0109
GS 50 to 4999 kW	RTR - NSR	$/kW	4.4090	0	446	1,917	0.0%	1,917	4.3034
GS 50 to 4999 kW	RTR - NSR (EV)	$/kW	0.7495	0	0	0	0.0%	0	0.7316
GS 50 to 4999 kW	RTR - NSR Interval Metered	$/kW	4.4090	0	171,149	736,518	17.7%	736,518	4.3034
GS 50 to 4999 kW	RTR - NSR (EV) Interval Metered	$/kW	0.7495	0	4,990	3,651	0.1%	3,651	0.7316
Unmetered Scattered Load	RTR - NSR	$/kWh	0.0112	460,170	0	5,030	0.1%	5,030	0.0109
Sentinel Lighting	RTR - NSR	$/kW	3.4505	0	295	993	0.0%	993	3.3678
Street Lighting	RTR - NSR	$/kW	3.4333	0	3,011	10,090	0.2%	10,089	3.3511
Embedded Distributor	RTR - NSR	$/kW	4.4090	0	2,883	12,405	0.3%	12,405	4.3034

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Table 8-9: Proposed RTSR Rates – Connection

Rate Class	Rate Description	Unit	Current RTSR-Connection	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR Connection
Residential	RTR - NSR	$/kWh	0.0090	234,015,186	0	2,077,389	63.4%	2,129,204	0.0091
GS<50 kW	RTR - NSR	$/kWh	0.0083	51,584,036	0	422,303	12.9%	432,837	0.0084
GS 50 to 4999 kW	RTR - NSR	$/kW	4.7236	0	446	2,076	0.1%	2,128	4.7753
GS 50 to 4999 kW	RTR - NSR (EV)	$/kW	0.8030	0	0	0	0.0%	0	0.8118
GS 50 to 4999 kW	RTR - NSR Interval Metered	$/kW	4.4260	0	171,149	747,165	22.8%	765,801	4.4745
GS 50 to 4999 kW	RTR - NSR (EV) Interval Metered	$/kW	0.7524	0	4,990	3,703	0.1%	3,796	0.7607
Unmetered Scattered Load	RTR - NSR	$/kWh	0.0083	460,170	0	3,767	0.1%	3,861	0.0084
Sentinel Lighting	RTR - NSR	$/kW	3.6916	0	295	1,074	0.0%	1,101	3.7320
Street Lighting	RTR - NSR	$/kW	2.4899	0	3,011	7,394	0.2%	7,579	2.5172
Embedded Distributor	RTR - NSR	$/kW	4.4260	0	2,883	12,584	0.4%	12,898	4.4745

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The transmission and network charges the tables above were used to calculate the Cost of Power for InnPower's Working Capital Allowance.

8-3-1 RETAIL SERVICE CHARGES

Retail services refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity as set out in the Retail Settlement Code ("RSC").

InnPower Corporation proposes to maintain the generic Retail Service Charges approved in the 2026 IRM application (EB-2025-0027).

8-4-1 REGULATORY CHARGES

1. WHOLESALE MARKET SERVICE RATES

Wholesale Market Service Charges (WMS Charges) recover the cost of services required to operate the electricity system and administer the wholesale market. The rates recover the costs of the day-to-day operations of the electricity market, support system planning and administration, and fund provincial rate assistance programs.

Individual electricity distributors recover the WMS Charges from their customers through the WMS rate, which is authorized by the Board under section 78 of the Act. The WMS rate appears on the tariff sheets for all electricity distributors. WMS Charges are paid by all customers of the wholesale electricity market, including electricity distributors, to the IESO.

The Wholesale Market Service (WMS) charge and the Rural or Remote Electricity Rate Protection (RRRP) charge, for the 2027 Test Year were calculated based on the OEB Decision and Rate Order EB-2025-0299 issued December 11, 2025.

- WMS $0.0041/kWh (excluding Capacity Based Recovery ("CBR")) or $0.0047/kWh including CBR of $0.0006/kWh
- RRRP $0.0006/kWh

InnPower has relied on the OEB-specified rates for WMS and RRRP in EB-2025-0299 without adjustment.

8-5-1 SPECIFIC SERVICE CHARGES

1. EXISTING SPECIFIC SERVICE CHARGES

The following is a list and descriptions of InnPower's existing specific service charges that are included in the current rates and tariff sheet (EB-2025-0027). InnPower proposing continuation and approval of all its current Specific Service Charges in the 2027 Test Year Tariff.

1.1 Customer Administration

1. **Arrears Certificate Charge** of $15.00 covers the cost of a letter that is produced after investigating whether an outstanding balance exists.
2. **Easement Letter Charge** for Unregistered Easements of $15.00 covers the costs of a letter that is produced after researching and presenting the findings to the customer.
3. **Credit Reference/Credit Check Charge** of $15.00 plus any credit agency costs if applicable, for InnPower to complete the review of their credit history.
4. **Account Set-up/Change of Occupancy Charge** of $30.00 applies to new accounts and existing accounts when a customer moves from one address to another, even within InnPower's service territory, please see Section 2.4.4.1 of InnPower's Conditions of Service.
5. **Returned Payment Charge** of $15.00 plus any bank charges is applied when cheques are returned by the bank and not processed as a result of non-sufficient funds (NSF) on an account.
6. **Meter Dispute Charge** of $30.00 plus any Measurement Canada Fees (if meter found to be correct), covers the cost of preparing information to send to Measurement Canada for testing, please see Section 2.3.8.7 of InnPower's Conditions of Service.

1.2 Non-Payment of Account

1. **Late Payment Charge** A late payment charge of 1.5% per month (representing an effective annual rate of 19.56% annually, or .04896% compounded daily rate) is applied to all accounts not paid by the due date, please see Section 2.4.5 of InnPower's Conditions of Service.
2. **Reconnection Charges** are for reconnection of services from non-payment of account. These charges vary and are based on the type of electrical service and time of day the service is reconnected. Regular Hours are Monday to Friday from 7:30 am to 4:00 pm.
    a. Reconnection at meter during regular hours is $65.00
    b. Reconnection at meter after regular hours is $185.00
    c. Reconnection at pole during regular hours is $185.00
    d. Reconnection at pole after regular hours is $415.00
3. **Customer Initiated Reconnection Charges** are for reconnection of services based on request from customer. These charges vary and are based on the type of electrical service and time of day the service is reconnected. Regular Hours are Monday to Friday from 7:30 am to 4:00 pm.
    a. Reconnection at meter during regular hours is $65.00
    b. Reconnection at meter after regular hours is $185.00
    c. Reconnection at pole during regular hours is $185.00
    d. Reconnection at pole after regular hours is $415.00

1.3 Other

1. **Special Meter Reads** of $30.00
2. **Temporary Service** – install and remove – overhead – no transformer of $632.00
3. **Temporary Service** – installation and removal – underground – no transformer of $468.00
4. **Temporary Service** – installation and removal – overhead with transformer of $2,525.00
5. **Specific Charge for Access to the Power Poles** – per pole/year of $36.05

2. NEW SPECIFIC SERVICE CHARGES

InnPower Corporation is not requesting approval of any new Specific Service Charges.

8-6-1 LOW VOLTAGE SERVICE CHARGES

InnPower last received approval of its Low Voltage ("LV") Rates for the recovery of low voltage changes incurred from its host distributor in 2024 in EB-2023-0033. In this application, InnPower is seeking approval of updated LV Rates based on forecast LV costs into the Test Year, and forecast Test Year billing determinants. Proposed LV Rates have been calculated relying upon the OEB's 2027 RTSR Model, tab 9. LV Rates, where in forecast LV costs are allocated to InnPower's rate classes on the basis of their proportionate share of RTSR Connection Revenue, and LV rates are determined by dividing allocated LV costs per rate class by loss adjusted variable billing determinants per rate class.

Tables 8-10 below shows actual LV costs from 2022 through 2025, as well as forecast 2026 and 2027 LV costs.

Table 8-10: Historical and Proposed LV Charges

Low Voltage Charges	2022	2023	2024	2025	2026	2027
4750 - Charges - LV	1,277,594	1,234,162	1,370,557	1,173,429	1,367,729	1,416,397
Variance from Prior Year		-43,432	136,395	-197,128	194,301	48,668

As shown above, LV costs have increased by 11% from 2022 Actuals to 2027 Forecast, driven by a combination of increased volume and host distributor rate increases. Forecast 2026 and 2027 LV costs were calculated using the following methodology:

Consumption

- Dividing 2025 kWh billed consumption for LV by 2025 total metered kWh consumption.

- Applying this percentage to the 2026 and 2027 projected total metered kWh consumption (from the load forecast) to determine forecast LV consumption.

Rate & Cost

- Determining the average $/kWh for LV costs over the 2022 through 2025 actual period.
- Applying the above noted $/kWh LV cost to forecast LV consumption for each of 2026 and 2027.

Detailed calculation of 2026 and 2027 LV costs are provided below based on the methodology described above:

LV Consumption Calculation

2025 kWh billed for LV	63,548	
Total 2025 metered kWh consumption	332,174,438	
	0.019%	
2026 kWh for LV	64,691	0.019% x 2026 kWh
Total 2026 projected kWh consumption	338,149,881	
2027 kWh for LV	66,993	0.019% x 2027 kWh
Total 2027 projected kWh consumption	350,182,246	

LV Cost Calculation

Unit cost per kWh (2022-2025)	$ 21.14	21.1423
2023 projected LV cost	$ 1,367,708	64,691 x $21.14
2024 projected LV cost	$ 1,416,376	66,993 x $21.14

The excerpt below from tab 9. LV Rates of the RTSR model filed with this application as IPC_2027COS_RTSR_20260724 demonstrates the determination of LV cost allocation on the basis of RTSR Connection revenue, and the application of this allocation to forecast LV costs to determine the LV rates shown and proposed.

Rate Class	Unit	2027 Forecasted Volume	RTSR Connection Rate	Loss Adjusted Volume	RTSR Connection Revenue	Allocation	Allocated Low Voltage Charges	Loss Adjusted Volume	Low Voltage Rates
RESIDENTIAL SERVICE CLASSIFICATION	$/kWh	231,433,978	0.009098573	250,426,077	2,278,520	63.2%	895,010	250,426,077	0.0036
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION	$/kWh	49,324,890	0.008390906	53,372,624	447,845	12.4%	175,915	53,372,624	0.0033
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	$/kW	173,739	4.77533608	173,739	829,662	23.0%	325,894	173,739	1.8758
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	$/kW	5,569	4.474476112	5,569	24,920	0.7%	9,789	5,569	1.7576
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	$/kWh	417,038	0.00839092	451,261	3,786	0.1%	1,487	451,261	0.0033
SENTINEL LIGHTING SERVICE CLASSIFICATION	$/kW	295	3.732045528	295	1,101	0.0%	432	295	1.4660
STREET LIGHTING SERVICE CLASSIFICATION	$/kW	3,382	2.517171282	3,382	8,513	0.2%	3,344	3,382	0.9888
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION	$/kW	2,575	4.474476394	2,575	11,523	0.3%	4,526	2,575	1.7576
TOTAL					3,605,870	100.0%	1,416,397		

Current LV revenues are recovered through a separate rate adder and therefore are not embedded within the approved Distribution Volumetric rate.

8-7-1 SMART METER ENTITY CHARGES

On September 8, 2022, the OEB approved an SMC of $0.42 per meter per month from January 1, 2023 to December 31, 2027, and finalized the rates approved on an interim basis.

InnPower will continue to charge the $0.42 rate until December 31, 2027, as directed by the Board.

8-8-1 LOSS ADJUSTMENT FACTOR

InnPower Corporation proposes a Total Loss Factor ("TLF") of 1.0821, using the historical average of the last five years as presented in Table 8-11. The proposed TLF represents a continuation of InnPower Corporation's currently approved TLF of 1.0821. The current TLF of 1.0821 was approved in InnPower's 2024 Cost of Service (EB-2023-0033), wherein InnPower submitted a Line Loss Study in recognition that distribution system losses were in excess of 5%. As InnPower's proposed TLF in this application is consistent with the TLF approved in EB-2023-0033, InnPower submits the TLF remains appropriate for approval.

Of note, InnPower's 13M3 has a dynamic loss factor that averages approximately 0.5%, whereas, the other installations have a standard Hydro One Network Inc loss factor of 3.4%. As such, the supplies facilities loss factor varies by year based on load and is slightly lower than the standard Hydro One loss factor of 3.4%.

InnPower has filed completed Chapter 2 Appendices including Appendix 2-R Loss Factor, as IPC_2027COS_Chapter_2_Appendices_20260724.

The following table shows InnPower's historical loss factor from 2021 to 2025.

Table 8-11: Appendix 2-R Loss Factors

		2021	2022	2023	2024	2025	5-Year Average
	Losses Within Distributor's System						
A(1)	"Wholesale" kWh delivered to distributor (higher value)	303,807,771	307,736,609	311,631,727	333,016,300	357,190,963	322,676,674
A(2)	"Wholesale" kWh delivered to distributor (lower value)	295,240,254	299,934,504	303,103,175	324,696,010	349,049,038	314,404,596
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)						
C	Net "Wholesale" kWh delivered to distributor = **A(2) - B**	295,240,254	299,934,504	303,103,175	324,696,010	349,049,038	314,404,596
D	"Retail" kWh delivered by distributor	279,283,303	284,467,925	286,827,136	308,438,102	332,174,438	298,238,181
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)	0	0	0	0	0	0
F	Net "Retail" kWh delivered by distributor = **D - E**	279,283,303	284,467,925	286,827,136	308,438,102	332,174,438	298,238,181
G	Loss Factor in Distributor's system = **C / F**	1.0571	1.0544	1.0567	1.0527	1.0508	1.0542
	Losses Upstream of Distributor's System						
H	Supply Facilities Loss Factor	1.0290	1.0260	1.0281	1.0256	1.0233	1.0264
	Total Losses						
I	Total Loss Factor = **G x H**	1.0878	1.0818	1.0865	1.0797	1.0753	1.0821

The following table provides a reconciliation between the application and the Electricity Reporting and Record-keeping Requirement Filing (RRR). In the process of preparing this application InnPower discovered adjustments required to its previously reported RRR deliveries and losses, as shown below.

Table 8-12: Loss Factor Reconciliation to RRR

	Wholesale	2021	2022	2023	2024	2025
	January	27,383,195	30,693,913	27,816,333	30,258,212	33,201,031
	February	26,118,374	26,556,496	25,737,050	26,987,081	29,519,020
	March	25,209,899	26,436,228	26,997,987	26,960,113	28,188,056
	April	21,444,082	22,507,686	22,470,351	23,858,192	25,907,145
	May	21,915,008	22,133,009	22,071,225	23,467,028	24,336,480
	June	24,946,416	23,221,729	24,243,663	26,576,957	28,531,695
	July	25,413,114	26,415,919	28,251,363	31,188,046	35,219,494
	August	29,121,956	27,237,590	25,466,441	29,636,389	31,952,623
	September	21,448,441	22,039,777	23,431,411	25,156,586	25,218,658
	October	21,738,525	21,742,887	23,160,515	24,192,597	25,484,180
	November	23,740,520	23,454,129	25,412,592	25,649,642	28,123,203
	December	26,760,724	27,495,142	28,044,242	30,765,167	33,367,454
A	**Total**	**295,240,254**	**299,934,504**	**303,103,175**	**324,696,010**	**349,049,038**
	RRR excl. losses (delivery/sold)	*275,241,822*	*280,522,847*	*282,884,525*	*305,422,642*	*335,183,193*
	Delivery/Sold Adjustments	*4,041,481*	*3,945,078*	*3,942,610*	*3,015,459*	*-3,008,755*
B	Delivery/Sold	*279,283,303*	*284,467,925*	*286,827,136*	*308,438,102*	*332,174,438*
	RRR Total Distribution Losses (kWh)	*16,867,122*	*16,402,169*	*17,178,482*	*16,257,908*	*10,964,901*
	Total Distribution Loss Adjustments (kWh)	*-910,171*	*-935,590*	*-902,443*	*0*	*5,909,699*
C	Total Distribution Losses (kWh)	*15,956,951*	*15,466,579*	*16,276,039*	*16,257,908*	*16,874,600*
D = B + C	Total kWh Purchased	*295,240,254*	*299,934,504*	*303,103,175*	*324,696,010*	*349,049,038*
E = A - D	Difference	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*

8-9-1 TARIFF OF RATES AND CHARGES

InnPower Corporation presents the proposed Tariff of Rates and Charges associated with this application in Appendix 2.

8-10-1 REVENUE RECONCILIATION

Tables 8-13 below provides a detailed calculation of revenue at existing rates, by applying the 2027 Test Year billing determinant forecast against 2026 approved fixed and variable charges.

Table 8-13: Revenue per Rate Class for Current Rates

	Units	Average Customers / Connections	Test Year Consumption		Current Rates			Rev at current Fixed Rate	Rev at current Var Rate	Less Transformer Allowance	Total
			kWh	kW	Monthly Service Charge	Volumetric					
						kWh	kW				
Residential	kWh	24,725	231,433,978	-	$48.94			$14,520,697	$0	$0	$14,520,697
GS < 50	kWh	1,373	49,324,890	-	$49.39	$0.0105		$813,948	$517,911	$0	$1,331,859
GS > 50 kW	kW	90	66,825,175	179,308	$252.64		$5.6212	$273,725	$1,007,928	-$19,789	$1,261,864
Unmetered Scattered Load	kW	68	417,038	-	$12.95	$0.0218		$10,515	$9,091	$0	$19,607
Sentinel	kW	140	91,147	295	$10.51		$47.9065	$17,694	$14,132	$0	$31,827
Street Light	kWh	5,450	1,113,428	3,382	$3.14		$21.7254	$205,339	$73,473	$0	$278,812
Embedded Distributor	kW	1	976,590	2,575	$240.48		$4.8733	$2,886	$12,550	$0	$15,436
TOTAL		31,847	350,182,246	185,561				$15,844,805	$1,635,086	-$19,789	$17,460,102

Table 8-14 provides a detailed calculation of revenue at proposed rates, relying on application of the 2027 Test Year billing determinant forecast, wherein fixed charges have been rounded to two digits right of the decimal, and variable charges have been rounded to 4 digits. Table 8-14 includes a reconciliation comparing revenue at proposed (rounded) rates to the proposed base revenue requirement, and presenting the resulting immaterial variance. A revenue reconciliation is also completed in Tab 13 of the Revenue Requirement Workform, filed as IPC_2027COS_RRWF_20260724.

Table 8-14: Revenue per Rate Class for Proposed Rates and Revenue Reconciliation

	Units	Average Customers / Connections	Test Year Consumption		Proposed Rates			Rev at proposed Fixed Rate	Rev at proposed Var Rate	Less Transformer Allowance	Total
			kWh	kW	Monthly Service Charge	Volumetric					
						kWh	kW				
Residential	kWh	24,725	231,433,978	-	$63.52			$18,846,642	$0	$0	$18,846,642
GS < 50	kWh	1,373	49,324,890	-	$50.14	$0.0183		$826,308	$902,645	$0	$1,728,954
GS > 50 kW	kW	90	66,825,175	179,308	$301.04		$7.4262	$326,165	$1,331,580	-$19,789	$1,637,955
Unmetered Scattered Load	kW	68	417,038	-	$15.88	$0.0267		$12,895	$11,135	$0	$24,029
Sentinel	kW	140	91,147	295	$13.64		$62.1844	$22,964	$18,344	$0	$41,308
Street Light	kWh	5,450	1,113,428	3,382	$4.08		$28.2004	$266,810	$95,371	$0	$362,181
Embedded Distributor	kW	1	976,590	2,575	$240.48		$7.8055	$2,886	$20,101	$0	$22,987
TOTAL		31,847	350,182,246	185,561				$20,304,669	$2,379,177	-$19,789	$22,664,056
									Base Revenue Requirement		$22,663,859
									Variance ($)		$197
									Variance (%)		0.001%

8-11-1 BILL IMPACT INFORMATION

In calculating and presenting the bill impacts, InnPower applied the typical monthly kWh consumption and kW demand per rate class, as per table below:

Table 8-15: Rate Classes, Pricing and Consumption / Demand

Rate Class	Units	RPP? Non-RPP Retailer? Non-RPP Other?	Current Loss Factor (eg: 1.0351)	Proposed Loss Factor	Consumption (kWh)	Demand kW (if applicable)	RTSR Demand or Demand-Interval?	Billing Determinant Applied to Fixed Charge for Unmetered Classes (eg # devices / connections)
Residential	kwh	RPP	1.0821	1.0821	750		Consumption	
GS<50 kW	kwh	RPP	1.0821	1.0821	2,000		Consumption	
GS 50 to 4999 kW	kw	Non-RPP (Other)	1.0821	1.0821	55,000	150	Demand	
Unmetered Scattered Load	kwh	RPP	1.0821	1.0821	450		Consumption	1
Sentinel Lighting	kw	Non-RPP (Other)	1.0821	1.0821	70	1	Demand	1
Street Lighting	kw	Non-RPP (Other)	1.0821	1.0821	75,000	225	Demand	4,692
Residential	kwh	Non-RPP (Retailer)	1.0821	1.0821	750		Consumption	
Embedded Distributor	kw	Non-RPP (Other)	1.0821	1.0821	78,000	190	Demand	

The impacts shown use InnPower's current OEB-approved rates effective January 1, 2026 compared to the proposed January 1, 2027 rates, including rate riders for the recovery of deferral and variance accounts (as discussed in Exhibit 9). Please note, total bill impacts include Distribution Rate Protection, as InnPower is one of eight distributors in the province eligible for funding through provincial rates.

InnPower's proposed bill impacts, absent any rate mitigation, are presented in Table 8-16 below, and in IPC_2027COS_Tariff_Bill_Impacts_No_Rate_Mitigation_20260724 attached to this application.

- Subtotal A: represents the distributor's fixed and variable charges
- Subtotal B: represents Subtotal A plus low voltage charges and deferral and variance rate riders

- Subtotal C: represents Subtotal B network connection and transmission charge
- Total Bill impacts includes Subtotal C and administrative charges, pass-through charges, commodity and taxes.

Table 8-16: Bill Impacts: No Rate Mitigation

Rate Class	Units	Subtotal						Total	
		A		B		C		Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$0.23	0.5%	$0.61	1.1%	$1.67	2.3%	$1.49	1.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$16.95	24.1%	$19.23	18.7%	$21.61	15.2%	$19.34	5.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$335.61	30.6%	($248.58)	(13.9%)	($155.04)	(4.7%)	($175.46)	(1.5%)
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$578.34	49.6%	($275.78)	(13.2%)	($178.06)	(4.9%)	($201.60)	(1.3%)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$5.27	23.2%	$5.39	17.7%	$5.92	15.1%	$5.30	6.0%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$17.50	30.0%	$17.86	29.2%	$18.28	26.9%	$16.36	23.9%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$5,889.16	30.0%	$5,095.44	25.0%	$5,171.90	23.9%	$5,843.87	16.5%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	$0.23	0.5%	($9.06)	(15.2%)	($8.01)	(10.6%)	($7.17)	(4.8%)

As shown above, the majority of InnPower's rate classes will experience total bill impacts of less than 10% as a result of this application, with two rate classes (GS 50 to 4,999kW and Embedded Distributor), as well as Non-RPP Residential Customers, experiencing a total bill decrease. InnPower's Sentinel and Street Lighting rate classes experience total bill impacts in excess of 10%, at 23.9% and 16.5%, respectively. Per the OEB's Chapter 2 Filing Requirements, InnPower is proposing rate mitigation for these two rate classes to limit their 2027 Total Bill Impacts to 10.0%, as further described in Section 8-12 below.

8-12-1 RATE MITIGATION

InnPower proposes the use of credit rate riders for the Sentinel and Streetlighting classes in 2027, and a reduced credit rate rider for Sentinel Lighting in 2028, to smooth the impacts of this application for customers.

InnPower determined the required credit rate rider values based on the following methodology:

1) Determine the difference between Total Bills without rate mitigation, and Total Bills with an increase of 10% to determine the per bill mitigation required;
2) Adjust per bill mitigation for HST and the Ontario Electricity Rebate ("OER");
3) Divide the post HST/OER per bill mitigation required by the variable rate billing determinant per customer for each rate class to determine the $/kW credit rate rider required; and,
4) For Sentinel Lighting, divide the proposed 2027 rate mitigation credit rider by 2 to provide for continued, but lessened, rate mitigation into the 2028 rate year.

Implementation of this approach will result in Total Bill Impacts for Sentinel and Streetlighting of 10.0% in 2027, followed by Total Bill Impacts of less than 10% 2028 and 2029 under current assumptions. Corresponding to the credit rate riders noted, InnPower has proposed a new Group 2 Deferral Account, Account 1508 – Foregone Revenue (Rate Mitigation) to capture foregone

revenues resulting from the rate mitigation credit rate riders for recovery in a future proceeding. A list of bill impact scenarios is presented over the next several pages with actual bill impacts.

Table 8-17 below demonstrates the determination of rate classes which require rate mitigation:

Table 8-17: Identification of Rate Classes requiring Rate Mitigation

Rate Class	Current OEB-Approved Total Bill	Proposed Total Bill	Change ($)	Change (%)	Maximum Total Bill Impact	Rate Mitigation (Y/N)
Residential	$154.09	$155.58	$1.49	1.0%	10.0%	No
GS <50kW	$365.80	$385.14	$19.34	5.3%	10.0%	No
GS 50 to 4,999kW	$11,699.31	$11,523.85	($175.46)	(1.5%)	10.0%	No
Embedded Distributor	$15,472.92	$15,271.32	($201.60)	(1.3%)	10.0%	No
Unmetered Scattered Load	$89.01	$94.31	$5.30	6.0%	10.0%	No
Sentinel Lighting	$68.42	$84.78	$16.36	23.9%	10.0%	Yes
Street Lighting	$35,336.30	$41,180.17	$5,843.87	16.5%	10.0%	Yes

Table 8-18 shows the derivation of variable billing determinant credit rate riders to achieve the required rate mitigation:

Table 8-18: Derivation of Rate Mitigation Credit Riders

Rate Class	Post Mitigation Total Bill (Max 10%)	Post Mitigation Total Bill Impact	Per Customer Mitigation Required per Month ($)	Blended HST/OER Rate	Pre HST/OER Per Customer Mitigation Required per Month ($)	Variable Rate Rider Billing Determinant per Customer	Per Charge Determinant, per Month
Residential	$155.58	1.0%	$0.00	-10.5%	$0.00	750	$0.00
GS <50kW	$385.14	5.3%	$0.00	-10.5%	$0.00	2000	$0.00
GS 50 to 4,999kW	$11,523.85	(1.5%)	$0.00	13.0%	$0.00	150	$0.00
Embedded Distributor	$15,271.32	(1.3%)	$0.00	13.0%	$0.00	190	$0.00
Unmetered Scattered Load	$94.31	6.0%	$0.00	13.0%	$0.00	450	$0.00
Sentinel Lighting	$75.26	10.0%	($9.52)	-10.5%	($10.64)	1	($10.64)
Street Lighting	$38,869.93	10.0%	($2,310.24)	13.0%	($2,044.46)	225	($9.09)

As noted above, InnPower proposes the elimination of Streetlighting rate mitigation effective December 31, 2027, however some rate mitigation for Sentinel Lighting is proposed into 2028 to avoid bill impacts in excess of 10% in that year. InnPower proposes the elimination of the proposed $10.64/kW credit rider for Sentinel effective December 31, 2027, to be replaced by a rider that is half this v`alue ($4.76/kW) effective January 1, 2028. This 2028 credit rider will subsequently be eliminated December 31, 2028.

Table 8-19 shows forecast Total Bill Impacts by rate class for 2027 and 2028, wherein 2028 Total Bills are established on the basis of a 1.70% Price Cap Index applicable to distribution bills from 2027 to 2028:

Table 8-19: Forecast Total Bill Impacts including Rate Mitigation (2027 – 2028)

Total Bill Change - Mitigation	2027	2028
Residential	1.0%	0.5%
GS <50kW	5.3%	0.4%
GS 50 to 4,999kW	-1.5%	0.2%
Embedded Distributor	-1.3%	0.2%
Unmetered Scattered Load	6.0%	0.5%
Sentinel Lighting	10.0%	8.0%
Street Lighting	10.0%	7.1%

InnPower proposes amounts relating to the rate mitigation credit rate riders be recorded in a new deferral account, the Foregone Revenue Deferral Account, for disposition at InnPower's next rebasing application. A Draft Accounting Order for the Foregone Revenue Deferral Account has been attached to Exhibit 9 of this application. Table 8-20 below provides InnPower's forecast of the principal balance to be recorded in the Foregone Revenue Deferral Account:

Table 8-20: Forecast Foregone Revenue (2027 – 2028)

Forecast Foregone Revenue	2027	2028
Residential	$0.00	$0.00
GS <50kW	$0.00	$0.00
GS 50 to 4,999kW	$0.00	$0.00
Embedded Distributor	$0.00	$0.00
Unmetered Scattered Load	$0.00	$0.00

Forecast Foregone Revenue	2027	2028
Sentinel Lighting	$3,137.62	$1,404.08
Street Lighting	$30,729.42	$0.00
Total	**$33,867.04**	**$1,404.08**

On implementation of the proposed rate mitigation, InnPower's proposed Total Bill Impacts for 2027 are as follows:

Table 8-21: Total Bill Impacts with Rate Mitigation

Rate Class	Units	Subtotal A		Subtotal B		Subtotal C		Total Total Bill	
		$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	$0.23	0.5%	$0.61	1.1%	$1.67	2.3%	$1.49	1.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	$16.95	24.1%	$19.23	18.7%	$21.61	15.2%	$19.34	5.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$335.61	30.6%	($248.58)	(13.9%)	($155.04)	(4.7%)	($175.46)	(1.5%)
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$578.34	49.6%	($275.78)	(13.2%)	($178.06)	(4.9%)	($201.60)	(1.3%)
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	$5.27	23.2%	$5.39	17.7%	$5.92	15.1%	$5.30	6.0%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$6.86	11.7%	$7.23	11.8%	$7.64	11.3%	$6.84	10.0%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	$3,844.70	19.6%	$3,050.98	15.0%	$3,127.43	14.5%	$3,533.62	10.0%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	$0.23	0.5%	($9.06)	(15.2%)	($8.01)	(10.6%)	($7.17)	(4.8%)

InnPower has attached completed versions of the OEB's Tariff Schedule and Bill Impact model as IPC_2027COS_Tariff_Bill_Impact_No_Rate_Mitigation and IPC_2027COS_Tariff_Bill_Impact_Rate_Mitigation, providing comprehensive information on bill impacts both with and without rate mitigation. As InnPower is proposing rate mitigation in this application, the utility has only provided a single draft Tariff of Rates and Charges attached to this Exhibit as Appendix 2, which is inclusive of the rate mitigation described.

List of Appendices

Appendix 1	2026 IRM Tariff of Rates and Charges
Appendix 2	2027 Proposed Tariff of Rates and Charges

Appendix 1 2026 IRM Tariff of Rates and Charges

Appendix 2 2027 Proposed Tariff of Rates and Charges