Hydro Ottawa Limited

Business Plan

2026-2030

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1. INTRODUCTION

Hydro Ottawa Limited ("Hydro Ottawa" or "the utility") presents its 2026-2030 Business Plan, which articulates the utility's overall strategy and priorities, highlights the capital and operational investments required to run the business effectively and meet customer needs, and outlines the benefits that will accrue to customers as a result of the plan's execution.

The formulation of this Business Plan follows on the heels of a series of five-year rate cycles during which Hydro Ottawa has invested in core distribution infrastructure and business assets, and strengthened its organizational posture and resilience. An examination of achievements in recent years reveals a lengthy roster of outcomes that comport with customer expectations for quality and value-added service: consistent reliability performance; timely outage restoration; new system capacity to accommodate local growth; greater choice and convenience in service delivery; efficiency and consistency in completing service requests; more online and digital service offerings and communication channels; and the maintenance of infrastructure in safe working order. What's more, these results were achieved against a backdrop of extraordinary challenges and pressures. These include severe weather events of historic magnitude, ranging from floods to tornadoes to the worst storm in Ottawa's history (the 2022 Derecho); the global COVID-19 pandemic and its attendant impacts on supply chains and inflation; and an 84-day labour strike. In short, Hydro Ottawa has shown itself capable of maintaining an elevated standard of service and operational excellence, all while navigating and adapting to a fluid and unpredictable operating environment.

This recent experience is a fitting preface for the upcoming rate period. Over the course of 2026 to 2030, Hydro Ottawa will execute an ambitious plan for investing in its grid, its tools and technologies, and its workforce. This plan is aimed at meeting the evolving needs and preferences of customers, and preparing both the distribution system and the utility itself for a future state defined by a paradigm shift in demand and performance.

The cornerstone of this plan is a capital investment program of unprecedented scope and scale, averaging $240 million per year. Many of the investment drivers from preceding rate terms remain operative: maintaining service reliability; replacing deteriorating infrastructure; meeting the increased demand of a growing community; modernizing grid operations; and delivering a best-in-class customer experience. However, there are also emerging and evolving drivers which are posing transformational challenges for Hydro Ottawa's planning and operations, and shifting the business landscape in a dramatic fashion.

In particular, the structural movement occurring across the global energy sector, in which renewable energy-based systems are replacing fossil fuel-based energy systems, is accelerating rapidly. This "energy transition" is being driven by numerous factors – such as cost-competitiveness of non-emitting resources, technological innovation, public policy goals, and evolving consumer and investor preferences – and is playing out in Hydro Ottawa's service territory in various ways.

For example, the local municipal public transit system is in the midst of a wholesale shift towards an electrically-powered Light Rail Transit network and bus fleet. In addition, the utility is currently fielding the highest number of large load requests in its history, primarily on account of major businesses and institutions seeking to decarbonize their energy footprint by fuel-switching to electricity. Meanwhile, residential and commercial customers are adopting electrified technologies – such as electric vehicles (EVs), solar generation, storage systems and heat pumps – at a steadily rising rate. The combined effect of these developments is an upward pressure on electricity demand, a pressing need for expanded system capacity, and emerging requirements for tools, programs, and human capital resources to fulfill customer expectations (especially for uninterrupted service) in an increasingly electrified environment.

In addition, there is a heightened imperative to address the effects of climate change and increase the resilience of the critical infrastructure for which Hydro Ottawa is responsible. In

recent years, the utility has experienced a historic series of extreme weather events causing tremendous levels of damage to its distribution system and impacting upwards of 50% or more of its customer base at a time. Foremost among these was the May 2022 Derecho storm, which featured the highest wind speeds ever recorded in the Ottawa area (190 km/h) and was one of the most expensive natural disasters in Canadian history.[1] Having experienced first-hand the devastating impacts of more frequent and intense severe weather events, and as the distribution provider to the city that has become the weather alert capital of Canada,[2] Hydro Ottawa must take the necessary steps to further strengthen its distribution grid and enhance its ability to prepare for, withstand, recover from and adapt to climate-related challenges.

While the specific scope of this Business Plan is limited to the 2026-2030 period, the investments and activities contemplated herein, along with Hydro Ottawa's overall business posture, are oriented towards a long-term horizon. The transformations occurring in the company's business environment mean that Hydro Ottawa must undertake the necessary level and breadth of investment now in order to be able to deliver value to customers in the years and decades to come, as a more electrified way of life comes to fruition, demand and use patterns shift, customers become more empowered, localized electricity markets take root, and grid operations assume a more dynamic, automated and decentralized profile.

The proposals and the priorities set forth in this Business Plan are the product of a robust planning process, encompassing core elements of the company's integrated business planning and performance management framework, asset management framework and customer engagement program. In step with its overall strategy to put the customer at the centre of everything it does, the utility has ensured that its 2026-2030 capital and operational investment plans have been guided and informed by customer feedback. This was achieved through direct

[1] Insurance Bureau of Canada, *"Derecho storm ranks 6th largest"* (June 15, 2022). Available: https://www.ibc.ca/news-insights/news/derecho-storm-ranks-6th-largest.
[2] CBC News, *"Ottawa has more weather alerts than before — and more than other cities"* (August 10, 2024). Available: https://www.cbc.ca/news/canada/ottawa/ottawa-weather-alert-warning-watch-amount-stats-1.7288074.

engagement with customers to better understand their needs, preferences and priorities. Such engagement took many forms through a variety of channels, platforms and forums, and was conducted on an evergreen basis as part of regular business activity over the course of the preceding five-year rate term, as well as by means of targeted surveys that were administered to customers in the lead-up to the filing of this application.

Accordingly, Hydro Ottawa is confident that this plan appropriately balances the twin imperatives of investing in essential infrastructure in order to achieve service levels and performance outcomes which are valued by customers, while minimizing impacts on rates. Consistent with the utility's high standard of excellence, this Business Plan incorporates several mechanisms which will hold Hydro Ottawa accountable for delivering on its commitments, including regular and transparent performance reporting, as well as meaningful performance incentives that will offer special inducement for the company to cost-effectively execute on its plans and align its interests with those of its customers.

2. CORPORATE OVERVIEW

2.1. COMPANY DESCRIPTION

Hydro Ottawa is a regulated electricity distribution company serving approximately 364,000 customers within the City of Ottawa and the Village of Casselman. As the third-largest municipally owned electrical utility in Ontario, the company maintains one of the safest, most reliable and cost-effective electricity distribution systems in the province. Its service territory stretches 1,116 square kilometres and comprises a dense urban core, large areas of suburban development and a vast rural area that represents 60% of the overall footprint. The utility is a subsidiary of Hydro Ottawa Holding Inc., which is 100% owned by the City of Ottawa and governed by an independent Board of Directors.[3]

[3] More specifically, the utility is wholly-owned by Hydro Ottawa Capital Corporation, which is one of two subsidiary holding companies under Hydro Ottawa Holding Inc. Please see Schedule 1-6-1 Corporate Structure and Governance for more information.

Hydro Ottawa and its predecessor utilities have proudly served communities in the National Capital Region for over 100 years. The utility's unique customer base includes residential customers, commercial businesses, farms, and large institutional and industrial customers. As the national seat of government, Ottawa is home to the federal parliament and key institutions within the Government of Canada. Moreover, in terms of population, the city is the second largest in the Province of Ontario and the fourth largest in the country.

Hydro Ottawa takes great pride in its legacy of performance excellence and innovation. For many years, the utility has consistently delivered on one of the top priority outcomes valued by customers, by achieving best-in-class levels of system reliability relative to its sector peers. Hydro Ottawa has also blazed many trails as an industry leader: at the provincial level, through such milestones as being the first municipally-owned utility to implement a Supervisory Control and Data Acquisition (SCADA) system, and maintaining one of the highest e-billing rate among all electricity distributors in Ontario; and at the national level, through pioneering actions such as the issuance of green bonds and certification against the ISO 55001 standard for asset management excellence (a first in the municipal utility domain in both instances).

2.2. STRATEGIC OBJECTIVES

Hydro Ottawa puts customers at the centre of everything it does. The utility believes that a sharp focus on the value it provides to customers will generate positive results in all areas of performance. Over the course of successive multi-year planning cycles, the company has reoriented its activities around the customer and customer centrality will continue to drive its business strategy moving forward.

To achieve its mission of creating value for its shareholder, customers and communities, and its vision of becoming a leading partner in a smart energy future, Hydro Ottawa's parent company has organized its business strategy around eight objectives, represented in Figure 1 below.

These objectives cascade across the enterprise and therefore serve to guide the business and operations of the regulated distribution utility.

Figure 1 - Hydro Ottawa's Strategic Objectives

Based on the success achieved during the preceding five-year term, the trajectory of the utility's business and operating environments, and the input received from customers regarding its performance and direction, Hydro Ottawa will maintain continuity in these strategic objectives heading into the 2026-2030 period.

As noted in the table below, the strategic objectives align well with the four core performance outcomes established by the Ontario Energy Board (OEB) for electricity distributors under the Renewed Regulatory Framework (RRF).

Table 1 - Alignment between Hydro Ottawa Strategic Objectives and OEB RRF Performance Outcomes

RRF Performance Outcomes	Corporate Strategic Objectives
Financial Performance	Continue to grow and diversify our revenue sources
	Become the partner of first choice for signature green energy and carbon reduction projects in our community
Customer Focus	Continue to provide best-in-class customer service
	Leverage and promote distributed energy resources
Operational Effectiveness	Accelerate digital transformation to ensure sustainable business practices
	Ensure organizational capacity, culture and leadership to deliver
Public Policy Responsiveness	Achieve net-zero operations by 2030
	Grow our social license to operate

3. STRATEGIC CONTEXT

Hydro Ottawa has formulated its Business Plan against the backdrop of numerous trends and shifts that are unfolding in the operating, business and policy environments in which the utility carries out its activity.

3.1. MACROECONOMIC PRESSURES

The state of the local, provincial, national and international economies has a significant impact on Hydro Ottawa's business. For example, uncertainty or volatility in financial markets may constrain the utility's access to capital. The economic climate can also affect the stability and performance of key business partners.

The conditions in which Hydro Ottawa has prepared this Business Plan are characterized by a unique confluence of challenges and pressures. During the utility's current rate term, inflation in Canada reached its highest levels in 40 years. In response, the Bank of Canada pursued an aggressive monetary policy campaign, in which it increased interest rates 10 times over a one-and-a-half year period. While there has recently been a return to stability in inflation and interest rates, their effects continue to linger and intermingle with the residual economic impacts of COVID-19 and the disruptions in global supply chains which the pandemic produced.[4]

Customer sensitivity to price increases and rising costs have been at the forefront of considerations for Hydro Ottawa in its planning for the 2026-2030 period. The utility is conscious of the imperatives to control its costs, embed productivity and continuous improvement across its operations and minimize rate impacts. Amidst economic uncertainty, Hydro Ottawa is discharging its responsibility to manage its resources prudently and prioritize investments that will deliver value for money for customers.

3.2. DETERIORATING INFRASTRUCTURE

Hydro Ottawa owns and operates a large, complex distribution network consisting of approximately 50,000 poles, 38,700 transformers, 4,800 kilometres of overhead lines, 7,900 km[5] of underground cable, and more than 80 substations. Among the most significant operational pressures facing the utility is the advanced age and degraded condition of a significant subset of its asset base.

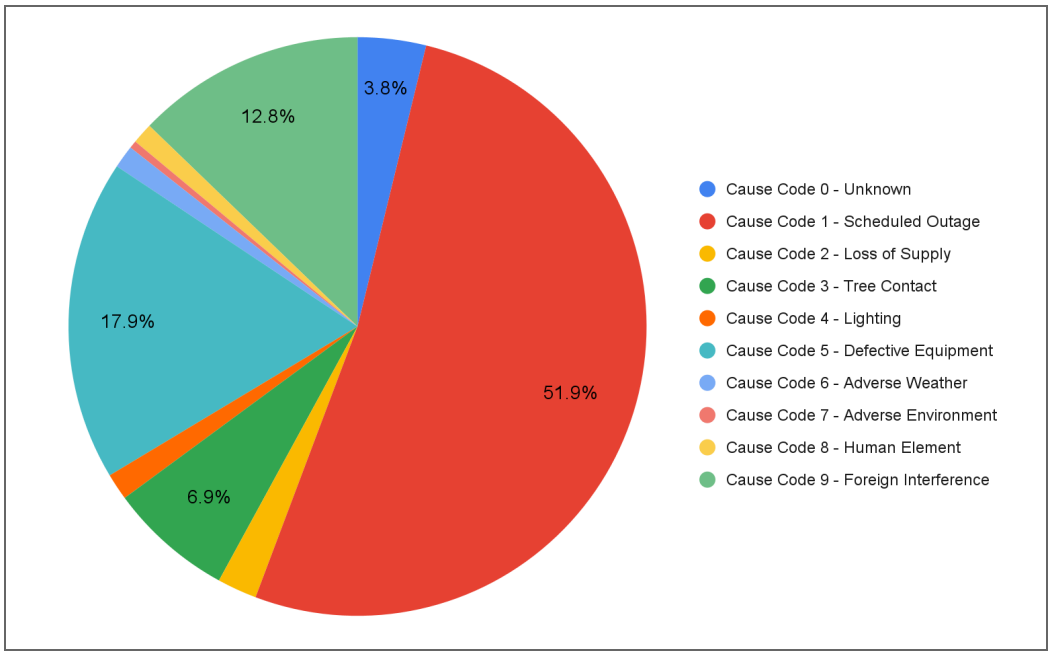
As it concerns asset age, large segments of the system were constructed in the 1960s through the 1980s. With most assets having a lifespan of approximately 50 years, a considerable

[4] Schedule 1-2-5 - Impacts of Inflationary Pressure offers more detailed information and analysis regarding inflation-driven cost increases during the 2021-2025 period, as well as projected impacts on expenditures for the 2026-2030 rate term.
[5] The km shown in this section include both primary and secondary circuits, for information on the calculation of secondary lines, refer to Attachment 1-3-3(A) - PEG Benchmarking Analysis

proportion of the system has reached or exceeded its typical useful life (54% of all assets). From a condition profile perspective, approximately 6% of the utility's assets are in poor or very poor condition, and are in known need of replacement or refurbishment. Together, these figures signal that there are high risks of asset failure which Hydro Ottawa must address, along with accompanying safety and environmental risks which also require mitigation.

As shown in the graph below, in recent years defective equipment has been the leading cause of non-scheduled outages. This underscores the need for regular inspection and replacement of infrastructure that is aging, in poor condition, or performing poorly.

Figure 2 - Leading Causes of Outages (2019-2023)



In the absence of critical system renewal investments, the increased potential of failures posed by these aging and deteriorating assets will impact Hydro Ottawa's ability to maintain grid reliability.

3.3. A GROWING COMMUNITY

The City of Ottawa and the surrounding area has experienced significant growth in recent years. According to Statistics Canada, Ottawa had the highest growth rate (8.9%) among large municipalities in between the 2016 and 2021 national censuses – a period in which the City's population surpassed 1 million people, making it the fourth-largest city in the country.

As outlined in the table below, this trend has translated into a steady expansion in the number of customers served by the utility and the number of new customers requiring connection to Hydro Ottawa's network on an annual basis.

Table 2 - Annual Increases in Customer Connections[6]

	2016	2017	2018	2019	2020	2021	2022	2023
New Customers	3,970	3,897	3,543	4,451	6,576	6,968	5,586	5,496

A comparable level of growth for Ottawa is anticipated over the coming years. For example, according to the City's Official Plan, its population is expected to increase by 15% from 2021 to 2031. Population growth over the full term of the Official Plan (2021-2046) is expected to be 33%. This growth is expected to take several distinct forms: the development of new mixed commercial/residential communities; intensification of development within the urban core; and continued suburban growth in the east, west, and southern regions.

In addition, as part of the municipal housing targets established pursuant to the province-wide goal of building 1.5 million new homes by 2031, Ottawa has pledged 151,000 new homes, equating to 15,100 new units on an annual basis.

[6] The figures in this table are based on customer counts as of year-end (i.e. December 31).

Alongside this development, major electrification-driven infrastructure projects such as the City's migration to zero-emission buses for its transit fleet, The Ottawa Hospital's New Civic Campus, and the expansion of Government of Canada facilities are also set to overlap with Hydro Ottawa's upcoming rate period.

3.4. EXTREME WEATHER

As outlined in the table below, Hydro Ottawa has experienced an exceptional number and pattern of severe weather events in recent years.[7]

Table 3 - Historical Weather Events & Impacts

Year	Severe Weather Event	Description, Impacts & Customers Affected
2017	Freezing rain & heavy snow (January)	• 19,130 customers (6% of customer base)
	Flooding (May)	• 1-in-100-year flood levels for Ottawa River
	Thunderstorm (September)	• 11,391 customers (3% of customer base)
2018	Freezing rain (April)	• 55,101 customers (17% of customer base)
	High winds (May)	• 63,869 customers (19% of customer base)
	Tornadoes (September)	• 216,000 customers (65% of customer base) • Class EF-2 and EF-3 tornadoes; 260 km/h winds • 90% of customers restored within 2.5 days
2019	Flash storm (April)	• 44,511 customers (13% of customer base) • Loss of supply and substation flooding
	Flooding (May)	• 1-in-1000-year flood • Highest water levels on record for Ottawa River
	Lightning (July)	• 70,069 customers (21% of customer base) • Four separate loss of supply outages
	High winds (November)	• 14,228 customers (4% of customer base)

[7] Additional information regarding recent Major Event Days experienced by Hydro Ottawa is available in Section 4 of Schedule 2-5-3 - Performance Measures for Continuous Improvement.

2021	Lightning (June)	• 17,441 customers (5% of customer base) • Lightning and loss of supply
2022	Derecho (May)	• 180,946 customers on event day (52% of customer base) • Highest wind speeds on record in Ottawa • Severity of wind speeds greatly exceeded forecast • 6th costliest natural disaster in Canada's history • $24 million in restoration costs for Hydro Ottawa • 90% of customers restored within seven days
	Bomb cyclone (December)	• 67,710 customers (19% of customer base) • Intense freezing rain and snow; loss of supply
2023	Ice storm and freezing rain (April)	• 163,448 customers (45% of customer base) • 90% of customers restored within two days
	Lightning (June)	• 15,413 customers (4.25% of customer base) • Loss of supply
	Lightning, hail and wind (July)	• 37,821 customers (10.4% of customer base) • >6,000 total lightning strikes during month of July 2023 (8 times as many as July 2022)

The impacts of the May 2022 Derecho storm, in particular, cannot be overstated. The Derecho triggered over 1,000 individual system outages, affected more than half of Hydro Ottawa's total customer base, with the most adversely impacted customers without power for two weeks. The storm resulted in costs equivalent to four years' worth of emergency repairs, necessitated re-organization and re-prioritization of the utility's capital program, and had effects on physical infrastructure and the local tree canopy which lingered for months and years afterwards, respectively.[8]

Hydro Ottawa has implemented numerous measures and lessons learned based on the experiences, impacts, and damages associated with the Derecho and other recent events.

[8] Please see Attachment 2-1-1(A) - Derecho May 2022 After Storm Report for more information on the impacts associated with this event.

However, additional investments are required in order to further increase the resilience of distribution infrastructure, harden assets, reconfigure segments of the local grid, enhance adaptation and risk mitigation measures, and better protect service delivery and occupational health and safety in anticipation of the severe weather patterns and climate change effects which are expected to amplify in the future.

3.5. ENERGY TRANSITION & ELECTRIFICATION

Ontario's energy sector, in step with larger trends unfolding across the globe, is in the midst of a historic transformation. This is known as the "energy transition," which the OEB defines as *"a global shift away from using fossil fuels to a more sustainable, renewable energy future that includes more innovation and customer choice."*[9]

There are numerous drivers underlying the energy transition: the falling costs and more favourable economics of renewable energy resources; technological innovation; and evolving expectations of consumers, communities and investors. Public policy direction is likewise a major factor. The Government of Canada, the provincial government and the City of Ottawa[10] have all adopted targets for reducing greenhouse gas (GHG) emissions and recognized the essential role that a clean electricity grid will play in decarbonizing other sectors of the economy. A key implication of the energy transition is increased demand for electricity in the future, as the shift towards greater electrification accelerates. The Independent Electricity System Operator (IESO) is projecting total demand in Ontario to increase 75% by 2050 and is planning a series of competitive long-term procurements over the coming years to obtain the necessary supply and capacity to meet this demand.[11]

[9] OEB, "Welcome to the Energy Transition Project Hub." Available: https://engagewithus.oeb.ca/hub-page/energy-transition-hub.
[10] More information on the City's Energy Evolution strategy is available at the following link: https://ottawa.ca/en/living-ottawa/environment-conservation-and-climate/reducing-greenhouse-gas-emissions/strategies-and-action-plans/energy-evolution.
[11] IESO, "2025 Annual Planning Outlook: Demand Forecast Information Session" (October 16, 2024). Available: https://ieso.ca/-/media/Files/IESO/Document-Library/engage/apo/APO-20241016-presentation-demand-forecast.pdf

Hydro Ottawa has already started to experience and observe many of the trends associated with the energy transition in its own service territory. These include major projects underway at the City of Ottawa to electrify public transit (whether Light Rail Transit or phase-out of the diesel bus fleet) and install heat pumps at municipal facilities; connection and service requests from commercial and institutional customers seeking to fuel-switch to electricity for thermal energy purposes at their large campuses; or the installation of EV chargers and heat pumps by a growing number of residential and commercial customers. Moreover, these shifts are already translating into major incremental investment needs. At present, Hydro Ottawa is on course to construct an average of one new substation every year over the coming years (compared to the utility's past average of one every five years), with customer electrification serving as a principal driver for several of these projects.

What's more, these trends and the corresponding infrastructure needs are set to persist for years and decades to come – well beyond the limited timeframe of the 2026-2030 rate term. Hydro Ottawa commissioned a formal study examining the impacts on the grid of high levels of electrification in the transportation and building sectors in the utility's service territory, looking out to 2050. Across multiple scenarios, modelling every hour of the year and each substation in Hydro Ottawa's network, the study projected a significant increase in peak demand, ranging from two times to four times greater than the 2022 reference point.[12]

In short, the transformation underway represents a historic challenge and it is incumbent upon Hydro Ottawa to support and work alongside its customers, and invest in building, maintaining and operating a grid that will meet the needs of the future.[13]

[12] See Attachment 2-5-4(F) - Decarbonization Study.
[13] For more information on how electrification and electrification-driven large load requests from customers have influenced Hydro Ottawa's forecast electricity demand, please see Section 9 of Schedule 2-5-4 - Asset Management Process and Schedule 3-1-1 - Revenue Load and Customer Forecast.

3.6. TECHNOLOGICAL INNOVATION & CYBER SECURITY

The operational technology (OT) and informational technology (IT) systems that underpin utilities' performance are continuing to evolve rapidly and become increasingly complex. The business systems supporting frontline operations and back-office functions are steadily migrating towards digital, mobile-friendly and cloud-based solutions. Automation is on the rise and the enormous potential for artificial intelligence (AI) to optimize system operations, integrate variable energy resources into the grid and accelerate the energy transition is only just starting to be tapped. While utilities are navigating this shifting terrain, they are simultaneously compelled to mitigate the risk of technologies becoming obsolete – whether as a result of third-party providers discontinuing maintenance services for legacy solutions or existing tools having reached the end of their useful lives (as in the case of first-generation smart meters).

In addition, advancements in technology are fostering a more dynamic operating environment, characterized by bidirectional flows with an expanding number of interactions and participants enabled by an integrated digital ecosystem. This is occurring at both the local and bulk level of the grid. For example, from 2019 to 2023, the number of distributed energy resources (DERs) connected to Hydro Ottawa's system increased by over 25%.[14] In 2024, the IESO successfully concluded the single largest procurement of battery storage resources in Canada, securing almost 1,800 MW of capacity. Both of these developments attest not only to growing customer and market appetite for new services and avenues for participation in the electric power system, but to the increasingly sophisticated and flexible technological solutions making such opportunities possible. Against this backdrop, there is rising interest in the implementation of a Distribution System Operator (DSO) model. The implementation of a DSO model, in which local markets, generation and demand response programs are managed at the distribution level.

[14] See Section 9 of Schedule 2-5-4 - Asset Management Process for more information.

Similarly, the foregoing shifts are unfolding in an economic, social and cultural context in which the use of, and reliance on, technology by consumers and businesses continues to trend inexorably upwards. More and more, customer preferences, communications and transactions are becoming “digital by default”, meaning digital services and platforms are viewed as more efficient, convenient, cost-effective, and conducive to control and curated choice. In turn, by harnessing advanced digital solutions, utilities can build greater customer intelligence and gain a 360-degree view of the customer, enabling them to tailor services and offerings to meet individual needs and priorities. This further transforms the customer experience, builds stronger relationships and drives long-term loyalty.

However, technological acceleration is not without its challenges or drawbacks. An increased reliance on complex digital infrastructure and its multiplying points of interconnection creates a much more acute risk landscape, with heightened exposure to cyber security threats. This magnifies what is already a hazardous cyber domain for Hydro Ottawa, which is a high-risk target on account of its service to the capital city of a G7 country and a multitude of customers with unique service quality and data confidentiality needs.

Against this backdrop, utilities like Hydro Ottawa shoulder the two-fold responsibility of ensuring their customer service offerings and business operations are unlocking the full spectrum of benefits made available by innovative technology, while simultaneously mitigating the security risks which are inherent in these tools and solutions.

3.7. WORKFORCE CHALLENGES

Hydro Ottawa’s strength and success as a company is derived from the quality of its employees. Like many companies in the electricity sector, however, Hydro Ottawa is facing challenging workforce pressures and demographics.

In recent years, the company has experienced a large wave of retirements, with many of these individuals being long-standing employees and skilled workers in trades or technical professions. While Hydro Ottawa has successfully planned for this shift, it has had the effect of lowering the average employee age and term of service. In addition, demographics are such that there still remains a large portion of the workforce which is eligible for retirement by 2030.

Over the course of two successive five-year rate plans, Hydro Ottawa has sought to keep its total headcount relatively static. This has been achieved through various means, including boosting productivity and efficiency (especially through technology and automation), redistributing vacancies from support functions to positions in the skilled trades, increasing the use of temporary positions and accessing contracted services.

This retrospective context is essential to understanding the prospective outlook for Hydro Ottawa for the remainder of its current five-year rate plan and looking ahead to the 2026-2030 term. In short, there is an acute need for new positions and new skills.

The historic levels of capital investment required in the years ahead, along with the changes in grid planning and operation which are occurring in the context of the energy transition, mean that the occupational structure of the sector and the mix of skills required will shift considerably. Workforce levels and competencies will need to be commensurate with the realities and needs of an increasingly electrified, decarbonized and digitized future, in which customer expectations for reliable service and minimal outages will be magnified. Along with a significant addition of staffing resources, this will necessitate training and upskilling for current employees, in order to adapt to an evolving business landscape and ensure that work is performed safely and efficiently. These pressures are further compounded by an intensely competitive labour market.

The circumstances facing Hydro Ottawa are similar across the provincial and national electricity sector. According to Electricity Human Resources Canada, approximately 28,000 new

employees will be needed in the sector by 2028, equivalent to 25% of the current labour force: 57% to replace retiring employees and 43% to meet demand for expansion of the electricity system.[15]

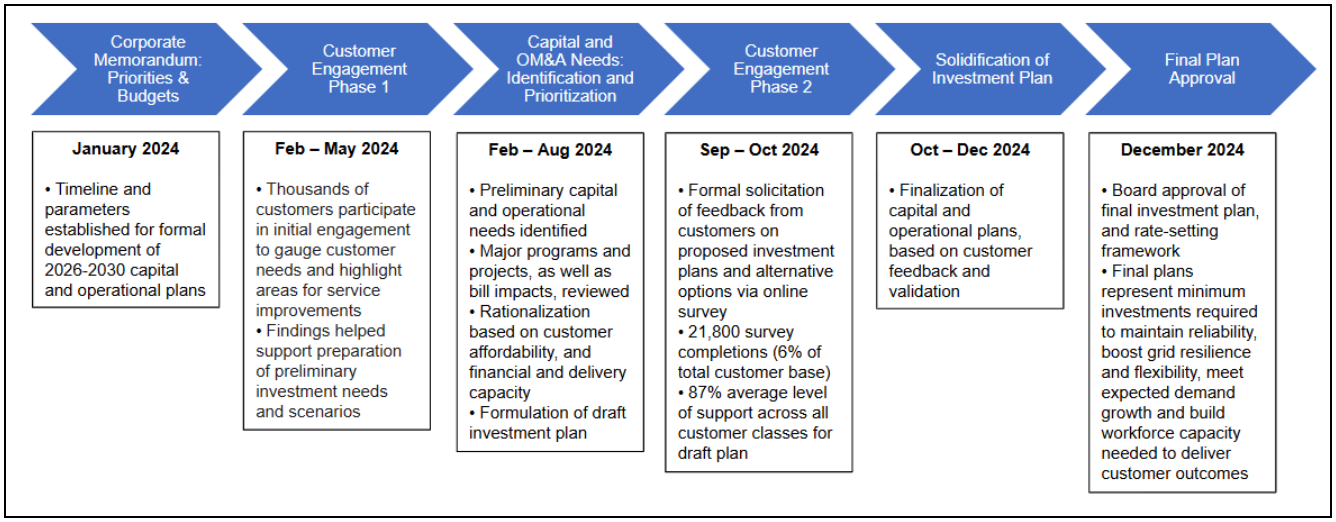
The ability of the utility to successfully plan, grow and develop its workforce will therefore be a critical determinant of whether core business objectives and customer needs can be met over the coming five-year rate period and beyond.

4. PLANNING & CUSTOMER ENGAGEMENT

The preceding section serves as the backdrop against which Hydro Ottawa developed its investment plans for the 2026-2030 rate period. These plans are the result of an integrated business planning and customer engagement process, which was aimed at balancing the achievement of outcomes valued by customers with impacts on rates.

[15] Electricity Human Resources Canada, *Electricity in Demand: Labour Market Insights - 2023-2028* (2023).

Figure 3 - Business Planning & Customer Engagement Process for 2026-2030 Investment Plans



At a high-level, the key stages in this process were as follows:

- **Corporate budgeting and priority-setting guidelines:** in the context of preparing for a five-year rebasing application, a key tool in Hydro Ottawa's business planning process is a set of formal guidelines from the Chief Financial Officer for the preparation of five-year budgets for the subsequent distribution rate period. This guidance is circulated well in advance of the expected filing date of the rate application.[16]

  The document serves a number of purposes: laying out a timeline for the development of preliminary capital and operational budgets, as well as for the finalization of spending plans based on customer input; outlining considerations for capital investments and operational expenditures; identifying expectations with

[16] Please see Attachment 1-2-3(A) - Corporate Memorandum - 2024-2030 Priorities and Budget Guidelines for a copy of this memorandum.

respect to such matters as inflation, compensation and headcount; stipulating requirements related to productivity, continuous improvement and cost control; and directing the alignment of spending with customer interests and outcomes, the utility's strategic objectives, and OEB policy and direction.

The process mapped out in the Corporate Memorandum attests to the rigour, discipline and customer-oriented focus which serve as hallmarks of Hydro Ottawa's business planning activities.

- **Phase 1 customer engagement:** in early 2024, Hydro Ottawa undertook an initial engagement seeking input from customers on their needs and priorities regarding electricity distribution service. This engagement took the form of exploratory focus groups and in-depth interviews, and benefited from the participation of thousands of customers. This engagement was also informed by insights gathered from the many channels, interactions, platforms, forums, tools and activities maintained by Hydro Ottawa for the collection of customer input on a continuous basis. These mechanisms reflect an abiding posture on the utility's part to develop a genuine understanding of customers' interests through a fluid and ongoing feedback loop.[17]

  Key insights from this exercise included the identification of reliability, resilience and reasonable rates as top priorities, as well as general satisfaction on customers' part with the service they receive from the utility. Residential and small business customers signalled quicker restoration following severe weather events as a major priority, while larger customers placed a bigger emphasis on reducing the number of outages. Commercial and key account customers also expressed the need for capacity to be available for future demand and were more supportive of the utility

[17] Additional information is available in Schedule 1-4-1 - Customer Engagement Ongoing.

investing in new technologies to support their energy consumption decisions based on data analytics.

- **Identification and prioritization of capital and operational needs:** subsequent to the issuance and parameters of the aforementioned guidelines, and informed by the results of preliminary customer engagement, internal subject matter experts at Hydro Ottawa prepared the capital and operational expenditures required over the 2026-2030 rate period to deliver reliable service, replace aging infrastructure, meet growing demand, enhance system resilience, modernize grid operations and run the business effectively.

Numerous processes and inputs influenced this effort. Foremost among these was Hydro Ottawa's mature asset management process, which assesses the condition and health, as well as future risks, of the utility's distribution assets and systems. In addition, Hydro Ottawa took into account independently-validated load and customer forecasts, special studies (including those examining a range of decarbonization scenarios and grid hardening options), and both internal and external benchmarking comparing the utility's historical performance and cost trends against industry peers. Alternative approaches were examined for viability and potential customer benefits, including the use of non-wire solutions (NWS) to address system needs in a variety of different contexts. Major project and program proposals, along with preliminary estimates of cost and price impacts for customers, were also reviewed by the utility's executive leadership.

As noted in the aforementioned guidelines, affordability was established at the outset as an overarching strategic consideration for Hydro Ottawa's capital and operational plans. In this context, affordability encompassed both ability and willingness to pay from a customer perspective, as well as financial ratios (liquidity and debt to equity)

and the capacity to deliver from a utility perspective. In light of affordability and financial capacity constraints which emerged from the preliminary needs assessment, Hydro Ottawa rationalized certain spending proposals in order to prioritize the most critical expenditures for system investment and operational efficiency, and minimize rate impacts for customers.

- **Phase 2 customer engagement:** with a draft investment plan for 2026-2030 in hand, the utility initiated a second round of customer feedback, seeking input on how customer priorities were understood and translated into spending levels, and on the balance achieved between expected services and corresponding rates. A formal engagement was launched in September 2024, consisting of a detailed online survey which was made available and promoted to all residential, small business and commercial customers.

  The survey focused on four spending categories while five key investment areas confronting Hydro Ottawa over the coming five-year period:

  - **Replacing aging infrastructure** – sustaining system reliability and minimizing extended outages through a proactive asset replacement strategy.
  - **Metering renewal** – upgrading existing meters and their data management platform, while deploying grid-edge devices to support grid modernization.
  - **Grid modernization** – optimizing planning and operations in order to enhance reliability, enable adaptive flexibility, fortify resilience and security, empower customers, integrate more renewable resources and promote sustainability.
  - **Preparing for growth and electrification** – strategically planning investments to support the anticipated growth in electricity demand.

- **Grid resilience** – strengthening the ability of the distribution network to withstand, adapt to, and recover from disruptions.

For each of these, customers were requested to consider three options (proposed draft plan, accelerated pace, slower pace) and select the one which best reflected their views and preferences for aligning costs with benefits. Accompanying the breakdown of options was a description of expected outcomes by 2030 and beyond. A built-in calculator enabled respondents to understand the impact of the various scenarios on their bills and to adjust their preferences until an optimal balance had been achieved. Customers were thus able to express their views on a range of alternative proposals, as well as the respective trade-offs, outcomes and rate impacts.

On balance, customers across all classes signalled substantial levels of support for Hydro Ottawa's proposals and the attendant rate impacts. Together, positive responses – whether in favour of accelerated spending, partial to the draft plan "as is", or simply affirmative of the necessity for investment consistent with the utility's approach – reached an average threshold of 87% within the participant pool. The significance of these results is bolstered by the fact that, with nearly 22,000 Respondents (7% of total customer base), there was once again an expanded number of participants compared to Hydro Ottawa's previous five-year rebasing application (i.e. number of respondents as a percentage of the total customer base) and exceeds those which have been observed in recent rate filings from the utility's large distributor peers in the province.

- **Solidification of investment plan:** overall, the feedback yielded from the customer consultation process validated the scope and direction of the utility's proposals, and offered important insights which helped finalize the investment plan as presented in

this application.

- **Final approval:** in December 2024, Hydro Ottawa's Board of Directors formally approved the investment plans and rate-setting framework for the 2026-2030 period, marking the culmination of the utility's iterative and comprehensive business planning process.

5. CAPITAL & OPERATIONAL INVESTMENT PLAN

The rigorous and comprehensive asset management, capital expenditure and business planning processes undertaken by Hydro Ottawa, along with the input provided by customers on expectations and priorities for reliable and cost-effective service, have resulted in a plan which will anchor the utility's activities over the 2026-2030 rate term and position the utility to meet customer needs, while minimizing impacts on rates. This plan serves as a responsible and prudent response to core imperatives confronting the utility: expanding grid capacity to meet increased demand; upgrading or replacing deteriorating infrastructure at risk of failure; enhancing grid resilience; modernizing the grid; and building a skilled, sustainable workforce. What's more, this plan encompasses foundational investments which will ensure Hydro Ottawa is prepared to adapt its system and operations over the long-term to a range of potential shifts, pressures and uncertainties in its environment, including greater electrification, DER proliferation, technological complexity and evolution in the business model for electricity distribution.

This envelope of investments likewise represents a concerted effort to manage an array of latent risks in the utility's operating environment. These include, but are not limited to, the prospects of existing infrastructure becoming strained or overloaded, and thus more prone to longer and more frequent outages; greater vulnerability to extreme weather effects; delays in, or barriers to, connecting customers to the grid (and the associated economic impacts); reduced capacity to support housing and commercial development; inefficiencies in system operations; and higher

levels of cyber security exposure. While many of these risk factors are more immediate in scope, there are other risks which may only materialize in the long-term – for example, in a scenario in which Hydro Ottawa has not adequately invested in the infrastructure, informational and operational systems, and human capital that will be necessary to support an increasingly electrified economy and way of life.

Hydro Ottawa's proposed investments are organized into capital plans and operational programs, which together will serve as the means by which the utility will achieve service levels and performance outcomes that are valued by customers, and fulfill its fundamental obligations as a licensed electricity distributor.

5.1. CAPITAL PLANS

Capital expenditures relate to physical items that, after being placed into service, have lasting benefits over many years. These include the overhead and underground infrastructure that serve as the backbone of the distribution system (poles, wires, transformers, stations); IT and OT hardware and software; and supporting assets and equipment, such as facilities, vehicles and tools.

Hydro Ottawa's assessments of its capital needs, and its proposed expenditures for meeting them, are captured in the utility's 2026-2030 Distribution System Plan (DSP). The DSP details how capital investments will be prioritized, paced and optimized, while minimizing rate impacts for customers and facilitating continuous improvement and productivity. The DSP is a core deliverable emerging from multiple internal and external planning processes related to capital investment, asset management, regional planning, customer engagement and business strategy.

The investment proposals set forth in the DSP are organized into four categories, as stipulated by OEB requirements: System Access, System Renewal, System Service, and General Plant.

Projected expenditures are outlined in the table below.

Table 4 - 2026-2030 Annual Capital Expenditures ($'000 000s)

Investment Category	Test Years					Total
	2026	2027	2028	2029	2030	2026-2030
System Access	$86	$79	$66	$67	$71	$369
System Renewal	$85	$83	$81	$87	$95	$432
System Service	$99	$125	$76	$86	$87	$473
General Plant	$38	$24	$33	$28	$11	$134
TOTAL CAPITAL EXPENDITURES	**$309**	**$311**	**$256**	**$268**	**$265**	**$1,409**
Capital Contributions	$(51)	$(51)	$(38)	$(32)	$(41)	$(213)
NET CAPITAL EXPENDITURES	**$258**	**$260**	**$218**	**$235**	**$224**	**$1,195**

Across this proposed investment envelope, there are four strategic investment priorities which will drive Hydro Ottawa's capital program over the 2026-2030 period:

1. **Growth & Electrification - Powering the Growing Community:** expanding grid capacity to serve a growing community and ensure a reliable, resilient electricity system capable of meeting increasing demand driven by new customer connections and DERs.

2. **Renewing Deteriorating Infrastructure:** mitigating risk by strategically upgrading or replacing deteriorating infrastructure, prioritizing assets with the greatest impact on system reliability and safety based on condition assessments.

3. **Grid Modernization - Enabling the Energy Transition:** modernizing the grid through strategic technology adoption and infrastructure upgrades to enable the

energy transition, facilitate customer participation, and optimize DER integration, thereby enhancing grid capabilities and efficiency.

4. **Enhancing Grid Resilience:** enhancing grid resilience by proactively upgrading infrastructure and implementing measures to protect against increasingly frequent and intense severe weather events and cyber threats.

The 2026-2030 capital program is set to be the largest five-year program in Hydro Ottawa's history. At the same time, it represents the minimum level of investment that is required in order to deliver outcomes and service levels that are valued by customers over the upcoming rate term, and to position both the grid and the utility itself to be able to meet the needs of the future over a long-term horizon. Through its investment plans, the utility will:

- Invest in the reliability of its distribution grid, with the goal of maintaining current levels of reliability where performance is strong, while enhancing reliability in those pockets of the system in which performance is below average;
- Replace distribution infrastructure at the greatest risk of failure;
- Increase the resilience of its distribution system through targeted investments, such as the hardening of overhead infrastructure and equipment, cost-effective undergrounding and implementation of anti-cascading measures;
- Expand and increase the capacity of its distribution system in order to connect new residential and commercial customers (including those customers whose needs are driven by electrification measures);
- Relocate or upgrade existing assets and equipment in order to accommodate the development of municipal or other public infrastructure;
- Implement grid modernization technologies and strategies which will improve the resilience of distribution infrastructure and operations;

- Implement the next phases of its Advanced Distribution Management System project, which involves the integration of core operational systems, and the optimization of grid operations and performance through innovative technologies;
- Begin deploying next-generation smart meters and sensors, and leverage the enriched data to deliver value-added services to customers;
- Deploy advanced communications infrastructure to maximize visibility and control over grid assets and equipment;
- Integrate NWS into distribution system planning and operations, investing in utility-owned battery energy storage, and evaluating and deploying Non-Wires Customer Solutions;
- Embed productivity, continuous improvement and innovation across its capital investment and expenditure plans; and
- Minimize rate impacts for customers through prioritization and pacing of investments.

5.1.1. System Access

This capital expenditure category encompasses those investments that allow Hydro Ottawa to meet its obligation to connect customers to the grid. These expenditures are subdivided into specific programs focused on facilitating customer access, expanding the system and upgrading infrastructure, relocating equipment to accommodate municipal infrastructure needs like road widening, and enabling the integration of customer-owned generation.

As a licensed electricity distributor, Hydro Ottawa's fundamental mandate is to provide reliable, safe and efficient access to its system while supporting the growth and development of its customer base. With the City of Ottawa continuing to witness a high level of growth, and with the utility having averaged approximately 6,000 new connections every year during the 2021-2023 period, System Access expenditures remain crucial to achieving positive outcomes in relation to customer expectations for service quality and responsiveness. As discussed further below, the experience of recent years with respect to customer connection volumes,

complexity and costs, as well as the planning, resourcing and execution implications of third-party-driven projects, has underscored the importance of recognizing the challenging dynamics of the operating environment and ensuring adequate funding levels to manage them.[18]

Over the 2026-2030 rate term, Hydro Ottawa anticipates a sustained high pace of residential connections and subdivision projects, with significant activity in suburban areas of the service territory which continue to experience high levels of growth, such as Kanata, Orleans and Barrhaven. This is consistent with recent trends as well as municipal housing targets, driven by provincial policy mandates, which are contemplating over 15,000 new units on an annual basis through 2031. The utility is also projecting comparable growth and development patterns on the commercial side, with indicators for local economic development remaining robust.

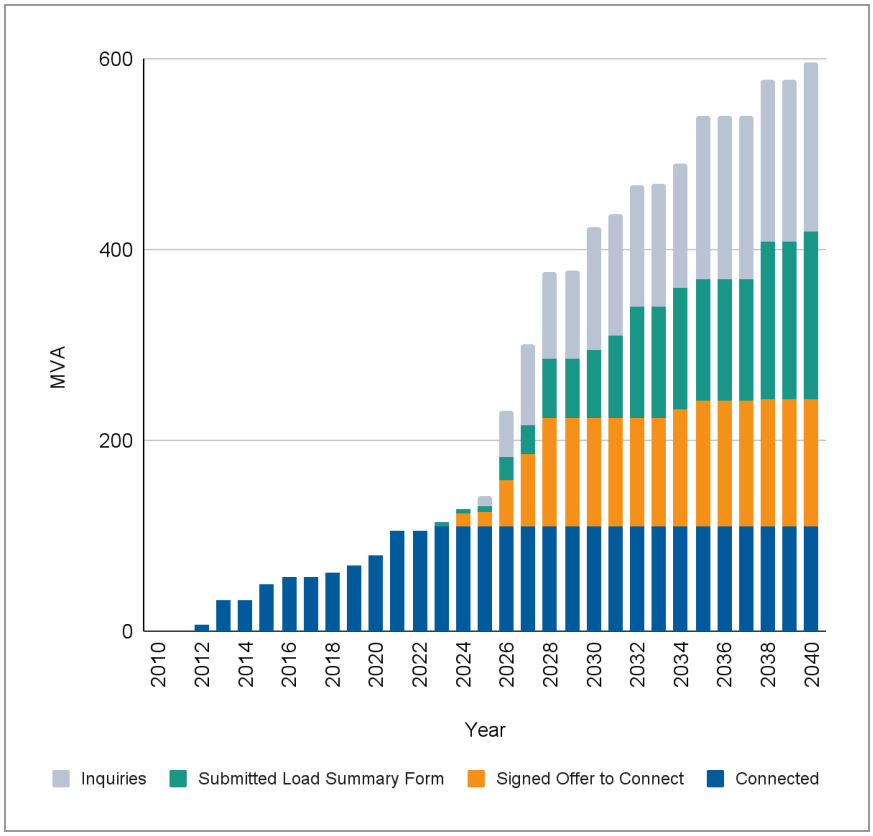
Not only is the volume of commercial connections on the rise, their complexity is likewise amplifying. Hydro Ottawa is receiving a growing number of service requests from customers interested in electric cooling and heating systems, EV charging infrastructure, and other electrified technologies, which can present challenges in terms of sizing and configuring the necessary infrastructure to enable their use, and of integrating these areas of load into the broader distribution network. Average customer electrical service sizes are growing, while intensification is driving the need to increase voltage levels in existing urban communities.

Moreover, as outlined in Figure 4 below, Hydro Ottawa is presently managing the highest number of large load requests in its history, with the corresponding level of potential growth through 2040 equivalent to 30% of the utility's current system peak.[19] Several of these requests involve major infrastructure projects whose construction and electrical infrastructure connections

[18] Of note, System Access represented almost 50% of the total variance in capital expenditures for the 2021-2025 rate term. Additional information is available in Schedule 2-5-5 - Capital Expenditure Plan.
[19] For more context on the information presented in Figure 4, see Section 9 in Schedule 2-5-4 - Asset Management Process.

are set to be completed and placed into service during the 2026-2030 rate term, and whose scale and complexity mean that an exceptional level and form of support from Hydro Ottawa is essential in order to ensure their success. These projects include the new Civic Campus for The Ottawa Hospital, which is one of the largest infrastructure projects in Ottawa's history; the electrification of Ottawa's public bus fleet; and large-scale campus developments by multiple departments and agencies of the Government of Canada. These projects underscore the evolving nature of distribution system expansion that is necessary to meet the city's growing energy needs. What's more, the number of such projects is expected to continue rising as Ottawa's growth accelerates due to ongoing development, urban intensification and net-zero public policy objectives.

Figure 4 - Large Load Connections, Commitments, Requests & Inquiries



The evolving sustainable energy landscape is likewise reflected in Hydro Ottawa's planned investments in generation connections. These investments in upgrading infrastructure, improving grid access for DERs and streamlining connection processes will provide a range of benefits, including facilitating self-supply and cost-saving options for interested customers; reducing peak demand, line losses and infrastructure strain; improving load management and enhancing grid stability; and lowering emissions through reduced consumption of fossil fuels. In addition, they serve as further impetus for the grid modernization initiatives that are contemplated by Hydro Ottawa (see section 5.1.3. below), as greater proliferation of DERs presents expanded opportunities for load shifting and demand response, which in turn gives rise to the need for enhanced monitoring and control capabilities for the utility.

Finally, whether in conjunction with the planned investments already discussed or in relation to other needs, Hydro Ottawa's proposed System Access expenditures also encompass a portfolio of investments in infrastructure upgrades and plant relocation. These can involve upgrading the capacity of transformers, reconductoring distribution lines, expanding stations and moving existing equipment in order to accommodate third-party capital projects such as widening of municipal roads or rehabilitation of public infrastructure. In addition, the System Access envelope includes discrete investments in the installation of meters into multi-unit buildings or the retrofits of bulk metered buildings to unit metering.

Hydro Ottawa's proposed investments in System Access are summarized in the table below.

Table 5 - 2026-2030 System Access Expenditures ($'000 000s)

Capital Program	Historical/ Bridge Years	Test Years	Variance
	2021-2025	2026-2030	
Plant Relocation	$45	$35	$(10)
System Expansion	$89	$108	$19
Customer Connections	$157	$221	$64
Generation Connections	$1	$4	$4
Metering	$2	$2	-
Total Capital Expenditures	**$293**	**$369**	**$77**
Capital Contributions	$(158)	$(196)	$(38)
Net Capital Expenditures	**$134**	**$173**	**$39**

5.1.2. System Renewal

Included under the scope of this category is the replacement and refurbishment of system assets, whether on a planned or emergency basis. Together, these programs are aimed at alleviating one of the most significant pressures on the system – namely, mitigating the risk of the potential failure of degraded assets and equipment. By investing in asset renewal, Hydro Ottawa can proactively mitigate failure risks, maintain the reliability of its network, ensure a safe power supply for customers, and avoid accumulating a backlog of equipment in poor condition that will require more capital investment in the future. Furthermore, a portion of the investments planned under System Renewal are essential to the utility's plans for modernizing its grid and enabling new opportunities for customers to manage demand and reduce costs.

Hydro Ottawa's proposed System Renewal investments have been formulated against the backdrop of a step change in the utility's asset management process. Through the implementation of predictive analytics, enhanced testing, inspection and maintenance programs, and a more robust asset condition assessment framework, the utility has transitioned to a more risk-based, data-driven approach to asset planning. This has yielded more accurate

and comprehensive insights into asset health and condition, which have subsequently helped to optimize decisions around system renewal and better balance them against customer affordability considerations.[20]

While a sizeable share of Hydro Ottawa's distribution asset portfolio presents challenges and concerns in terms of its condition and age, the pressures are particularly acute in the station asset class. Almost 60% of the utility's station asset fleet has reached its typical useful life, with 13% of station assets being in a poor or very poor condition. Renewal of core assets – transformers, switchgear, breakers, relays and other equipment – is therefore imperative to mitigating the reliability and safety risks associated with the increased potential for in-service failures. A major initiative within the stations renewal program is the planned decommissioning of five 4-kilovolt (kV) stations, whose limitations in meeting the growing demand for electrification and increased capacity needs have been identified through rigorous risk assessments.

Hydro Ottawa is likewise proposing a proactive approach to management and renewal of its overhead (OH) infrastructure. The utility is planning to replace poles at a rate which will keep pace with long-term risks associated with pole degradation, while shifting, on a targeted basis, to a more aggressive inspection cycle (i.e. from 10 years to 5 years), in order to mitigate the risks inherent in a growing proportion of poles which have reached or exceeded their typical useful life. This effort will also yield environmental benefits, with accompanying reductions in the risk of oil releases from overhead transformers.

With respect to underground (UG) distribution infrastructure, reductions in reliability risk levels are expected through a measured approach to renewing assets that are in a deteriorated condition. Addressing major concerns across all types of underground assets (cable,

[20] For more information on these and other enhancements to Hydro Ottawa's asset management framework, see Section 4 of Schedule 2-5-4 - Asset Management Process.

transformers, switchgear, vaults) will help reduce customer interruptions due to unanticipated equipment failures.

A noteworthy element of Hydro Ottawa's asset renewal plans for the upcoming rate term is the replacement of end-of-life, first-generation smart meters. A key investment driver is the functional obsolescence of the aging metering fleet, which presents risks to enhancing customer service, ensuring billing accuracy, safeguarding data security and privacy, detecting and responding to outages promptly, and complying with Measurement Canada regulations. To address these risks, the utility has developed a phased plan for deploying Advanced Metering Infrastructure (AMI) 2.0 technology, which will guide investments in upgraded meters, communications infrastructure and data management systems, with the goal of enhancing monitoring and control capabilities.

Equally significant is the foundational role that AMI will play in enabling grid modernization over the course of 2026-2030 and beyond. AMI is a critical linchpin for optimizing grid planning and operations, enriching load analysis and forecasting, fostering interoperability with other utility systems through near real-time exchange of high-resolution data and streamlined communications, advancing automated outage detection and response, integrating DERs, and offering customers value-added features such as personalized energy-saving recommendations. The scalable and flexible nature of AMI 2.0 will ensure that Hydro Ottawa can adapt to future technologies and energy management strategies (including the potential implementation of DSOs across Ontario), avoid costly retrofits and maximize long-term cost savings.

Other System Renewal investments supporting grid modernization include increasing the proportion of digital electromechanical relays in stations and replacing manual overhead switches with remote controllable equipment.

In addition to the foregoing categories and consistent with historical trends, Hydro Ottawa is prudently budgeting for the reactive replacement of assets in critical or emergency condition. This involves immediate repairs following equipment failure, planned repair in the event of an imminent risk, or unplanned replacement of damaged assets caused by a third party.

Table 6 summarizes the utility's proposed investments in renewing its infrastructure.

Table 6 - 2026-2030 System Renewal Expenditures ($'000 000s)

Capital Program	Historical/ Bridge Years	Test Years	Variance
	2021-2025	2026-2030	
Stations & Buildings Infrastructure Renewal	$31	$108	$76
OH Distribution Asset Renewal	$43	$68	$25
UG Distribution Assets Renewal	$63	$103	$40
Corrective Renewal	$83	$67	$(16)
Metering Renewal	$12	$86	$75
Total Capital Expenditures	**$232**	**$432**	**$199**
Capital Contributions	-	-	-
Net Capital Expenditures	**$232**	**$432**	**$199**

5.1.3. System Service

The purpose of these infrastructure investments is to enhance reliability and capacity on the grid, and ensure that the system continues to meet operational objectives while addressing future customer needs, including in relation to electrification and grid resilience. Expenditures include capacity upgrades that are intended to relieve constraints caused by load growth; system and station enhancements that improve operating characteristics, add redundancy, and strengthen resilience against severe weather events; NWS (such as battery storage) to support peak demand in capacity constrained areas until upgrades are completed to alleviate

constraints; and deployment of grid technologies that augment the operational and communication capabilities of the system. With System Service encompassing many investments that are responsive to major pressures and change drivers in Hydro Ottawa's business environment (e.g. electrification-related demand growth and climate change), it is notable that this category represents the largest share of the utility's capital plan for 2026-2030.

Over 70% of the proposed expenditures in this category are intended to boost station and feeder capacity, whether through the construction of new infrastructure or upgrades to existing assets and equipment. Foremost among these is the series of substation projects which together represent a historic level of investment in the utility's grid. Whereas Hydro Ottawa has typically only averaged the development of one new station every few years, the utility is on course to execute four greenfield station projects and three station upgrades during the 2026-2030 rate term. For half of these projects, the main driver is large load requests triggered by customer electrification objectives. These projects, driven by immediate and near-term needs, are aligned with the findings set forth in the study commissioned by Hydro Ottawa examining the impact on the local grid associated with electrification projections through 2050, which signalled a significant increase in peak demand under multiple scenarios.

In order to leverage the new capacity set to be introduced into the system through the new stations, a dedicated program of distribution feeder integration is required. In addition to the installation of new lines, transformers and other equipment, this will involve elimination of undersized conductor sections in existing feeders. Together, these actions will help reduce the risks of existing infrastructure becoming overloaded, new customer growth becoming restricted, and Hydro Ottawa not being able to deliver on its service obligations.

Of note, new infrastructure is not the only tool being utilized to address capacity constraints. Hydro Ottawa is proposing to add 24.5 MW of capacity through utility-owned storage solutions and an additional 20-30 MW from Non-Wires Customer Solutions, which will help mitigate

immediate capacity constraints, provide flexibility during peak demand periods, and benefit customers interested in adopting DERs and participating in demand-side management programs. On the utility side, the solutions will consist of four separate battery energy storage systems (BESS) deployed in regions which are expected to exceed their ratings by the early 2030s as a result of electrification. These BESS resources will support local growth and maintain reliability during contingency conditions. On the customer side, Hydro Ottawa has and will continue to explore collaborating with the IESO to develop and implement a portfolio of programs in targeted areas where there is overlap between local distribution system and bulk system needs, building on province-wide incentive offers available within IESO's Electricity Demand-Side Management (eDSM) Framework, where applicable. These programs will be monitored and considered for application in other parts of the utility's service territory. The inclusion of NWS in the mix of plans to increase system capacity attests to Hydro Ottawa's commitment to adapting its planning and operations, and to leveraging the optimal means available for delivering reliable, cost-effective service to customers.

Nested alongside investments focused on building additional capacity is a program portfolio concentrated on targeted reliability enhancements for distribution infrastructure and stations. These enhancements seek to ensure that the system is equipped to integrate new devices and capabilities which can optimize operational efficiency, and to better withstand the effects of severe weather. As it relates to the former, automated switches, fault circuit indicators, and monitoring and control boxes will provide real-time data on system conditions, thus enabling proactive maintenance and faster responses to disruptions. With respect to the latter, in light of Hydro Ottawa's first-hand experience with the rising frequency and intensity of severe weather events, especially the 2022 Derecho which devastated large segments of the local network, the utility is planning a series of actions to improve system resilience through strategic and phased undergrounding of overhead lines, storm hardening of existing infrastructure, feeder reconfiguration, and station egress undergrounding and line relocation. These actions have been informed by customer feedback as well as an independent assessment of the resilience of

the utility's grid, accompanied by the identification of resilience investments with positive business cases.[21] Mitigating the impacts of climate change is a fundamental imperative for Hydro Ottawa, its customers and shareholder, and investments to address this challenge will be prioritized accordingly.

The final basket of initiatives housed within the System Service category is aimed at fortifying the cornerstones of Hydro Ottawa's grid modernization strategy. During the 2021-2025 rate period, the utility initiated the development of a comprehensive Advanced Distribution Management System (ADMS), comprising a suite of operational features and tools which elevate grid performance, efficiency and flexibility; optimize functions that automate outage identification; and position the grid for expanded integration of DERs. ADMS is the backbone of the utility's grid modernization architecture and much of the next five years will focus on enhancing this platform. Planned upgrades include the application of superior cyber security protections; development of a centralized hub for both real-time and historical operational data, with advanced analytics and reporting tools; and the adoption of a dedicated DER management system, which will enable seamless integration of distributed generation, storage, EVs and other resources. What's more, any long-term transition towards a DSO model in the province will only be made possible through the capabilities afforded by ADMS.

With two-way communication capabilities being an essential prerequisite for grid modernization, a suite of targeted enhancements are likewise needed for the communications infrastructure connecting grid-edge devices with central monitoring and control systems. Fiber optic coverage will be expanded and upgraded, greater redundancy and resilience will be achieved through deployment of wireless technologies, a centralized solution for managing intelligent grid devices will be implemented, and new security protections will be adopted to mitigate threats to mission-critical infrastructure.

[21] Additional detail is available in Attachment 2-5-4(D) - Resilience Investment Business Case Report. Of note, Hydro Ottawa's approach to resilience investments aligns with the methodology referenced in the OEB's *Vulnerability Assessment - Draft Report* issued in December 2024 (EB-2024-0199).

Outlined in the table below are Hydro Ottawa's proposed investments in System Service programs.

Table 7 - 2026-2030 System Service Expenditures ($'000 000s)

Capital Program	Historical/ Bridge Years	Test Years	Variance
	2021-2025	2026-2030	
Capacity Upgrades	$108	$347	$239
Stations Enhancements	$3	$3	$0
Distribution Enhancements	$28	$93	$65
Grid Technologies	$21	$6	$(14)
Control and Optimization	-	$4	$4
Field Area Network	$2	$21	$19
Total Capital Expenditures	**$161**	**$473**	**$312**
Capital Contributions	-	$(4)	$(4)
Net Capital Expenditures	**$161**	**$469**	**$308**

5.1.4. General Plant

Whereas the three capital categories discussed above relate to investments in Hydro Ottawa's distribution system, General Plant covers expenditures on physical assets that are not part of the grid.[22] These include facilities, land, fleet, information technology hardware and software, and other rolling stock that is used to support essential business activities (including the construction of distribution infrastructure). Spending in this category is focused largely on ensuring employees have the appropriate tools to perform their work effectively and are able to carry out their activities in a safe, secure environment. More broadly, however, many of these

[22] The lone exception is the Connection Cost Recovery Agreement (CCRA) program, which covers Hydro Ottawa's contributions towards upgrades of the high-voltage transmission system which are necessary to ensure adequate power supply to customers. In light of the significant number of station projects planned over the 2026-2030 period, CCRA costs are set to increase more than 2.5 times the level experienced during the current rate term.

investments hold the potential to unlock new value and efficiencies, and the failure or inability to follow through on them will diminish the quality of outcomes expected by customers in relation to service reliability, quality, convenience and personalization; outage detection and response; data-driven decision-making; data privacy; and availability of new energy management tools.

Maintaining administrative and operational facilities in excellent condition has a direct impact on employee safety and productivity, and is thus a key determinant of the utility's ability to provide high-quality customer service. Discrete modification and remediation work will be required at specific facilities in order to optimize floor space to accommodate new employees, connect to the municipal sewer system, and upgrade electrical service so as to enable the adoption of equipment with higher energy efficiency and lower emissions. Similarly, safe and reliable vehicles are essential to enabling Hydro Ottawa's crews to perform an extensive range of capital, maintenance, testing and inspection-related work. The historic levels of grid investment planned for the next rate period will result in more crew members spending more time in the field. Renewal and expansion of the utility's vehicle fleet at a pace that mitigates the risk of disruption to construction and maintenance activity is therefore a critical business imperative.

In addition, Hydro Ottawa is planning an array of investments in IT and OT systems and assets which will help transform and adapt the utility's operations and capabilities in the face of significant shifts in its external business environment.

For applications at the customer interface, projects include the integration of an AI-powered chatbot providing customers with 24/7 assistance for common inquiries (with seamless hand-off to a live agent, when needed); improved features and functionality across core digital engagement platforms and channels (e.g. online customer portal and outage map), including the introduction of a disaggregation tool for electricity consumption and the corresponding carbon footprint; and necessary upgrades to the utility's customer information and billing system.

As for business-facing applications, there are several major initiatives contemplated. Foremost is the strengthening of Hydro Ottawa's cyber security technology stack, ensuring critical IT and OT assets are regularly monitored and upgraded. The utility will also transition end-of-life technology to a single, modernized data integration platform, simplifying and streamlining integration across dozens of business applications and databases. Finally, implementation of a dedicated software solution for Business Continuity Management (BCM) will support the ongoing maturation of Hydro Ottawa's BCM program, facilitate the consolidation of action management across the organization, and better position the utility to efficiently activate and execute BCM plans in the event of a major operational disruption or emergency.

Table 8 below summarizes Hydro Ottawa's planned investments in General Plant programs.

Table 8 - 2026-2030 General Plant Expenditures ($'000 000s)

Capital Program	Historical/ Bridge Years	Test Years	Variance
	2021-2025	2026-2030	
Connection Cost Recovery Agreement	$17	$46	$29
Fleet Replacement	$18	$41	$23
Tools Replacement	$3	$5	$2
Buildings - Facilities	$7	$7	$(1)
Grid Technology	$2	$4	$2
Meter to Cash	$4	$9	$5
Customer Engagement Platform	$7	$3	$(5)
Enterprise Solutions	$6	$1	$(4)
Infrastructure and Cybersecurity	$11	$15	$4
Data and System Integrations	$2	$3	$2
Total Capital Expenditures	**$76**	**$134**	**$57**
Capital Contributions	$(4)	$(13)	$(9)
Net Capital Expenditures	**$73**	**$121**	**$48**

5.2. OPERATIONAL PLANS

Operating expenditures are those that are required for the ongoing operations, maintenance and management of a company's infrastructure, assets and services. In the OEB-regulated utility context, "OM&A" refers to the following:

- Operations: day-to-day activities required to deliver the utility's core services or products;
- Maintenance: preserving and ensuring the reliability of the utility's physical assets and infrastructure; and
- Administration: support for the utility's management and administrative functions.

Hydro Ottawa's responsibilities to manage a safe and reliable distribution system, ensure employee and public safety, serve customers in a manner that is responsive to their needs and preferences, and maintain compliance with a broad range of legislative and regulatory requirements compel the utility to incur OM&A costs that are proportionate to the scope of its service obligations. Table 9 outlines the annual OM&A expenditures that will be required during the 2026-2030 rate term.

Table 9 - Annual OM&A Expenditures ($'000 000s)

2026	2027	2028	2029	2030
$140.0	$147.3	$154.9	$162.9	$171.4

The foregoing costs are spread across 21 program categories that structure the myriad activities which are part and parcel of keeping the lights on, maintaining infrastructure and assets in good working order, meeting customer needs, and administering the essential functions of the organization.[23]

Across a handful of core OM&A programs, a key cost driver and overarching imperative is increased workforce capacity. Over the course of two successive five-year rate plans for Hydro Ottawa, there has been no provision for expanded headcount. Looking ahead to the 2026-2030 rate term (and beyond), this is no longer a tenable proposition, in light of the historic levels of investment required in the grid as well as the growing challenges in the utility's business environment.

A two-fold multiplication of its capital investment portfolio means that Hydro Ottawa needs a larger complement of staff resources to plan, design, and execute system construction and

[23] Additional details regarding specific OM&A program costs are available in Schedule 4-1-2 - Operations, Maintenance and Administration Program Costs.

maintenance projects. Similarly, the shift towards electrification and DERs is yielding increasingly complex customer requests and inquiries, thereby placing heightened demands on engineering and customer service and support groups, as well as on back-end functions tasked with ensuring compliance with regulatory codes and accounting requirements. In addition, the accelerating digitization of informational and operational systems is giving rise to the need for greater internal capacity and competencies when it comes to specialized skills in cyber security protection, data analytics and integration, solutions architecture, artificial intelligence and DER platforms.

In view of these pressures and trends, Hydro Ottawa cannot afford to take a just-in-time approach to human capital management. Whether the task at hand is maintaining infrastructure, designing a more electrified and decentralized grid, balancing supply and demand using sophisticated digital tools, or advising customers on energy optimization, the average employee needs years of training, learning and development to cultivate the requisite knowledge and experience. The scale of activity which the utility must undertake in the years ahead therefore means that a wide reach and urgent pace to investing in human resources must be front and centre in its plans. Moreover, a unique confluence of factors during the current rate term – including an expanding scope and volume of capital and maintenance work, severe weather events, and a labour disruption, to name only a few examples – compelled the utility to begin adding new headcount prior to its scheduled rebasing in 2026.

In short, workforce levels and skill sets need to align with the realities of an increasingly electrified, decarbonized and digitized future, in which customer expectations for reliable service and minimal outages will be magnified, and which warrant advanced engineering and technological capabilities. Accordingly, Hydro Ottawa's workforce plans for the 2024-2030 period contemplate a 29% increase, relative to OEB-Approved levels for 2021.[24]

[24] Additional information regarding Hydro Ottawa's workforce needs and the rationale for increased headcount levels are available in Schedule 4-1-3 - Workforce Staffing and Compensation, Attachment 4-1-3(B) - Workforce Planning Strategy, and Attachment 4-1-3(C) - Workforce Growth.

5.2.1. Key Priorities – Operations

5.2.1.1. Reliable and modernized grid operations

In many ways, Hydro Ottawa's value proposition begins and ends with providing reliable service. The utility's System Operations program is focused on the real-time management, monitoring and control of the distribution grid, ensuring that supply balances with demand and system performance is optimized.

For the 2026-2030 period, a major focus will be deployment and implementation of the enhanced operational technology, tools and platforms included in Hydro Ottawa's Grid Modernization roadmap. These innovations will equip control room operators to more effectively direct outage emergency response, and will minimize downtime through automation of feeder fault location. In addition, they will be essential to enabling System Operations to manage the shifting consumption and demand patterns associated with increased electrification and penetration of DERs, and to maximizing the benefits of electrified devices and distributed forms of energy. The integration of advanced metering infrastructure will likewise be a priority, with system planning and operations set to benefit significantly from enriched load analysis and forecasting. Ongoing testing, training, change management and knowledge sharing across all of the personnel managing these operational interfaces will be crucial to success during the upcoming five-year rate term, and to the prospects of transitioning to a DSO model over the long term (subject to policy and market developments at the provincial level).

5.2.1.2. Customer service excellence and energy transition support

Hydro Ottawa's business operations are anchored in the core imperative to generate value for customers. Across multiple customer-focused operational programs, and consistent with its formal Customer Strategy, the utility will seek to enhance customer service and elevate the customer experience over the course of 2026-2030.

The Customer and Community Relations program is responsible for providing customer contact and communications services, fostering a best-in-class customer experience, and cultivating customer relationships (especially Key Accounts). Its high-level priorities involve empowering customers through expanded self-serve options and new digital solutions for monitoring and managing energy use; achieving greater personalization, choice and convenience in customer services and interactions; centralizing and streamlining customer data points; and developing and implementing tailored service, product and program offerings for customers, ensuring an end-to-end customer experience. The next phases of Hydro Ottawa's CRM platform, integration of an AI-powered chatbot, new functionality for the online customer account portal (and its expansion to commercial customers), improved website features, and the roll-out of energy and carbon management tools will be key initiatives in this regard.

Moreover, supporting customer objectives vis-à-vis the energy transition will remain a focal point of activity throughout the upcoming rate period. Hydro Ottawa is planning for the launch and delivery of additional energy efficiency, decarbonization and DER programs, and will strengthen its position as a trusted partner in the administration of federal clean energy funding through its signature Ottawa Retrofit Accelerator, which is assisting building owners with deep energy retrofits. The utility's Customer Billing program will also have a role to play in this effort, through the introduction of tailored billing options for customers with DERs and the piloting of innovative pricing models.

5.2.2. Key Priorities – Maintenance

5.2.2.1. Planning and execution of system capital and maintenance work

As noted above, an unprecedented capital investment program is looming on the 2026-2030 horizon. Alongside of it sits an expansive portfolio of testing, inspection and maintenance work for infrastructure and assets with varying degrees of wear and tear and failure risk. The planning demands and execution burden associated with these needs are exceptional, and much of

Hydro Ottawa's success during the upcoming rate term will be determined by the utility's ability to satisfy them.

Several operational programs will shoulder responsibilities for the on-time, on-budget delivery of this work. Engineering and Design provides high-level coordination for planning infrastructure expansion and upgrades, connecting new customers, forecasting long-term needs, prioritizing investments, scheduling work, and managing external contractors. A key area of focus will be ensuring efficiencies in project management through the implementation of a new model for project delivery, which was kickstarted during the current rate term. With respect to maintenance, multiple individual program areas are accountable for discrete aspects of activity – i.e. planned, reactive, stations, metering, and routine and low-cost tasks. Noteworthy expenditures will include those associated with decommissioning legacy 4 kV stations, the use of advanced data analytics for asset management and anomaly detection, the operation of NWS owned by third-parties, and the implementation of a drone inspection program for overhead infrastructure. Moreover, the increased expenditures proposed in testing, inspection and maintenance activity will help contain cost increases in capital renewal by informing more risk-based investment decisions.

5.2.2.2. Tree trimming

Notwithstanding the achievement of steady reductions in tree-related outages in recent years, tree contact consistently ranks as one of the leading causes of power outages in Hydro Ottawa's service territory. The implementation of a dedicated vegetation management program therefore remains an essential component of the utility's approach to preventative maintenance, as well as to the mitigation of hazards and risks for worker and public safety. The scope of the program covers upwards of 40,000 trees on an annual basis and encompasses regular cycle trimming to maintain clearance standards, the removal of specific trees identified as hazards or requested by customers, and emergency action in response to storms or imminent safety threats. For the 2026-2030 period, Hydro Ottawa will execute a comprehensive trim cycle, which balances the

needs of the electrical system with support for the health and longevity of the local tree canopy. The program will be strengthened through the fulsome integration of a satellite imaging solution, recently piloted by the utility, which yields greater precision in identifying hazards and assessing risks, and enables superior flexibility in supplementing planned cycles with targeted trimming.

5.2.2.3. Non-distribution asset maintenance and optimization

Maintaining the integrity and condition of non-distribution assets is essential to employee safety and productivity, and to the efficient operations of the business. In addition to its fundamental responsibilities for the maintenance and management of Hydro Ottawa's administrative and operations centres, the Facilities program will be tasked with re-configuring and optimizing floor space in specific buildings in order to accommodate the planned addition of new staff. For fleet maintenance, costs and accountability rest with the Distribution Support program, which will be tasked with minimizing fuel expenditures, optimizing usage and asset lifecycle costs, and integrating a growing number of electric and hybrid vehicle models. Finally, with all employees relying on some type of IT hardware and software to perform their work, the Information Management and Technology program must ensure the reliability and availability of critical IT systems and infrastructure, and regularly test its back-up redundancy and recovery plans.

5.2.3. Key Priorities – Administration

5.2.3.1. Employee and public safety

Ensuring employee and public safety is the top priority for Hydro Ottawa when carrying out its business activity and operations. Looking ahead to the 2026-2030 period, the utility anticipates a need for heightened vigilance and innovative approaches with respect to employee safety, on account of a unique confluence of factors and pressures: hiring and onboarding a large complement of new employees; workforce demographics signaling a lower average employee age and length of service; the workload associated with a record-high capital investment program; shifts in infrastructure design, commissioning, use, operation and maintenance induced by increased electrification; and the prospects of sustained severe weather patterns. In

addition, with Hydro Ottawa closing out a five-year rate term in which the utility experienced a succession of highly disruptive events, a key priority area remains preserving its sharpened posture around business continuity, effectively implementing lessons learned, and enhancing overall organizational resilience. The Safety, Environment and Business Continuity program will bear primary responsibility for these efforts, and will likewise coordinate with the Customer and Community Relations program in the development and roll-out of public safety education and awareness campaigns.

5.2.3.2. Digital transformation

The Information Management and Technology program encompasses all activities and costs related to IT and OT services within Hydro Ottawa. Over the next five years, this program will focus on the efficient delivery and implementation of new solutions which will further accelerate the digital transformation of the utility's operations, yield value-added services to customers and increase productivity. Signature initiatives are planned across all aspects of Hydro Ottawa's business activity, from grid operations to asset management to back-end administrative functions. Alongside these multi-year projects, there will be a sustained focus on the prudent management of the ongoing transition to, and growing reliance on, cloud-based solutions and the implications for storage, data management, maintenance and related services which they present.[25]

5.2.3.3. Cyber security protections

In light of the trend towards greater digitization and the increasingly complex and hostile threat landscape which accompanies it, Hydro Ottawa has robust plans in place for the protection of critical infrastructure, assets and systems; the mitigation of cyber-related risks; the safeguarding of customer data; and the continuity and recovery of operations in the event of a major cyber disruption. The utility's DSP contemplates a series of enhancements to cyber security controls

[25] A more detailed examination of Hydro Ottawa's investments in cloud-based solutions is available in Attachment 4-1-1(A) - Transition to Cloud Computing.

and protections across its IT and OT ecosystem. Timely and effective implementation of these measures is a critical operational imperative. Moreover, Hydro Ottawa will be proactive and diligent in the maturation of its cyber security program, pursuing continuous improvement across core components such as employee awareness and training, table-top exercises, external partnerships, incident management and response, and governance.

5.2.3.4. Proactive legal and regulatory compliance

Hydro Ottawa carries out its business operations in accordance with a multiplicity of statutory and regulatory requirements, which place particular emphasis on employee and public safety, the reliability of distribution infrastructure, just and reasonable rates for customers, and integrity in recordkeeping, auditing and reporting. Responsibility for diligent compliance with all of the requirements to which the utility is subject is diffused across several program areas.

For example, Regulatory Affairs ensures that the utility fulfills its core sector-specific obligations under the various rules, regulations, and codes of the OEB, IESO, and Ministry of Energy and Mines. The Legal Services and Governance group (housed within the Corporate Costs program) manages overall corporate compliance. The Finance program oversees financial reporting and the application of accounting standards. Compliance with the provincial *Employment Standards Act* is coordinated by Human Resources & Training, while the Safety, Environment and Business Continuity program is accountable for ensuring adherence to health, safety and environmental obligations.

Over the 2026-2030 rate term, each of these groups will proactively manage any shifts in the legal and regulatory environment and will help sustain Hydro Ottawa's commitment to compliance excellence.

5.2.3.5. Procurement and supply chain management

With the next five-year rate period set to feature a historic level of distribution investment, as well as expansive maintenance activity, the timely and cost-effective procurement of necessary materials and services will assume critical importance. Moreover, the instability experienced in global supply chains in recent years, as a result of such factors as geopolitical conflicts and the COVID-19 pandemic, has underscored the need for proactive risk and inventory management. In the face of these pressures, and by leveraging digital tools and data analytics, the utility's Supply Chain program will focus on improving demand forecasting and inventory optimization, so as to ensure the timely availability of materials while minimizing carrying costs. The program will also emphasize strengthening vendor relationships by fostering partnerships with ethical, high-performing suppliers, enabling Hydro Ottawa to secure competitive pricing and reliable delivery of goods and services. Finally, the program will support the utility's broader sustainability objectives by strengthening green procurement practices and facilitating the transition to more sustainable materials and services.

6. PERFORMANCE REPORTING

Hydro Ottawa is committing to a robust performance measurement and reporting framework for the upcoming five-year rate period, which expands and builds upon the success of the one that was in place for 2021-2025. The cornerstone of this framework is the set of measures comprising the utility's 2026-2030 Custom Performance Scorecard. These measures have been selected based upon a variety of factors and criteria, including responsiveness to customer preferences, alignment with core RRF and corporate strategic objectives, and correlation to key capital and OM&A investments. What's more, the utility has intentionally incorporated numerous measures that are focused on tracking its performance in relation to evolving change drivers in its business environment, including DERs, electrification, cyber security and emissions reduction.

The proposed Custom Performance Scorecard is presented in Table 10 below.

Table 10 - 2026-2030 Custom Performance Scorecard

RRF Outcome	OEB Reporting Category	Hydro Ottawa Custom Measures	Target
Customer Focus	Customer Satisfaction	Contact Centre Satisfaction – Transactional Feedback	85%
		Percentage of Online Billing Accounts	80%
		Customer Participation in Non-Wires Solutions	Monitor
Operational Effectiveness	Safety	All Injury Frequency Rate	Reduce
		Lost Workday Severity Rate	Reduce
	System Reliability & Resilience	Percentage of Distribution Assets in Poor/Very Poor Condition	Monitor
		Percentage of Distribution Assets Reaching End of Life	≤65%
		Feeders Experiencing Multiple Sustained Interruptions	≤10
		Worst Performing Feeders	≤6
		Station Load Index (4 or 5)	0
		Incremental System Capacity	577 MVA
		Distributed Energy Resource Capacity	Monitor
	Cyber Security Readiness	Cyber Security Program Health	Green
	Cost Control	Productive Time	Maintain
		Labour Allocation	Maintain
		OM&A per Customer	Monitor
Public Policy Responsiveness	Environment	Scope 1 Greenhouse Gas Emissions	Reduce
		Scope 2 Greenhouse Gas Emissions	Monitor
		Annual Oil Spills & Costs of Remediation	Reduce
		Non-Hazardous Waste Diversion Rate	Maintain
		Percentage of Green Suppliers	Maintain
Financial Performance	Financial Metrics	Bad Debt as a Percentage of Total Electricity Revenue	Monitor

This proposed reporting regime is intended to equip the OEB, customers, and other stakeholders with the ability to better monitor and understand diverse aspects of Hydro Ottawa's performance, and to demonstrate the utility's accountability in transparently communicating the outcomes achieved under its performance management framework.

7. PRODUCTIVITY, INNOVATION & CONTINUOUS IMPROVEMENT

Responsibly controlling costs, focusing on cost-effective delivery of outcomes that matter to customers and exploring innovative alternatives to traditional solutions remain core priorities for Hydro Ottawa. Amidst the unique confluence of demands, pressures and constraints on its operations, the utility is placing increased emphasis on incorporating productivity and continuous improvement gains, as well as leveraging emerging technologies and innovative tools, so as to offset increasing expenditures and boost organizational capacity.

In accordance with internal guidelines for the preparation of plans and budgets for the 2026-2030 period, each administrative division within the utility was required to demonstrate productivity savings in a quantitative and/or qualitative fashion, and to identify initiatives dedicated to continuous improvement. Similarly, in formulating its OM&A expenditures, Hydro Ottawa applied a custom escalation factor to contain upward pressure on operational spending and embed productivity expectations throughout the upcoming rate period.[26] Together, these guardrails provide assurance that productivity and cost control objectives were firmly integrated into the utility's business planning process.

Moreover, Hydro Ottawa is set to enter into its next five-year rate term riding on the momentum of the augmentation of its productivity and continuous improvement efforts during the 2021-2025 period. From strategically restructuring its distribution construction and maintenance groups, to revamping its project management practices and delivery model for distribution design, to leveraging satellite imaging for vegetation management, to automating the labour-intensive

[26] Please see Schedule 1-3-1 - Rate Setting Framework for more information.

billing process for net metered customers – the utility achieved numerous milestones in its ongoing pursuit of operational excellence. These initiatives will continue to yield considerable savings in the years ahead and therefore ought to be viewed in tandem with new activity that is contemplated as part of this Business Plan.[27]

Whether through harnessing the potential of new technologies and solutions to better serve customers, elevating standards of business performance, or rationalizing and re-purposing resources, Hydro Ottawa will continue strengthening its culture of productivity, innovation and continuous improvement over the course of 2026 to 2030. Highlights of planned initiatives include the following:

- Refinement of the utility's recent adoption of condition-based and data-driven distribution asset management and maintenance strategies, through such steps as increased asset data collection and the expanded deployment of advanced diagnostics and predictive analytics, which will optimize asset lifecycle management and contain costs;
- Replacement of end-of-life meters with next-generation metering infrastructure, accompanied by advanced grid-edge devices, that will improve grid visibility, expedite outage restoration, and equip customers with data-driven insights and tools for greater control over energy usage;
- Alleviation of capacity constraints, reduction of peak demand and empowering of customers through the implementation of various NWS, including battery storage and demand-side management programs;
- Implementation of an Enterprise Asset Management solution, providing Hydro Ottawa with a centralized repository of asset lifecycle information by which

[27] A more detailed overview of relevant Hydro Ottawa initiatives and accomplishments in this regard is available in Schedule 1-3-4 - Facilitating Innovation and Continuous Improvement.

maintenance work can be prioritized on the basis of actual asset condition and which will automate work management processes;

- Launch of a drone inspection program, which will gather more granular data on overhead distribution assets, enabling targeted maintenance and improved asset health assessments;
- Introduction of advanced diagnostic testing for station transformers to measure moisture content with more precision and thereby safeguard transformer health and longevity more effectively;
- Deployment of a unified CRM platform, enabling a 360-degree view of each customer;
- Roll-out of additional energy management tools (including for disaggregation of electricity consumption), providing customers with more detailed insights on their energy use and costs;
- Integration of generative AI across existing business systems and platforms, to boost productivity, automate processes and enrich data analysis;
- Expansion of the utility's fleet pooling program, allowing more effective and extensive sharing of corporate vehicles by field crews and administrative staff through enhanced coordination of availability and usage, which will optimize vehicle utilization and reduce the need for the acquisition of over 20 new vehicles; and
- Delivery of the Ottawa Retrofit Accelerator program, through which federal funding is administered to local building owners to support deep energy retrofits, and lower both operating costs and building emissions.

7.1. BENCHMARKING

The preparation of this Business Plan was supported by year-over-year comparisons of Hydro Ottawa's costs and outcomes, along with evaluations of the utility's performance against its peers. Tracking and analysis of trends in the achievement of system reliability, customer value and financial strength outcomes have informed the scope and substance of particular capital

and OM&A programs. Similarly, the benchmarking of Hydro Ottawa's expenditures and performance relative to samples of utilities across Ontario, North America and select jurisdictions abroad has yielded valuable insights into areas in which the utility performs well and those in which there is room for improvement.[28] These findings have been internalized and incorporated into specific work programs, and will serve as important baselines and points of reference against which to measure the utility's progress.

As the implementation of Hydro Ottawa's capital and operational plans unfolds over the 2026-2030 period, the use of internal and external benchmarking will remain a vital tool for monitoring and measuring performance. The utility anticipates undertaking additional benchmarking analysis during the rate term, as a means of supporting its broader performance management and business planning framework, as well as its system and asset management planning processes.

8. REVENUE REQUIREMENT & BILL IMPACTS

The Revenue Requirement and Bill Impacts associated with Hydro Ottawa's proposed 2026-2030 capital and operational plans are summarized in the tables below.

[28] Additional information is available in Schedule 1-3-3 - Benchmarking.

Table 11 - Revenue Sufficiency/Deficiency ($'000s)

	2026	2027	2028	2029	2030
Return on Rate Base	$91,549	$101,661	$113,928	$123,382	$130,196
Distribution Expenses (not including amortization)	$140,010	$147,263	$154,891	$162,914	$171,353
Amortization	$67,205	$75,392	$82,256	$88,364	$94,410
Payment in Lieu of Taxes	$6,638	$6,528	$12,204	$12,671	$15,432
Other Expenses	$4,590	$4,596	$0	$0	$0
Service Revenue Requirement	**$309,993**	**$335,440**	**$363,279**	**$387,331**	**$411,392**
Less Revenue Offsets	$11,018	$10,697	$10,859	$11,123	$11,460
Revenue Requirement from Rates	**$298,975**	**$324,743**	**$352,420**	**$376,208**	**$399,932**
Forecasted Load at Prior Year Rates	$249,050	$300,938	$327,932	$355,874	$379,297
Yearly Revenue Deficiency	**$(49,926)**	**$(23,804)**	**$(24,488)**	**$(20,334)**	**$(20,636)**
Cumulative Revenue Deficiency	**$(49,926)**	**$(73,730)**	**$(98,218)**	**$(118,552)**	**$(139,187)**

Table 12 - Distribution Bill Impacts by Customer Class

Rate Class	Year-over-Year Distribution % Change					
	2026	2027	2028	2029	2030	Average
Residential	17.62%	9.34%	7.46%	5.70%	5.44%	*9.11%*
GS < 50 kW	16.96%	8.38%	6.89%	5.69%	4.71%	*8.52%*
GS > 50 to 1,499 kW	22.46%	9.64%	7.16%	5.72%	5.45%	*10.09%*
GS > 1,500 to 4,999 kW	11.17%	14.16%	7.57%	5.80%	4.78%	*8.70%*
Large Use	12.60%	17.33%	9.32%	6.22%	8.17%	*10.73%*
Street Lighting	5.89%	-25.52%	4.57%	2.12%	0.94%	*-2.40%*
Sentinel Lighting	8.51%	9.97%	7.45%	5.73%	5.43%	*7.42%*
Unmetered Scattered Load	12.27%	10.46%	6.92%	5.78%	4.64%	*8.01%*