

1 Application, page 3, paragraph 12 (iii).

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3 **Q. “Revisions to the proposed 2025 and 2026 test year revenue requirements for**  
4 **revenue shortfalls and financing cost impacts associated with proposals described in**  
5 **subparagraph 12(i) and 12(ii).”**

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7 **a) Please provide the forecast revenue shortfall by month and in total for 2025 that**  
8 **results from the different implementation dates for Hydro’s wholesale rate (i.e.**  
9 **January 1, 2025) and retail customer rates (July 1, 2025).**

10 **b) Please reconcile the response to part a) to the revenue shortfall and financing**  
11 **effects provided in the Application, Schedule 1, Appendix C, page 1 of 2.**

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13 A. a) Table 1 provides the monthly breakdown of the 2025 revenue shortfall revised for the  
14 Application proposals and compares it to the 2025 revenue shortfall proposed in the  
15 *2025/2026 General Rate Application* (“2025/2026 GRA”).<sup>1</sup> The difference is due to  
16 the rebasing power supply energy costs effective January 1, 2025, along with the  
17 revision to the wholesale rate, while maintaining the customer rate implementation  
18 date of July 1, 2025.<sup>2</sup>

**Table 1:**  
**2025 Revenue Shortfall<sup>3</sup>**  
**(\$000s)**

<b>Month</b>	<b>Application</b>	<b>2025/2026 GRA</b>	<b>Difference</b>
January	6,934	3,578	3,356
February	6,295	3,248	3,047
March	6,226	3,212	3,014
April	5,265	2,717	2,548
May	4,388	2,264	2,124
June	3,378	1,742	1,636
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
<b>Total</b>	<b>32,486</b>	<b>16,761</b>	<b>15,725</b>

<sup>1</sup> The 2025 revenue shortfall amounts in Table 4 in the *Wholesale Rate Flow-Through Report* (the “Report”) are shown net of amortization. The gross 2025 revenue shortfall amounts are outlined in footnotes 23 and 24 in the Report.

<sup>2</sup> For further information on the 2025 revenue shortfall, see section 3.2 *2025 Revenue Shortfall and Financing Effects* of the Report.

<sup>3</sup> The total 2025 revenue shortfall is allocated monthly based on the proportion of energy sales in that month compared to the total energy sales over the January 1, 2025 to June 30, 2025 timeframe.

The 2025 revenue shortfall is primarily the result of the increase in 2025 revenue requirement from the level included in existing customer rates not beginning to be collected in customer rates until July, 1 2025.<sup>4</sup> As such, recording the 2025 revenue shortfall over the first six-months of 2025 best reflects the existence of the 2025 revenue shortfall and serves to offset the increased revenue requirements in 2025 until customer rates come in effect on July 1, 2025.<sup>5</sup>

- b) Table 1 provides the 2025 revenue shortfall, before amortization. The \$12,580,000 figure shown in Appendix C, page 1, to the Report would also include the amortization of the 2025 revenue shortfall in 2025.<sup>6</sup>

Table 2 provides the monthly breakdown of the 2025 revenue shortfall, net of amortization.

**Table 2:**  
**2025 Revenue Shortfall (Net of Amortization)**  
**(\$000s)**

Month	Application	2025/2026 GRA	Difference
January	6,934	3,578	3,356
February	6,295	3,248	3,047
March	6,226	3,212	3,014
April	5,265	2,717	2,548
May	4,388	2,264	2,124
June	3,378	1,742	1,636
July	(1,083)	(559)	(524)
August	(1,083)	(559)	(524)
September	(1,083)	(559)	(524)
October	(1,083)	(559)	(524)
November	(1,083)	(559)	(524)
December	(1,083)	(559)	(524)
<b>Total</b>	<b>25,989</b>	<b>13,409</b>	<b>12,580</b>

<sup>4</sup> As outlined below (in \$000s), excluding the impact of deferrals and amortizations, the annual 2025 and 2026 test year revenue requirements are substantially the same in 2025 and 2026. Accordingly, customer rates determined based on the annual 2026 revenue requirement would, for the most part, collect the annual 2025 revenue requirement if customer rates were implemented on January 1, 2025.

	2025	2026
Total revenue requirement (Report, Schedule 1, Appendix C)	783,920	824,517
Less: deferrals and amortizations (Report, Schedule 1, Appendix C)	(24,151)	16,178
<b>Total Revenue Requirement, less deferrals and amortizations</b>	<b>808,071</b>	<b>808,339</b>

<sup>5</sup> For example, in the scenario that the current wholesale rate remained in effect and power supply energy costs were rebased effective July 1, 2025, the Company's Energy Supply Cost Variance deferral account would operate over the first six-months of 2025 to offset the increased revenue requirement related to power supply costs from the level included in existing customer rates. As outlined in footnote 29 in the Report, \$24.4 million in power supply energy costs would be deferred monthly over the January to June 2025 period in that scenario.

<sup>6</sup> The 2025 revenue shortfall is proposed to be amortized over the 30-month period, July 1, 2025 to December 31, 2027. See section 3.2 *2025 Revenue Shortfall and Financing Effects* of the Report for further details.