

# 2026 IRM Application

## Interrogatory Responses

EB-2025-0040



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## Staff Question #1

**Ref: EB-2025-0040, Rate Generator Model, Tab 3, Continuity Schedule**

On September 11, 2025, the OEB published the 2025 Quarter 4 prescribed accounting interest rates applicable to the carrying charges of deferral, variance and construction work in progress (CWIP) accounts of natural gas utilities, electricity distributors and other rate-regulated entities.

### Question(s):

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2025 OEB-prescribed interest rate of 2.91%.

### Response

- a) EPLC confirms that the Q4 2025 prescribed interest rate of 2.91% has been used in the Continuity Schedule. No updates are required to Tab 3 of the Rate Generator Model.

## Staff Question #2

**Ref 1: EB-2024-0022, EPLC\_DVAContinuitySchedule\_DRO\_20250415, Tab 2a. Continuity Schedule, Cells BC34 and BL34**

**Ref 2: EB-2025-0040, Rate Generator Model, Tab 3, Continuity Schedule.**

Ref 1 indicates ending balances for Account 1595 (2018 and pre-2018) of \$(106,514) for principal and \$(71,054) for interest. However, these balances are not reflected as opening balances in the same account in Ref 2.

- a) Please confirm how these balances are being treated in the 2026 IRM application, and clarify why they are not shown?

### Response

- a) The balances in Account 1595-2018 were disposed during our last rate rebasing application for 2025 rates (EB-2024-0022). These balances should have been reflected as opening

balances on the DVA Continuity Schedule of the Rate Generator Model in this application. Amendments have been made to the Rate Generator Model to reflect these opening balances. Note that the earliest vintage year available for selection in the DVA Continuity Schedule is 2019. Accordingly, a row titled "Account 1595 (2019 and pre-2019)" has opened up on Tab 3 and EPLC's 1595-2018 balances have been inserted on this row.

### Staff Question #3

**Ref 1: EB-2025-0040, 2026 IRM Rate Generator Model, Tab 1**

**Ref 2: EB-2025-0040, Case Manager Summary, p. 7**

In the Case Manager Summary (Ref 2), Essex Powerlines has indicated that it is not seeking approval for any adjustments to its Low Voltage (LV) service rates. However, in the 2026 IRM Rate Generator Model (Ref 1), on Tab 1, the response to the question regarding whether the utility is seeking to update its LV service rates is marked as "Yes". Additionally, Tabs 16.1 and 16.2 do not show any rate riders for LV rates, and Tab 20 (Final Tariff Schedule) indicates a rate of \$0 for LV service.

#### Question(s):

a) Please confirm whether Essex Powerlines is seeking an update to its Low Voltage service rates in the 2026 IRM application, as there appears to be a discrepancy between the Case Manager Summary and the Rate Generator Model, Tab 1.

b) If Essex Powerlines is not seeking an update to its LV service rates, please update Tab 1, in the Rate Generator Model to reflect "No" instead of "Yes".

#### Response

a) EPLC confirms that it is not seeking an update to its Low Voltage (LV) service rates in the 2026 IRM application. Tab 1 of the 2026 IRM Rate Generator Model has been amended from "Yes" to "No" regarding updating of LV service rates. Correction of this flag permits existing LV service rates to carry forward to Tab 20 (Final Tariff Schedule).

b) Tab 1 of the 2026 IRM Rate Generator Model has been amended to "No" regarding updates to LV service rates.

## Staff Question #4

Ref 1: 2026 Commodity Accounts Analysis Workform, Tab "GA 2024"

Ref 2: 2026 IRM Application, Manager's Summary, Deferral and Variance Accounts, p.7

OEB staff notes that the analysis of the \$24,192 variance in Ref 2 appears incomplete. The explanation provided does not fully account for the total unresolved difference identified in Ref 1.

### Question(s):

a) Please clarify the reason for the \$24,192 variance. If a detailed explanation is not currently available, indicate when Essex Powerlines expects to be able to provide one.

b) Please confirm whether Essex Powerlines is seeking final disposition of Group 1 accounts, including Account 1589.

c) If Essex Powerlines is seeking final disposition of the Group 1 accounts, please clarify how Essex Powerlines intends to address the unresolved variance in Account 1589 identified in Ref 1.

d) Additionally, if the potential adjustment is material post-final disposition, please explain how Essex Powerlines proposes to manage it.

e) Did Essex Powerlines consider the option of disposing of the Group 1 balances, excluding Accounts 1588 and 1589? If so, please explain why this approach was ultimately not pursued.

### Response

a) Upon initial filing of this rate application, a \$24,192 variance existed on the Tab "GA 2024" of the 2026 Commodity Accounts Analysis Workform. Subsequent to performing additional work to locate the source of this variance, EPLC has discovered a posting error between Accounts 1588 and 1589 in the amount of \$19,564, correction of which results in the Account 1589 unresolved variance falling within the stipulated +/- 1% allowable threshold. Account 1588 continues to remain within the +/- 1% allowable threshold.

b) EPLC confirms that it is seeking final disposition of Group 1 accounts, including Account 1589.

c) EPLC has resolved the variance in Account 1589 identified in Ref 1 as part of these interrogatory responses. A revised Commodity Accounts Analysis Workform is being submitted concurrently with these responses.

1 d) N/A

2 e) Upon initial filing of this application, EPLC considered the option of disposing of the Group 1  
3 balances excluding Accounts 1588 and 1589 but ultimately decided against this approach in order  
4 to maintain the ability to perform additional work to resolve this variance, thus permitting timely  
5 disposition of balances.

6

## 7 Staff Question #5

8 **Ref 1: 2026 Commodity Accounts Analysis Workform, Tab "Principal Adjustments", Note 8, Table:**  
9 **Account 1588 -RSVA Power**

10 **Ref 2: EB-2024-0022, EPLC\_DVAContinuitySchedule\_DRO\_20250415, Tab 2a. Continuity Schedule, Cell**  
11 **BF31**

12 **Ref 3: 2026 Commodity Accounts Analysis Workform, Tab "Principal Adjustments", Note 9, Table:**  
13 **Account 1588 -RSVA Power, Cell V56**

14 In the previous year's rate application (i.e., the 2025 rate application), principal adjustment was recorded  
15 in Account 1588 (Ref 2). This adjustment must be appropriately reversed in the current year. However,  
16 OEB staff notes that the principal adjustment recorded in Account 1588 in the prior year has only been  
17 partially reversed in the current year (Ref 1).

### 18 **Question(s):**

19 a) Please explain the nature of the over-accrual error recorded in Ref 1 and why it is not reversed  
20 in the current rate application.

21 b) Please clarify why the settlement true-up amount for the years 2017 to 2021 is not reversed in  
22 Ref 1.

23 c) Please confirm whether the discrepancies noted in parts a) and b) are due to a reporting error.  
24 If so, please make the necessary corrections and submit an updated Commodity Accounts Analysis  
25 Workform.

26 d) Please explain the amount related to "Unbilled to actual revenue difference" in Ref 3.

27

28

## 1 Response

- 2 a) The over-accrual identified in Ref 1 was the result of an accrual being recorded twice in error  
3 in 2023. This error was discovered and adjusted in 2024. Therefore, no reversal is required in  
4 the current application.
- 5
- 6 b) The settlement true-up for the years 2017–2021 was a one-time adjustment which was  
7 addressed and settled with the IESO in 2023. Therefore, no reversal is required in the current  
8 rate application.
- 9
- 10 c) EPLC confirms that the discrepancies noted in parts (a) and (b) are not the result of a reporting  
11 error and reversals are not required in the current application. No updates to the Commodity  
12 Accounts Analysis Workform are required in this regard.
- 13
- 14 d) The amount reported under “Unbilled to actual revenue difference” in Ref 3 represents the  
15 variance between accrued unbilled revenues at year-end and actual billed revenues in the  
16 subsequent year.

## 18 Staff Question #6

### 19 Ref 1: EB-2025-0040, 2026 IRM Rate Generator Model, Continuity Schedule, Tab 3

20 OEB staff notes that there is a balance recorded in Account 1595 (sub-accounts for 2022 to 2024), both in  
21 principal and interest, as of December 31, 2024 (Ref 1). However, Essex Powerlines has only requested  
22 disposition of the 2021 balance in the current application. In the previous 2025 Cost of Service application,  
23 Essex Powerlines only requested disposition of the 2018 sub-account balance.

### 24 Question(s):

- 25 a) Please explain Essex Powerlines’ disposition practices for Account 1595 balances. Specifically,  
26 OEB staff is seeking clarification on the mechanism or strategy Essex Powerlines follows for  
27 disposing of balances in Account 1595. What do these balances (Ref 1) represent, and how does  
28 Essex Powerlines determine which years to request for disposition?
- 29 b) Why has Essex Powerlines not requested disposition of the balances recorded in Account 1595  
30 for the years 2022 to 2024? OEB staff would appreciate an explanation regarding the rationale or  
31 policy behind excluding these years from the current disposition request provided these balances  
32 were not disposed of in the previous applications.

## Response

a) Per OEB Chapter 3 guidance:<sup>1</sup>

*Distributors are expected to request disposition of residual balances in Account 1595 sub-accounts for each vintage year only once, on a final basis. Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider. During the two years after the expiry of the rate rider, distributors may still make billing corrections as per the Retail Settlement Code and should record the related transactions in the associated Account 1595 sub-account.*

EPLC follows this guidance for disposition of 1595 balances.

EPLC maintains separate Account 1595 sub-accounts by rate year, consistent with OEB requirements. The following table summarizes each account's eligibility for disposition:

| 1595 Sub-Account | OEB File Reference | Latest Rate Rider Expiry | Eligibility for Disposition                                                      |
|------------------|--------------------|--------------------------|----------------------------------------------------------------------------------|
| 1595-2020        | EB-2019-0034       | October 31, 2023         | 2027 IRM                                                                         |
| 1595-2021        | EB-2020-0021       | April 30, 2022           | Request for disposition is being made with the current 2026 IRM rate application |
| 1595-2022        | EB-2021-0023       | April 30, 2023           | 2027 IRM                                                                         |
| 1595-2023        | EB-2022-0031       | April 30, 2024           | 2028 IRM                                                                         |
| 1595-2024        | EB-2023-0020       | April 30, 2025           | 2029 IRM                                                                         |
| 1595-2025        | EB-2024-0022       | December 31, 2025        | 2029 IRM                                                                         |

Disposition of each 1595 vintage year account will be requested only after the associated rate riders have fully expired, two years after expiry of the rate riders have elapsed to allow for any billing adjustments, and the corresponding balances have been audited.

b) Please see the above response to Staff Question 6(a). Specifically, EPLC has not requested disposition of the 2022 to 2024 Account 1595 balances because the required two-year window subsequent to expiry of the associated rate riders has not yet elapsed for the 2023

<sup>1</sup> Chapter 3 Incentive Rate-Setting Application, section 3.2.6.3 - Disposition of Account 1595



and 2024 vintage years. In the case of the 2022 vintage year, although the rate riders expired in April 2023, the 2025 balances have yet to be audited.

## Staff Question #7

**Ref 1: EB-2025-0040, 2026 IRM Rate Generator Model, Tab 8 "STS – Tax Change", Cell H40**

**Ref 2: EB-2024-0022, 2025 Rebasing Application, EPLC\_RevReqWorkform\_DRO\_20250415, Cell S10**

OEB staff notes that the amount in Ref 1 should equal the amount of the total tax credits as per the OEB's decision in Ref 2.

### Question(s):

a) OEB staff notes that the amounts in Ref 1 and Ref 2 do not reconcile. Please explain why.

b) If any updates are required, please update the 2026 Rate Generator Model accordingly.

### Response

a) EPLC notes that the amounts in the 2026 IRM Generator Model, Tab 8 and the 2025 Rebasing Application, EPLC\_RevReqWorkform\_DRO\_202504015, Cell S10 do not reconcile due to an oversight. This error has been corrected.

b) The 2026 IRM Rate Generator Model, Tab 8, has been updated accordingly.

## Staff Question #8

**Ref 1: 2026 Rate Generator Model, Tab 4: Billing Det for Def-Var, Column N**

Column N represents the residual account balance to be allocated to the rate classes in proportion to the recovery share as established when the rate riders were first implemented.

a) Please confirm whether the balance proposed for allocation corresponds to the residual ending balance recorded in Account 1595 for the 2021 rate year.

b) Please provide the rationale for the percentages or ratios used to allocate the residual balance to the respective rate classes. Specifically, confirm whether these percentages align with those originally used when the rate riders were first implemented. If they differ, please explain the basis for the revised allocation.

1 c) Please confirm the sunset date or expiration date of the rate riders associated with the residual  
2 balance.

3 d) Please explain why this residual balance was not disposed of in previous applications.

#### 4 **Response**

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5 a) EPLC confirms that the balance proposed for allocation corresponds to the residual ending  
6 balance recorded in Account 1595 for the 2021 rate year (EB-2020-0021). Tab 4 of the 2026  
7 Rate Generator Model has been updated to correspond to the percentages in Tab 5 from the  
8 2021 rate year to ensure the proper allocation of Account 1595.

9  
10 b) The percentages used to allocate the residual balance to the respective rate classes are based  
11 on kWh consumption and align with the same allocation methodology that was applied when  
12 the rate riders were first implemented, as set out in EB-2020-0021.

13  
14 c) EPLC confirms that the balance relates to the 2021 IRM (EB-2020-0021), in which Group 1  
15 balances were approved for disposition, with a sunset date of the rate riders of April 30, 2022.

16  
17 d) Please refer to EPLC's response to Staff Question 6 above.  
18