

**Response to OEB Staff Interrogatories
2026 Electricity Distribution Rates Application
Hearst Power Distribution Co. Ltd.
EB-2025-0033
January 28, 2026**

Please note, Hearst Power Distribution Co. Ltd. (Hearst Power) is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please note, OEB staff has attached an updated Rate Generator Model as well as Incremental Capital Module (ICM) workform. Please use these versions for any updates required.

Staff Interrogatory-1

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 21

Ref. 2: HPDCL 2026 IRM Rate Generator 20251104, Tab 19

Preamble:

In Ref. 1, Hearst Power proposed to recover the incremental revenue requirement associated with the digger derrick truck through a fixed ICM rate rider, effective 2026.

In Ref. 2, Hearst Power is showing fixed and variable rate riders for all applicable classes effective until April 30, 2028.

Question(s):

- a) Please confirm that Hearst Power is requesting cost recovery through fixed and variable rate riders for applicable classes.

Response: Hearst Power confirms that it is proposing to recover the incremental revenue requirement associated with the digger derrick truck through the ICM mechanism using the fixed and variable rate riders calculated in the ICM/ACM model. The proposed rate riders are set out in Tab 11 of the ICM/ACM model and are reflected in the Rate Generator.

- i. If not, please update the Rate Generator Model.

Response: Manuela

- b) Please confirm that these rate riders will be effective from May 1, 2026, until the effective date of Hearst Power's next cost of service (CoS) rate order rather, than a fixed date of April 30, 2028.

Response: Hearst Power confirms that the ICM rate riders are intended to be effective from May 1, 2026, until the effective date of its next cost of service rate order. Hearst Power has requested a two-year deferral of its next cost of service application, such that the next CoS rates are expected to be effective May 1, 2028 which would make the sunset date of the rate rider April 30,2028.

- i. If so, please update the effective until date for the ICM rate rider to be “in effect until the effective date of the next cost of service based rate order” instead of “April 30, 2028”.

Response: In compliance with Staff’s request, Hearst Power has updated the applicable tariff sheets to state that the ICM rate riders will remain in effect until the effective date of the “next cost of service”, rather than a fixed date of April 30, 2028.

Staff Interrogatory-2

Ref. 1: HPDCL 2026 IRM ACM-ICM Workform 20260114, Tab 3

Preamble:

Ref. 1 requests inputs of current approved distribution rates in cells G17-22 and H17-22. OEB staff notes that Hearst Power used its proposed distribution rates as input.

OEB staff has corrected these inputs using Hearst Power's current approved distribution rates as follows:

Current Approved Distribution Rates

Monthly Service Charge	Distribution Volumetric Rate kWh	Distribution Volumetric Rate kW
33.15		
25.57	0.0087	
65.40	0.0000	2.0581
275.29	0.0000	1.5363
14.21	0.0000	15.3976
5.47	0.0000	3.0311

Question(s):

- a) Please confirm the accuracy of ICM model updates.

Response: Agreed and confirmed

Staff Interrogatory-3

Ref. 1: HPDCL 2026 IRM ACM-ICM Workform 20260114, Tab 1

Preamble:

In Ref. 1, Hearst Power used an IPI of 3.6%. The OEB issued a [letter](#) on June 11, 2025 with 2026 inflation parameters of 3.7% for electricity distributors. OEB staff has updated the IPI to the current 3.7%.

Last Rebasing Year:	2021	
The most recent complete year for which actual billing and load data exists	2024	
Current IPI	3.70%	
Stretch Factor Assigned to Middle Cohort*	III	
Stretch Factor Value	0.30%	
Price Cap Index	3.40%	

Question(s):

- a) Please confirm Ref. 1 accurately represents Hearst Power’s ICM request.

Response: Agreed and confirmed

Staff Interrogatory-4

Ref. 1: HPDCL 2026 IRM ACM-ICM Workform 20251104, Tab 10, Cell C68

Preamble:

OEB staff notes that Ref. 1 does not have an input for Hearst Power’s Current Tax Rate.

Question(s):

- a) Please update the ICM model to include Hearst Power’s Current Tax Rate.

Response: Hearst Power has updated Tab 10 to reflect the tax rate of 12.2% as per tab 8 of the IRM model.

- b) Please make the necessary updates to Tab 19 of the Rate Generator Model based on the revised rate rider if there is a change in the ICM revenue requirements.

Response: Manuela

Rate Class		Service Charge Rate Rider	Distribution Volumetric Rate kWh Rate Rider	Distribution Volumetric Rate kW Rate Rider
		Col F / Col K / 12	Col G / Col L	Col H / Col M
Residential		1.26	0.0000	0.0000
General Service Less Than 50 Kw		0.97	0.0003	0.0000
General Service 50 To 1,499 Kw		2.49	0.0000	0.0782
Intermediate User		10.46	0.0000	0.0584
Sentinel Lighting		0.54	0.0000	0.5851
Street Lighting		0.21	0.0000	0.1152
Total				

Net Capex	\$579,675	
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Please refer to Hearst Power's 2025 Distribution System plan for greater details (see attached)

- b) Please explain if any projects were delayed or reprioritized to accommodate the purchase of the bucket truck in 2026?

Response:

Yes. In consideration of the planned purchase of the derrick digger in 2025–2026, Hearst Power has elected to defer all non-essential major projects. Over the next five years, Hearst Power plans to complete only one essential project per year, consisting of the replacement of poles and transformers in accordance with the 2025 DSP and this asset renewal plan was developed following asset inspections in the year 2025.

Staff Interrogatory-6

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 21

Ref. 2: HPDCL 2026 IRM ACM-ICM Workform 20260114, Tab 9b, Cell D87

Preamble:

In Ref. 1 Hearst Power notes that the maximum allowable capital amount has been calculated in the ICM model. The result confirms that the cost of this project qualifies for ICM treatment, as it exceeds the materiality threshold while remaining within the overall capital envelope permitted under the OEB's methodology. The project cost is \$510,475.

Ref. 2 shows a maximum eligible capital amount of \$487,206.

Question(s):

- a) Please confirm that the maximum eligible capital amount under the OEB's methodology is \$487,206 rather than the total project cost of \$510,475.

Response: Hearst Power confirms Staff's assessment

Staff Interrogatory-7

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 21

Ref. 2: OEB Accounting Procedures Handbook for Electricity Distributors, January 1, 2012, Article 220

Ref. 3: OEB Approval Letter, June 18, 2025

Preamble:

Hearst Power notes that following the delivery of the new digger truck, it intends to sell the retired truck (2000 Freightliner FL80 chassis with a Telelect C4047 boom and Protek PVT134 fiberglass utility body), with expected salvage proceeds between \$25,000 and \$50,000, to be credited back to ratepayers.

Ref. 2 provides instructions for utilities to record gains and losses on disposition of utility and other property, specifically, gains arising from the disposition of utility and other property should be recorded in Account 4355, Gain on Disposition of Utility and other Property.

In Ref. 3, the OEB approved Hearst Power's request to defer its 2026 CoS application for two years. Hearst Power is expected to file its rebasing application for the 2028 rate year.

Question(s):

- a) Please confirm whether Hearst Power is expected to sell its retired digger truck in 2026, when the new digger truck is commissioned?

Response:

Yes. Hearst Power confirms that the retired digger truck is expected to be sold in 2026 following the commissioning of the replacement unit

- i. If not, why not?

Response: N/A

- b) Please describe the method by which Hearst Power plans to refund the salvage amount to customers, given that Hearst Power is expected to rebase for the 2028 rate year and that the sale of the retired digger truck is expected to occur in 2026.
 - i. If the proposed method involves a new Deferral and Variance Account (DVA), please provide the evidence regarding the eligibility criteria and a draft accounting order including sample journal entries for the proposed refund.

Response:

Hearst Power does not propose the establishment of a new deferral and variance account to address the proceeds from the sale of the retired digger truck.

Consistent with the OEB Accounting Procedures Handbook and established OEB ratemaking practice, any gain arising from the disposition of utility property will be recorded in Account 4355 – Gain on Disposition of Utility and Other Property and reflected as a revenue offset for the benefit of ratepayers.

An example of such entry:

<u>Record disposition</u>		<u>Dt</u>	<u>Ct</u>
1005	Cash	\$ 50,000.00	
1930	Transportation equipment		\$ 20,535.92
2105	Acc Amort trucks	\$ 20,533.92	
4355	Gain on disposition		\$ 49,998.00

This approach ensures that customers receive the full benefit of the asset sale proceeds in accordance with the Board’s long-standing treatment of gains on disposal of utility assets.

If the OEB determines that a separate disposition mechanism is more appropriate in the context of Hearst Power’s next rebasing application, Hearst Power has no objection to transferring the accumulated balance to a regulatory liability account for subsequent disposition through a rate rider once 2028 cost-of-service rates are approved.

<u>Transfer gain to regulatory liability</u>		<u>Dt</u>	<u>Ct</u>
2405	Other regulatory liabilities		\$ 49,998.00
4355	Gain on disposition	\$ 49,998.00	

Staff Interrogatory-8

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 20

Preamble:

In Ref. 1 Hearst Power notes that it entered the digger derrick truck, which is being replaced, into service in 2000 at a cost of \$198,762.

- a) Please confirm that this vehicle was fully depreciated at the time of Hearst Power's last rebasing application EB-2020-0027.

Response:

Yes. Hearst Power confirms that the vehicle was fully depreciated but \$1 remains in G/L as net book value, for both the truck (\$1) and the body (\$1), as per IFRS requirements.

- b) If not, please provide:
 - i. Depreciation amount still included in rates

Response: NIL

- ii. Residual amount of the asset that is being disposed

Response: \$1 for the digger truck, \$1 for the body

Staff Interrogatory-9

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 22

Ref. 2: HPDCL 2026 IRM ACM-ICM Workform 20251104, Tab 9b, Cells E64, E65, F64 and F65

Preamble:

In Ref. 1, Hearst Power notes that it has prepared the ICM revenue requirement including the impacts of accelerated Capital Cost Allowance (CCA). This approach is consistent with OEB guidance and ensures that the OEB has the necessary information to assess the impact of current federal tax policy changes on the recovery of this investment.

For the Chassis and Boom and utility body installation, Hearst Power shows respective amortization amounts of \$12,730 and \$25,545 and CCA amounts of \$40,735 and 57,476 (see below).

Project Descriptions:	Type	Proposed ACM/ICM	Amortization Expense	CCA
Chassis (Freightliner M2 106 Plus) Depr 10 yrs	New ICM	\$ 127,300	\$ 12,730	\$ 40,735
Boom and utility body installation (Wajax) Depr 15 yrs	New ICM	\$ 383,175	\$ 25,545	\$ 57,476

Question(s):

- a) Please clarify whether the amortization period of 10 years for the Chassis and 15 years for the Boom align with the approved useful lives of the corresponding assets in Hearst Power’s last rebasing application.
 - i. If not, why not?
 - ii.

Response: The amortization periods applied to the digger truck chassis and to the boom and utility body installation are not fully aligned with the useful life ranges approved in Hearst Power’s most recent rebasing application for fleet and equipment assets nevertheless, they are consistent with IFRS accounting standards.

In Hearst Power’s last rebasing application, the useful life assigned to “heavy trucks” was 10 years. However, because the cost of the chassis can be readily separated from that of the boom and utility body, Hearst Power determined it to be more appropriate to amortize the higher-cost boom and body components over a 15-year period, classifying them as specialized fleet equipment. This approach helps mitigate rate impacts.

Vehicles, including trucks and bucket equipment, were approved with useful lives ranging from 5 to 10 years. The 10-year life applied to the chassis falls within this approved range, while the 15-year life applied to the boom and utility body reflects the longer service life typical of specialized fleet equipment.

These depreciation assumptions represent Hearst Power’s current best estimates of asset service lives and have been confirmed by Hearst Power’s external accounting

firm as being in accordance with IFRS.

b) Please provide the respective CCA classes used to input Cells F64 and F65.

Response: The digger truck chassis was included in CCA Class 10 (30% declining balance). The boom and utility body installation were included in CCA Class 8 (20% declining balance).

Staff Interrogatory-10

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 21

Preamble:

Hearst Power stated that it issued an RFQ in 2024, and the chosen supplier (Freightliner/Wajax) provided competitive pricing (lowest bid) and full warranty support.

a) Please provide details of all the bids along with quotes received in response to the RFQ.

Response:

The bidders were not informed, nor agreed, that their bids would be released publicly therefore we can't share the details they provided along with their quote. Here are the results but company names were removed for confidentiality reasons:

Digger Derrick

<u>Vendor</u>	<u>New unit price</u>	<u>Available unit in stock</u>	<u>Used units</u>
Company A	\$383,175.00	none	none
Company B	\$388,504.00	one 55' unit, which is bigger and more \$\$\$	none
Company C	No bid	none	none
Company D	No bid	none	none

Cab and Chassis

<u>Vendor</u>	<u>New unit price</u>	<u>Quoted model details</u>
Company D	\$127,300.00	Freightliner M2 Plus - Cummins engine
Company E	\$130,250.00	Freightliner M2 106 Plus - Detroit DD8 engine
Company F	No bid	

Combined cost \$510,475.00 for new unit

USED Digger Derricks - Available for sale

<u>Year</u>	<u>PTO hours</u>	<u>Mileage (km)</u>	<u>Make</u>	<u>Price</u>
2014	3600	174,000	Terex arm, with International cab and chassis	\$ 119,500.00
2014	3600	155,000	Terex arm, with International cab and chassis	\$ 119,500.00

Staff Interrogatory-11

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 23

Preamble:

Hearst Power's achieved Return On Equity (ROE) of 13.96%, which is 562 basis points higher than the deemed ROE of 8.34%. Hearst Power noted that this over earning is due to extraordinary and time-limited subcontracting activity related to an unusually large request for utility locate services in 2024.

The Report of the Board: New Policy Options for the Funding of Capital Investments: the Advanced Capital Module (ACM report) ¹ states that "*If the regulated return exceeds 300 basis points above the deemed return on equity embedded in the distributor's rates, the funding for any incremental capital project will not be allowed.*"

The ACM report further notes:

While a means test that doesn't allow incremental funding if a distributor is earning more than its Board-approved ROE may be a barrier to a distributor seeking efficiency improvements during the IR term, a threshold of 300 basis points retains some flexibility for distributors to maximize their earnings while also recognizing that funding in advance of the next rebasing is likely not required from a cash flow perspective. Distributors will have the option of explaining any overearnings.

Hearst Power is 262 basis points above the 300 basis points deadband.

Question(s):

- a) Please provide a forecasted ROE for 2025.

Response: Hearst Power's 2025 return on equity has been calculated on a preliminary basis, as year-end financial results are not yet finalized. The current estimated adjusted net regulated income for 2025 is \$77,765 with a preliminary achieved ROE of 6.15%, which falls within the 3% deadband.

These results are indicative only and remain subject to material change once final year-end entries, tax adjustments, and audited balances are completed. Accordingly, the preliminary ROE should not be relied upon for regulatory determinations and can be updated once finalized 2025 financial information becomes available.

Please see the Excel attachment called ROE Calculations file with these responses.

- b) Please provide a table showing four years of historical/actual Other Revenues (2021-2024) as well as Other Revenues in 2025.

Staff Interrogatory-12

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 19

Ref. 2: Letter: Request for Deferral of 2026 Cost of Service Application (May 23, 2025)

Ref. 3: OEB Letter: Application for 2026 Electricity Rates OEB File No. EB-2025-0033 (June 18, 2025)

Preamble:

In Ref. 1, Hearst Power noted that the total project cost of \$510,475 was approved by its Board of Directors on June 27, 2024.

In Ref. 2, Hearst Power requested a two-year deferral of its scheduled 2026 CoS application despite overearning in 2024, and the upcoming major expense noted above.

In Ref. 3, the OEB stated that it is OEB policy that an ICM is not available to utilities during deferred rebasing periods (other than those related to consolidations). The letter noted if Hearst Power includes an ICM request in 2026, a panel of Commissioners will at that time determine whether departure from the OEB's policy is warranted.

Question(s):

- a) Please explain why Hearst Power feels that a departure from the OEB's policy is warranted given that a major expenditure was approved by Hearst Power's Board of Directors a year prior to its deferral request.

Response: The deferral was requested primarily due to temporary, non-recurring financial results in 2024 and internal resource constraints that made it difficult to prepare a full Cost of Service application within the normal timeline. As explained in the May 23, 2025, letter to the OEB, the higher achieved ROE in 2024 was largely driven by unusual locate subcontracting revenues following changes to the Ontario Underground Infrastructure Notification System Act, which management does not expect to continue in future years

The bucket truck replacement is a separate issue and reflects the need to replace a critical piece of equipment that is reaching the end of its service life and is essential to maintaining and renewing Hearst Power's system. This is not a discretionary project and could not reasonably be deferred.

In addition, industry lead times for derrick digger trucks have increased significantly in recent years, often requiring orders to be placed well in advance of actual delivery. At the same time, the cost of these units has increased materially since before the COVID period, with current pricing approximately double historical levels. Given the age and condition of Hearst Power's existing unit, waiting until the next rebasing period would expose the utility to both operational risk and further cost escalation.

For these reasons, Hearst Power believes the ICM is the appropriate tool to address

this one-time, extraordinary capital cost during the deferred rebasing period, while the deferral itself remains appropriate given the utility's overall circumstances.

b) Please provide all communication between Hearst Power and its Board of Directors regarding:

(i) Purchase of the Bucket Truck &

Response: Meeting documentation and meeting minutes are confidential. But, overall, the General Manager advised the Board of Directors that the 25-year-old truck is approaching the end of its service life. Given the extended lead times for this type of unit and the lack of comparable units currently available in inventory, Hearst Power must plan for the replacement of the sole derrick digger truck in its fleet. This unit plays a critical role in the maintenance and renewal of Hearst Power's outside plant. Inspection reports, along with research on derrick digger availability and market pricing, were also provided.

(ii) Rebasing deferral request

Response: Similarly, internal discussions between management and the Board regarding the deferral request are part of Hearst Power's governance process.

In summary, management explained:

- the one-time nature of the 2024 over-earning
- staffing changes limiting the utility's ability to prepare a COS application
- the ability to address extraordinary capital needs through ICM during IRM years
- the benefits of maintaining stable rates while preparing a stronger future COS filing

The Board supported submitting the deferral request based on these considerations.

c) Please provide the impact on ROE, the Debt/Equity ratio, cash flow, and other financial metrics should the OEB deny Hearst Power's ICM request.

Response: If the OEB denied the ICM request, Hearst Power would be required to fund the remaining cost of the bucket truck within existing base rates during the deferred rebasing period, with no specific revenue recovery for the investment.

This would result in:

- reduced earnings in future years as depreciation and financing costs are incurred without corresponding rate recovery
- increased cash requirements, placing pressure on Hearst Power's liquidity
- some additional reliance on borrowing to support the capital expenditure

Overall, denial of the ICM would place financial strain on Hearst Power during the deferral period and limit its ability to fund necessary system maintenance and renewal while maintaining stable financial performance.

Staff Interrogatory-13

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 23

Ref. 2: RRR 2.1.5.6 ROE Complete Filing Guide, March 2016

Preamble:

In Ref. 1, Hearst Power explained that the 2024 overearning is driven by the extraordinary and time-limited subcontracting activity related to unusually large requests received in 2024 for utility locate services following the amendment of the *Ontario Underground Infrastructure Notification System Act* (OUINS Act).

Page 10 of Ref. 2 states that Cells al and am in Appendix 1 of RRR 2.1.5.6 form “represent other adjustments, if applicable, for any other revenue items that were not approved by the OEB in the distributor’s last CoS Decision and Order.” Furthermore, Cells an, ao and ap “represent other adjustments, if applicable, for any other expense items that were not approved by the OEB in the distributor’s last CoS Decision and Order.”

Question(s):

- a) Please provide the USoAs in which the subcontracting activity related revenues and expenses were recorded in 2024, along with the corresponding amounts.

Response:

Account #4325 - Revenues from Merchandise, Jobbing:

- Gross revenues of \$128,228 for out of geographical area underground services locating (locates jobbing)
- Gross revenues of \$157,919 for out of geographical area high voltage/private pole line jobbing

- b) Please confirm whether the subcontracting activity associated with utility locate services following the amendment of the Ontario Underground Infrastructure Notification System Act was approved in Hearst Power’s last CoS proceeding.
 - i. If not, please file an updated RRR 2.1.5.6 form following the instructions provided in Ref. 2.

Response:

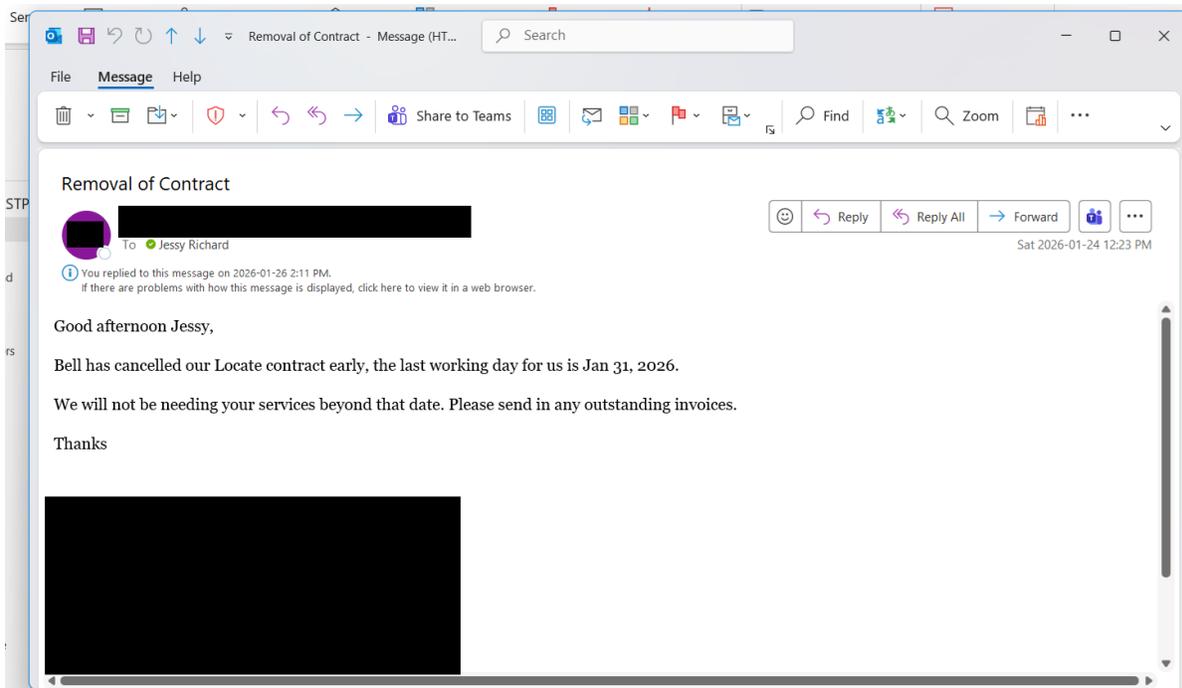
Yes. The subcontracting activity related to the utility locate service aligns with recent amendments to the Ontario Underground Infrastructure Notification System Act, which prompted some utilities to permanently or temporarily modify their locating practices. These regulatory changes also allow project owners to designate a specific locator (e.g., Hearst Power) for their projects.

Hearst Power was subcontracted to support other utilities and third parties in

completing locate requests submitted through the Ontario Call Before You Dig system, particularly during periods of increased activity associated with major projects in Northern Ontario (e.g., road and highway construction and new broadband installations).

This subcontracting activity is not permanent and not guaranteed. If the volume of locate requests decreases and no longer exceeds the capacity of third-party contractors, Hearst Power may no longer be engaged to provide these services in the future.

*Note: as per an email received Jan 24th, 2026 (see below), Hearst Power anticipates lower locate jobbing for 2026, and reinforces the fact that this subcontracting activity is not guaranteed.



Staff Interrogatory-14

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 1 Information Sheet

Ref. 2: HPDCL 2026 IRM Rate Generator 20251104, Tab 3 Continuity Schedule

Question(s):

- a) Please update the Rate Generator Model (Cell F47) with the earliest vintage year in which there is a balance in Account 1595 that has not been disposed in the past proceedings.

Response: The earliest vintage year in which there is a balance in Account 1595 that has not been disposed of in the past proceedings is 2019. The cell F47 in Tab 1 of the Rate General Model was updated to show 2019.

- b) Please provide the breakdown of the amounts associated with each year for Account 1595 (Pre-2019) in the Continuity Schedule.

Response: No amounts are related to pre-2019. All amounts are associated with year 2019.

- c) Please confirm values in Rows 31 to 34 of the Continuity Schedule are flowing correctly after making the update mentioned in a).

Response: Hearst Power confirms.

Staff Interrogatory-15

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 18

Ref. 2: Chapter 3 Incentive Rate-Setting Applications, June 19, 2025, p. 15

Ref. 3: Accounting Procedures Handbook, Article 220, p. 40

Preamble:

As per Ref. 1, Hearst Power states “The residual amount in the associated 1595 sub-account does not qualifies for disposition.”

Table 9 – Disposition Status of Account 1595

Year of Balance	Rate Appl.	Case #	Disp. Period	Interim/ Final	Rate Rider Sunset Date	Sunset Reached	Audited Balance – 2 years after expiry	Expected disposal year
2019	2021	EB-2020-0027	2 years	Final	April 30, 2023	Yes	no	2027
2020	2022	EB-2021-0029	1 year	Final	April 30, 2023	Yes	no	2027
2021	2023	EB-2022-0037	1 year	Final	April 30, 2024	Yes	no	2028
2022	2024	EB-2023-0027	1 year	Final	April 30, 2025	no	no	2029
2023	2025	EB-2024-0029	1 year	Final	April 30, 2026	no	no	2030

The table above from the Manager’s Summary does not provide details about Account 1595 (2019 and pre-2019) and Account 1595 (2020).

Also, the table above mentions that Account 1595 (2022) and Account 1595 (2023) were approved for final disposition. However, during these two IRM applications, EB- 2021-0029 and EB-2022-0037 respectively, the Group 1 DVA disposition was not approved.

As per Ref. 2,

“For May 1 rate year – If 2021 rate riders expire on the following year April 30, 2022, the balance of sub-account 1595 (2021) is eligible to be disposed after the account balance as of December 31, 2024 which is two years after the rate riders’ expiration has been audited. Therefore, sub-account 1595 (2021) would be eligible for disposition in the 2026 rate year.”

Since the rate rider for Account 1595 (2019) and Account 1595 (2020) expired on April 30, 2020², and April 30, 2021³, respectively, the rate riders for both these accounts are eligible for disposition.

As per Ref. 3, it is stated that distributors are required to set-up under Account 1595 control account, three sub-accounts for the purposes (i.e., a vintage year classification consisting of three sub-accounts in relation to **the particular year in which the account balances are approved**).

Question(s):

- a) Please clarify what the first column “Year of Balance” refers to. For Hearst Power’s 2021 IRM rate application, the vintage year should be 2021 and as such Account 1595 sub-accounts should be associated with 2021 vintage year and the 2019 balance should not be recorded in 2021 sub-accounts under Account 1595. Please confirm that Hearst Power has conformed to the APH for establishing the vintage year sub-accounts under Account 1595. Please explain and update the evidence if otherwise.

Response: The column titled “Year of Balance” in Table 9 of the Manager’s Summary refers to the vintage year of the Account 1595 sub-account, consistent with the Accounting Procedures Handbook (APH) requirement to establish sub-accounts by vintage year corresponding to the rate year in which balances are approved for disposition.

- b) Please explain why Hearst Power is not requesting disposition of Account 1595 (2019) and Account 1595 (2020).

Response: Hearst Power is not requesting disposition of the 2019 and 2020 vintage balances in Account 1595 because the eligibility criteria set out in the OEB’s IRM policy have not yet been met.

Specifically, disposition of Account 1595 balances is permitted only after the account balance as of December 31, two years following the expiration of the applicable rate rider, has been audited. While the rate riders for the 2019 and 2020 vintage years expired on April 30, 2023, the required audited balances have not yet reached the two-year post-expiry threshold. As such, these balances are not yet eligible for disposition in the 2026 IRM application.

- c) Please explain the discrepancy in Table 9 from the Manager’s Summary.

Response: Table 9 in the Manager’s Summary is intended to present the procedural status of each Account 1595 vintage year, including the original approval of rate riders and the applicable sunset periods. While certain vintage years were approved for rate rider implementation in prior IRM applications, this does not equate to approval of final disposition of the associated Account 1595 balances.

Staff Interrogatory-16

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 3 Continuity Schedule

Ref. 2: EB-2024-0029 Decision and Rate Order, p. 9, Table 7.1

Preamble:

As per snapshot below from Ref. 1, Hearst Power has not entered any values for Cells BM37 and BN37.

		2025		
Account Descriptions	Account Number	Principal Disposition during 2025 - instructed by OEB	Interest Disposition during 2025 - instructed by OEB	Closing Balance 31, 2023 for Disposition
Group 1 Accounts				
LV Variance Account	1550	8,953	2,779	
Smart Metering Entity Charge Variance Account	1551	(5,118)	(495)	
RSVA - Wholesale Market Service Charge ⁵	1580	(74,495)	(6,139)	
Variance WMS – Sub-account CBR Class A ⁵	1580			
Variance WMS – Sub-account CBR Class B ⁵	1580	4,574	297	
RSVA - Retail Transmission Network Charge	1584	46,570	4,354	
RSVA - Retail Transmission Connection Charge	1586	38,488	3,493	
RSVA - Power ⁴	1588	(124,840)	(12,352)	
RSVA - Global Adjustment ⁴	1589	(64,914)	(5,154)	
Disposition and Recovery/Refund of Regulatory Balances (2019 and pre-2019) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2020) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2021) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2022) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2023) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2024) ³	1595			
Disposition and Recovery/Refund of Regulatory Balances (2025) ³ <i>Not to be disposed of until two years after rate rider has expired and that balance has been audited. Refer to the Filing Requirements for disposition eligibility.</i>	1595			

Question(s):

- a) Please update the Rate Generator Model as per Ref. 2 for Cells BM37 and BN37.

Response: Hearst Power has corrected the input.

Staff Interrogatory-17

Ref. 1: HPDCL 2026 IRM Commodity Accounts Workform 20251104

Ref. 2: HPECL 2026 IRM Commodity Accounts Workform October 15, 2025

Preamble:

A Commodity Accounts Analysis Workform was filed by Hearst Power on October 15, 2025. The revised documents submitted by Hearst Power on November 4, 2025 contained a blank Commodity Accounts Analysis Workform.

Question(s):

- a) Please explain the reason for the discrepancy in the two Commodity Accounts Analysis Workforms submitted in October and November, 2025 respectively.

Response:

There is only one completed Commodity Account Workform, dated October 2025. The workform submitted in November was blank and attached in error. The October 2025 version remains the correct and most recent workform. Please kindly delete the workform that was uploaded in error on November 4, 2025.

- b) If applicable, please submit a completed Commodity Accounts Analysis Workform and confirm that it is consistent with the Rate Generator Model that will be filed by Hearst Power.

Response:

The Commodity Account Workform submitted on October 15, 2025, is correct and consistent with the application filed by Hearst Power.

Staff Interrogatory-18

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 4 Billing Det. for Def-Var

Question(s):

- a) Please confirm the accuracy of the data and update Cell J4 in the Rate Generator Model.

Response: The drop down option "Yes" has been selected on Tab 4 of the IRM model.

Staff Interrogatory-19

Ref. 1: HPDCL 2026 IRM Rate Generator 20260114, Tab 11 RTSR – UTRs & Sub-Tx

Ref. 2: 2026 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates - OEB File Number: EB-2025-0232, Appendix A

Ref. 3: EB-2025-0030, Hydro One Networks Inc., Rate Order, Schedule A, p. 11

Preamble:

OEB staff has updated Tab 11 of the Rate Generator Model to reflect the preliminary Uniform Transmission Rates and the final Hydro One Networks Inc. sub-transmission rates.

Question(s):

- a) Please confirm the accuracy of the updated Rate Generator Model.

Response: Confirmed

Staff Interrogatory-20

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 16.1 LV Expense

Ref. 2: EB-2024-0029 Rate Generator Model, Tab 16.1 LV Expense

Ref. 3: EB-2023-0027 Rate Generator Model, Tab 16.1 LV Expense

Preamble:

Ref. 1 notes that the demand data is Loss Adjusted. Ref. 2 and Ref. 3 indicate the demand data to be Total Metered.

Question(s):

- a) Please confirm the accuracy of the information in Ref. 1. If the data is intended to remain Loss Adjusted, please provide an explanation for the deviation from the previous two years.

Response: Cell A13 in the 2026 IRM Rate Generator was updated to show "Total Metered" as the Demand and Low Voltages charges shown in this tab are not Loss Adjusted.

Staff Interrogatory-21

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 16.1 LV Expense

Preamble:

In Ref. 1, the Rates for Common ST Line fluctuate throughout the year. Additionally, Deferred Tax Var contains no entries for any month.

Question(s):

- a) Please provide an explanation for the variation in the Common ST Line rates over the course of the year.

Response: A copy-and-paste error resulted in several months in Tab 16.1 reflecting the September 2024 values. The Common ST Line charges have since been corrected to show the appropriate amounts. All entries have been reviewed and readjusted. Hearst Power confirms the accuracy of the revised values.

- b) Please confirm whether the absence of values for Deferred Tax Var is correct.
 - i. If yes, please remove this line item.

Response: The line items for Deferred Tax – Variable and Deferred Tax – Fixed have been removed from the document, and corresponding values for the LV Rate Rider – Deferred/Variance have been added. Hearst Power confirms the accuracy of the revised values.

Staff Interrogatory-22

Ref. 1: HPDCL 2026 IRM Rate Generator 20260114, Tabs 18 and 21

Preamble:

On December 11, 2025, the OEB set the rates for Rural or Remote Electricity Rate Protection (RRRP) and Capacity Based Recovery (CBR) billed to Class B Customers.

OEB staff has updated Hearst Power's Rate Generator Model with the updated RRRP and CBR billed to Class B Customers values as follows:

Regulatory Charges			
Effective Date of Regulatory Charges		January 1, 2025	January 1, 2026
Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0041	0.0041
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004	0.0006
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0015	0.0006

Question(s):

- a) Please confirm the accuracy of the Rate Generator Model updates.

Response: Confirmed

Staff Interrogatory-23

Ref. 1: HPDCL 2026 IRM Rate Generator 20251104, Tab 3 Continuity Schedule

Preamble:

On December 10, 2025, the OEB published the 2026 Quarter 1 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) to reflect the Q1 2026 OEB-prescribed interest rate of 2.55%.

Response: The Rate Generator model was updated to reflect the Q1-2026 OEB-prescribed interest rate of 2.55%.

Staff Interrogatory-24

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 16

Ref. 2: HPDCL 2026 IRM Rate Generator 20251104, Tab 3 Continuity Schedule

Preamble:

As per Ref. 1, Hearst Power states:

HPDCL has completed the OEB's 2026 IRM Rate Generator – Tab 3 (Continuity Schedule) and confirms that opening principal and interest amounts reconcile to the approved closing balances from the most recent final disposition. The calculated threshold test yields a credit of \$183,999/kWh, which exceeds the \$0.001/kWh threshold established in the EDDVAR Report. As such, HPDCL is seeking approval to dispose of its Group 1 Deferral and Variance Accounts over a default 12-month period.

As per Ref. 2 Cell BT48, Group 1 disposition is a credit of \$78,166.

Question(s):

- a) Please explain the reason for the discrepancy between Ref. 1 and Ref. 2 and update as necessary.

Response: The correct value is the one shown in the Rate Generator model (\$78,166).

Staff Interrogatory-25

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 16

Ref. 2: EB-2024-0029, Decision and Rate Order, p. 9

Preamble:

As per Ref. 1, Hearst Power states:

Accounts 1588 and 1589 were disposed on a final basis as part of IRM application EB-2024-0029, for balances up to December 31, 2024.

As per Ref. 2,

The OEB approves the disposition of a credit balance of \$183,999 as of December 31, 2023, including interest projected to April 30, 2025, for Group 1 accounts on a final basis.

Question(s):

a) Please confirm that the disposition is for balances up to December 31, 2023.

Response: Hearst Power confirms the disposition is for balances up to December 31, 2023.

Staff Interrogatory-26

Ref. 1: HPDCL 2026 IRM Manager Summary 20251104, p. 25

Ref. 2: HPDCL 2026 IRM Rate Generator 20251104, Tab 21 Bill Impacts

Preamble:

In Ref. 1, the Bill Impacts table is outlined, as below:

Table 11 – Summary of Bill Impacts

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL - RPP	kWh	\$2.63	7.93%	\$2.18	5.36%	\$2.34	4.28%	\$2.09	1.51%
GS < 50 KW - RPP	kWh	\$3.43	7.98%	\$2.43	3.94%	\$2.64	2.75%	\$2.36	0.73%
GS 50 TO 1,499 KW - Non-RPP (Other)	kW	\$14.98	7.93%	\$425.80	-160.75%	\$428.07	336.37%	\$483.72	2.42%
GS 1,500 TO 4,999 KW - Non-RPP (Other)	kW	\$143.64	7.93%	-\$165.96	-6.23%	-\$120.26	-1.19%	-\$135.89	-0.07%
SENTINEL LIGHTING - Non-RPP (Other)	kW	\$1,093.92	7.95%	\$1,093.71	7.95%	\$1,093.74	7.95%	\$1,235.92	7.80%
STREET LIGHTING - Non-RPP (Other)	kW	\$26.70	7.93%	-\$528.45	-258.74%	-\$525.21	-69.55%	-\$593.49	-7.43%
RESIDENTIAL - Non-RPP (Retailer)	kWh	\$2.63	7.93%	\$2.18	5.18%	\$2.34	4.17%	\$2.64	1.29%
GS LESS THAN 50 KW - Non-RPP (Retailer)	kWh	\$2.63	7.93%	\$2.18	5.36%	\$2.34	4.28%	\$2.09	1.51%
GS 50 TO 2,999 KW - Non-RPP (Retailer)	kW	\$3.43	7.98%	\$2.43	3.94%	\$2.64	2.75%	\$2.36	0.73%
SENTINEL LIGHTING - Non-RPP (Retailer)	kW	\$14.98	7.93%	\$425.80	-160.75%	\$428.07	336.37%	\$483.72	2.42%

In Ref. 2, there is no information for the three rate classes highlighted in the snapshot above.

Question(s):

- a) Please explain the reason for discrepancy and update the Rate Generator Model as necessary.

Response: The bill impacts shown in the Manager’s Summary (Ref. 1) reflected the Rate Generator as originally filed and were illustrative only. Since filing, bill impacts have changed as a result of updates to the OEB’s final cost of capital parameters and related rate adjustments.

The OEB’s bill impact model reflects the current and accurate customer impacts and should be relied upon for up-to-date results.