

Addendum to HPDCL's Response to OEB Staff Interrogatories
2026 Electricity Distribution Rates Application
Hearst Power Distribution Co. Ltd.
EB-2025-0033
February 10, 2026

Hearst Power Distribution Co. Ltd. ("Hearst Power") is filing this addendum to its Response to OEB Staff Interrogatories submitted on January 28, 2026, in relation to its 2026 Electricity Distribution Rates Application (EB-2025-0033). This addendum follows a meeting with OEB Staff and is provided to confirm that all outstanding issues identified by Staff have been addressed and incorporated, as discussed.

As outlined below, Hearst Power has completed the requested updates and clarifications.

The Incremental Capital Module (Tab 3) has been updated to reflect the information provided by Staff in Interrogatory 2 dated January 14.

The years related to the Account 1595 disposition have been updated in the Rate Generator Model. Consistent with Staff's understanding of Hearst Power's response to Interrogatory #15, the balances previously identified in Account 1595 – sub-account Disposition of Regulatory Balances (2019 and pre-2019) and Account 1595 – sub-account Disposition of Regulatory Balances (2020) have been reassigned to Account 1595 sub-accounts (2021) and (2022), respectively. Hearst Power confirms that it does not have any balances pertaining to amounts approved in 2019 or 2020 that are eligible for disposition.

With respect to Staff Interrogatory #7, Hearst Power notes that in its original Interrogatory Response it proposed to record any gain arising from the disposition of the retired digger truck in Account 4355 – Gain on Disposition of Utility and Other Property, consistent with the OEB Accounting Procedures Handbook and established Board ratemaking practice. However, following the meeting with OEB Staff, Staff directed Hearst Power to instead seek approval for the establishment of a deferral account and corresponding accounting order to record the proceeds from the sale of the retired digger truck, to ensure that any gains are returned to ratepayers at the time of disposition in Hearst Power's next rebasing application. Hearst Power has accordingly revised its approach and is seeking approval for this accounting treatment.

The proposed deferral account meets the Board's criteria for causation, materiality, and prudence. The gain arises from the disposition of a utility asset used in the provision of regulated electricity distribution service and is therefore causally related to Hearst Power's regulated operations. While the proceeds from the sale of the retired digger truck are expected to be modest, deferral is appropriate given the timing mismatch between the expected sale in 2026 and Hearst Power's next rebasing application in 2028. The

replacement of the digger truck and subsequent disposition of the retired unit reflect prudent utility asset management and are consistent with established Board practice.

As requested, Hearst Power has reviewed the template and precedent provided by Staff for establishing a new Deferral and Variance Account and the corresponding accounting order. Hearst Power has relied on the draft accounting order from ENWIN Utilities Ltd. as a relevant precedent and has adjusted the description, as necessary, to reflect its specific circumstances.

The Uniform Transmission Rates and Hydro One Networks Inc. sub-transmission rates have been updated in Tab 11 of the Rate Generator Model using the following sources:

- EB-2025-0232, 2026 Uniform Transmission Rates, Schedule A
- EB-2025-0030, Hydro One Networks Inc., Rate Order, Schedule A, p. 11

Using the Rate Generator Model provided by Staff with the January 14 Interrogatories, Hearst Power has incorporated all necessary updates arising from its Interrogatory Responses filed on January 28, along with the additional updates discussed during the meeting with Staff.

Respectfully submitted

Hearst Power Distribution Co. Ltd.
DEFERRAL ACCOUNT FOR GAINS ON SALE OF RETIRED DIGGER TRUCK
DRAFT ACCOUNTING ORDER

Purpose of the Account

The purpose of this deferral account is to record any gain arising from the disposition of Hearst Power Distribution Co. Ltd.'s retired digger truck (2000 Freightliner FL80 chassis with Telelect C4047 boom and Protek PVT134 fiberglass utility body), such that the proceeds may be returned to ratepayers at the time of disposition through Hearst Power's next rebasing application.

The actual gain on disposition will be defined as the proceeds from sale, net of closing costs, less the net book value of the asset at the time of disposal.

Establishment of Accounts

Hearst Power will establish the following accounts:

- Account 1508 – Other Regulatory Assets, Sub-account: *Digger Truck Gains Deferral Account*
- Account 1508 – Other Regulatory Assets, Sub-account: *Digger Truck Gains Deferral Account – Carrying Charges*

Effective Date and Carrying Charges

The effective date of the account will be the date approval is granted by the Ontario Energy Board. Carrying charges will apply to the balances recorded in the deferral account (exclusive of accumulated interest) at the OEB-prescribed interest rate for deferral and variance accounts, calculated using simple interest on the monthly opening balances.

The account will remain open until disposition is approved by the Ontario Energy Board on a final basis.

Disposition

Hearst Power will apply for disposition of the account in a future proceeding, expected to be its 2028 cost-of-service application, once the sale of the retired digger truck has been completed and the balance in the account has been finalized and audited.

Sample Accounting Entries

A. To record the gain on disposition of the retired digger truck to be refunded to ratepayers:

- DR Account 4355 – Gain on Disposition of Utility and Other Property
- CR Account 1508 – Other Regulatory Assets, Sub-account: Digger Truck Gains Deferral Account

B. To record carrying charges on the deferral account balance:

- DR Account 6035 – Other Interest Expense
- CR Account 1508 – Other Regulatory Assets, Sub-account: Digger Truck Gains Deferral Account – Carrying Charges