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BY EMAIL

February 11, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

**Re: Hydro Hawkesbury Inc.
Application for 2026 Electricity Distribution Rates
Ontario Energy Board (OEB) File Number: EB-2025-0031**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Hydro Hawkesbury Inc.'s responses to interrogatories are due by February 19, 2026.

Any questions relating to this letter should be directed to Cecilia Wang at Cecilia.Wang@oeb.ca or at 437-880-4366. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Cecilia Wang
Analyst, Natural Gas
Encl.

**Hydro Hawkesbury Inc.
OEB Staff Interrogatories
EB-2025-0031**

Please note, Hydro Hawkesbury Inc. (Hydro Hawkesbury) 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*.

Staff Interrogatory-1

Ref 1: EB-2025-0031, OEB Staff Question 8, p. 12

Ref 2: EB-2025-0031, HHI 2026 IRM Rate Generator 20251016, Tab 3 Continuity Schedule

Ref 3: EB-2025-0031, HHI 2026 IRM Commodity Accounts Analysis 20251016, Note 4 and Note 5

Ref 4: EB-2024-0031, HHI Settlement 2025 GA Analysis Workform 20241220, Tab GA 2022 and GA2023, Cell C84

Preamble:

In the 2026 Commodity Accounts Analysis Workform, OEB staff notes that Hydro Hawkesbury indicates 'Yes' for Item 2a and 2b as principal adjustment. However, there is no principal adjustment recorded in the Tab "Principal Adjustments" of the workform nor in Tab 3 Continuity Schedule of the IRM Rate Generator Model.

OEB staff notes that Hydro Hawkesbury is billing actual consumption each month and does not accrue any consumption in Column G and H in Note 4 in the 2026 Commodity Accounts Analysis Workform. However, there is an unbilled adjustment (i.e., 2a & 2b) recorded in Note 5, which indicates that the utility uses the accrued method in its accounting for the commodity variances.

OEB staff notes that Hydro Hawkesbury reversed a debit of \$13,931 as prior year unbilled difference in Note 5 while this amount was marked as item 5b significant current period billing adjustments recorded in other year(s) in Note 5 in 2025 GA Analysis Workform as reconciling item.

Question(s):

- a) Please confirm whether Item 2a and 2b are principal adjustments for 2026 or not.

Response (MNP): Consumptions presented in the table are from January to December. Per the Illustrative Commodity Model (issued in 2019 by OEB for Accounting guidance related to Accounts 1588 and 1589), some journal entries for December are recorded in December and some journal entries for December are recorded in January. The adjustment on line 2a is to remove entries made in January 2024 relating to December 2023 consumption. The adjustment on line 2b is to add entries made in January 2025 relating to December 2024 consumption.

- i) If yes, please include both items in Tab “Principal Adjustment” in 2026 Commodity Accounts Analysis Workform and 2026 Rate Generator Model.

Response (MNP): **N/A**

- ii) If no, please update Column I in Note 5.

Response (MNP): Column I has been adjusted.

- b) Please explain why Hydro Hawkesbury has unbilled adjustments in 2026 while the billing uses actual consumption.

Response (MNP): See explanation in question 1.

- c) Please provide context on the nature of Item 2a (\$13,931) in Note 5.
 - i) Please explain why this amount was indicated as “Principal Adjustment” and was reversed in this application, but it was not categorized as “Principal Adjustment” in Hydro Hawkesbury’s previous application (EB-2024-0031).

Response (MNP): See explanation in question This is not a Principal Adjustment. Column I has been adjusted to “No”.

- d) Please update Hydro Hawkesbury’s 2026 Commodity Accounts Analysis Workform accordingly to correctly reflect the reconciling items and principal adjustment.

Response (MNP): Column I has been adjusted to “No”. No adjustment required.

Staff Interrogatory-2

Ref 1: EB-2025-0031, HHI 2026 IRM Base Current Rates vs Revised Rates 20251016, Tab 1508 Rate Rider Calcs (2025), Column H

Ref 2: EB-2025-0031, OEB Staff Question 2(b), 2(c), pp. 4 and 5

Preamble:

OEB staff observes a formula error. Hydro Hawkesbury appears to have duplicated the number of months in the denominator in deriving the rate riders and has applied it to all customer classes.

OEB staff notes that the current total balance (a credit of \$11,778.20) excludes the forecast carrying charges.

Hydro Hawkesbury states that the recalculation of the 2025 revenue requirement uses the OEB's final parameters of which Deemed Long-Term Debt Rate (DLTDR) is 4.51 %. However, the tab "RRWF Revised Base Rates" in worksheet "HHI 2026 IRM Base Current Rates vs Revised Rates 20251016" shows 3.59% (cell C53) and this sheet is all hardcoded.

Question(s):

- a) Please confirm OEB staff's observation of the formula error and provide an updated 2026 Rate Generator Model with corrected rate riders.

Response: HHI confirms OEB Staff's observation that the rate rider calculation in Tab 1508 Rate Rider Calcs (2025) duplicated the number of months in the denominator in an understated magnitude of the per-unit riders across rate classes.

HHI has corrected the rate rider formula so that the number of months is applied once in the denominator for annualized disposition over the rate rider period (12 months). An updated 2026 Rate Generator Model has been provided with corrected rate rider formulas.

- b) Please update the interest balance of the three DVAs to include the forecast carrying charges for the period up to December 31, 2025

Response: HHI has updated the continuity schedules / interest calculations for the variance accounts (DSTDR, DLTDR, ROE) to include forecast carrying charges up to December 31, 2025, using the OEB-prescribed interest rate methodology applicable to deferral and variance accounts.

- c) Please confirm whether Hydro Hawkesbury is using DLTD 3.59% calculating the revised 2025 revenue requirement. If not, please explain why not.

Response: HHI continues to use its actual weighted average long-term debt rate of 3.59%, consistent with OEB policy permitting the use of actual third-party debt. The deemed long-term debt rate of 4.51% is not applicable to HHI's cost of capital calculation. Any reference to it is erroneous.

- d) Please resubmit the worksheet (i.e., HHI 2026 IRM Base Current Rates vs Revised Rates) by factoring the formulas for the calculation in all the sheets instead of hardcoded amounts.
- e) Please resubmit the updated Rate Generator Model after addressing all the questions above.

Response d) and e): HHI has resubmitted the updated Rate Generator Model and supporting workbook after addressing items (a) through (d), including:

- corrected rate rider formulas (months not duplicated).
- updated DVA balances including forecast carrying charges to December 31, 2025.
- removal of hardcoded calculation results and reinstatement of formulas across sheets.

Staff Interrogatory-3

Ref 1: Rate Generator Model, Tab 10 RTSR Current Rates

Ref 2: EB-2025-0031, Management Summary, Table 1 – Executive Summary Table, p.7

Preamble:

Hydro Hawkesbury indicates that it is requesting new Retail Transmission Service Rates (RTSRs) in the executive summary table. However, the application does not include a section to explain this request.

On December 23, 2025, the OEB issued its Rate Order for Hydro One Networks Inc.'s Custom IR annual update application, in which it established updated Sub-Transmission rates.

On January 15, 2026, the OEB issued its Decision and Rate Order in which is established final Uniform Transmission Rates for 2026.

OEB staff has updated the Rate Generator Model to reflect these rates.

Question(s):

- a) Please confirm that Hydro Hawkesbury is applying for an adjustment to its Retail Transmission Service Rates based on a comparison of historical transmission costs adjusted for new Uniform Transmission Rates (UTR) and revenues generated from existing RTSRs, in accordance with the OEB Guideline to Electricity Distribution Retail Transmission Service Rates (G-2008-0001)

Response: Confirmed.

- b) Please confirm the updates made by OEB staff to the Rate Generator Model and ensure that all tabs (tab 10 to 15 related to RTSRs) are updated accordingly.

Response: Confirmed.

Staff Interrogatory-4

Ref 1: Rate Generator Model, Tab 18, Regulatory Charges

Preamble:

On December 11, 2025, the OEB issued a Decision and Order establishing the Rural or Remote Electricity Rate Protection (RRRP) and Capacity Based Recovery (CBR) billed to Class B customers.

OEB staff has updated the Rate Generator Model to reflect this update.

Question(s):

- a) Confirm the update made by OEB staff to the Rate Generator Model and ensure that all tabs are updated accordingly.

Response: Confirmed.

Staff Interrogatory-5

Ref 1: Rate Generator Model, Tab 8, Tax Change

Ref 2: HHI_Settl_2025 Revenue Requirement Workform_Revised_20251016, Tab 4
Rate Base

Preamble:

Hydro Hawkesbury reported \$6,725,887 as OEB-Approved Rate Base and \$330,788 as the OEB-Approved Regulatory Taxable Income respectively in Cells H16 and H18, respectively, in Tab 8 of its Rate Generator Model submitted on October 16, 2025. However, Hydro Hawkesbury's Revenue Requirement Workform submitted on October 16, 2025 indicates the Total Rate Base Per Board Decision is \$8,111,709 in Tab 4 Rate Base and that the taxable income per Board Decision is \$194,713 in Cell S20 in Tab 6 Taxes_PILs.

Question(s):

- a) Please confirm the OEB-Approved Rate Base and Regulatory Taxable Income and update Tab 8 of the Rate Generator Model, as necessary.

Response: The RRWF filed on December 20, 2024, as part of HHI's settlement agreement in EB-2024-0031, sets out the inputs used in the tax calculations. The relevant extract is reproduced below.

(For clarity, HHI believes that the regulatory taxable income reflected in Tab T1 of the PILs model represents the appropriate measure for purposes of the tax calculation in the IRM model.)

Rate Base

Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
Gross Fixed Assets (average) ⁽²⁾	\$9,571,346	\$ -	\$9,571,346	(\$9,473)	\$9,561,873	\$ -	\$9,561,873
Accumulated Depreciation (average) ⁽²⁾	(\$2,836,543)	\$ -	(\$2,836,543)	\$556	(\$2,835,986)	\$ -	(\$2,835,986)
Net Fixed Assets (average) ⁽²⁾	\$6,734,804	\$ -	\$6,734,804	(\$8,917)	\$6,725,887	\$ -	\$6,725,887
Allowance for Working Capital ⁽¹⁾	\$1,393,395	\$32,509	\$1,425,904	(\$40,082)	\$1,385,823	(\$1,385,823)	\$ -
Total Rate Base	\$8,128,199	\$32,509	\$8,160,708	(\$48,999)	\$8,111,709	(\$1,385,823)	\$6,725,887

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
Operating Revenues:								
1	Distribution Revenue (at Proposed Rates)	\$2,224,767	(\$50,409)	\$2,174,358	\$30,348	\$2,204,706	\$ -	\$2,204,706
2	Other Revenue ⁽¹⁾	\$243,992	(\$32,374)	\$211,618	\$17,000	\$228,618	\$ -	\$228,618
3	Total Operating Revenues	\$2,468,759	(\$82,783)	\$2,385,976	\$47,348	\$2,433,324	\$ -	\$2,433,324
Operating Expenses:								
4	OM+A Expenses	\$1,658,229	(\$82,484)	\$1,575,745	(\$0)	\$1,575,745	\$ -	\$1,575,745
5	Depreciation/Amortization	\$289,138	\$ -	\$289,138	\$32,888	\$322,027	\$ -	\$322,027
6	Property taxes	\$27,805	\$ -	\$27,805	\$ -	\$27,805	\$ -	\$27,805
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$1,975,173	(\$82,484)	\$1,892,689	\$32,888	\$1,925,576	\$ -	\$1,925,576
10	Deemed Interest Expense	\$183,665	(\$3,150)	\$180,515	(\$1,084)	\$179,431	(\$30,654)	\$148,777
11	Total Expenses (lines 9 to 10)	\$2,158,837	(\$85,634)	\$2,073,203	\$31,804	\$2,105,007	(\$30,654)	\$2,074,353
12	Utility income before income taxes	\$309,922	\$2,851	\$312,773	\$15,543	\$328,316	\$30,654	\$358,971
13	Income taxes (grossed-up)	\$10,479	\$348	\$10,827	\$17,356	\$28,183	\$ -	\$28,183
14	Utility net income	\$299,443	\$2,503	\$301,946	(\$1,813)	\$300,133	\$30,654	\$330,788

Notes Other Revenues / Revenue

(1)	Specific Service Charges	\$48,049	\$ -	\$48,049	\$ -	\$48,049	\$ -	\$48,049
	Late Payment Charges	\$30,667	\$ -	\$30,667	\$ -	\$30,667	\$ -	\$30,667
	Other Distribution Revenue	\$25,946	\$11,762	\$37,708	\$17,000	\$54,708	\$ -	\$54,708
	Other Income and Deductions	\$139,330	(\$44,136)	\$95,194	\$ -	\$95,194	\$ -	\$95,194
	Total Revenue Offsets	\$243,992	(\$32,374)	\$211,618	\$17,000	\$228,618	\$ -	\$228,618

Staff Interrogatory-6

Ref 1: 2026 IRM Rate Generator Model, Tab 3, Continuity Schedule

Ref 2: EB-2024-0031, Settlement Proposal, Table 19 – DVA Balances for Disposition

Ref 3: Chapter 3 Filing Requirements, June 19, 2025, page 14

Preamble:

Hydro Hawkesbury recorded principal and interest disposition during 2025 – instructed by OEB of “\$473,065” and “\$72,946”, respectively, in Account 1595 (2025) (Cells BM37 and BN37). OEB staff notes that these figures represent the sum of Group 1 DVA balances, but Group 2 DVA balances for disposition are not included in 1595 (2025).

Table 19 from the Settlement Proposal from Hydro Hawkesbury’s 2025 Cost of Service proceeding shows a credit balance of \$125,446 for Group 2 accounts balances for disposition.

Chapter 3 of the Filing Requirements specifies that, when the OEB approves the disposition of DVA balances, the approved principal amounts and carrying charges are to be transferred to Account 1595 for the applicable rate year.

Question(s):

- a) Please confirm if Hydro Hawkesbury transferred the OEB-approved amounts into Account 1595 – Disposition and Recovery/Refund of Regulatory Balances for the applicable rate year.

Response (MNP): Yes, the balance of Group 2 accounts has been transferred to account 1595 (2025). The model has been adjusted.

- i) If not, please explain why Hydro Hawkesbury has not transferred the OEB-approved amount from the 2025 Cost of Service proceeding into Account 1595 (2025). Please update the Continuity Schedule, as necessary, and transfer the OEB-approved amount from the 2025 Cost of Service proceeding into Account 1595 (2025), including the Group 2 DVA balances.

Response (MNP): N/A

- ii) If yes, please explain why the sub-account 1595 (2025) does not reflect the Group 2 DVA balances which have been approved for disposition.

Response (MNP): The model has been adjusted to include the group 2 accounts and reflect the accounting entries which were made in account 1595 (2025).

Staff Interrogatory-7

Ref 1: 2026 IRM Rate Generator Model, Tab 3, Continuity Schedule

Ref 2: 2026 IRM Application, 10.7 Disposition of Account 1595, p. 16

Ref 3: Chapter 3 Filing Requirements, June 19, 2025, p. 14

Preamble:

Hydro Hawkesbury states in the Management Summary that it is not proposing to dispose of any residual balances in Account 1595, as the prescribed criteria have not been met.

Chapter 3 of the Filing Requirements states that:

January 1 rate year – If 2022 rate riders expire on December 31, 2022, the balance of sub-account 1595 (2022) is eligible to be disposed after the account balance as at December 31, 2024 has been audited. Therefore, sub-account 1595 (2022) would be eligible for disposition in the 2026 rate year.

Hydro Hawkesbury's 2020 rate riders expire on December 31, 2020, so the balance of sub-account 1595 (2020) was eligible for disposition in the 2024 rate year. The 2021 rate riders expire on December 31, 2021, so the balance of sub-account 1595 (2021) was eligible for disposition in the 2025 rate year.

Therefore, Hydro Hawkesbury's sub-accounts 1595 (2020), 1595 (2021), and 1595 (2022) are eligible for disposition in the 2026 IRM application. These three accounts have totaled a credit balance of \$6,463.

Question(s):

- a) Please explain why Hydro Hawkesbury has decided to not dispose of these three sub-accounts which are eligible for disposition.

Response: Hydro Hawkesbury respectfully submits that not all of the referenced sub-accounts are eligible for disposition in the 2026 rate year.

In accordance with Chapter 3 of the Filing Requirements, disposition eligibility for Account 1595 sub-accounts is determined based on the rate rider sunset date.

The balance as of December 31 of the sunset year is audited in the following year, and disposition becomes eligible in the third year thereafter (i.e., effectively four years after the sunset year for a January 1 rate year utility).

Applying this framework:

- Sub-account 1595 (2022), with a rate rider sunset of December 31, 2022, was audited in 2023 and is eligible for disposition in the 2026 rate year.
- Sub-account 1595 (2021), with a sunset of December 31, 2021, was eligible for disposition in the 2025 rate year.
- Sub-account 1595 (2020), with a sunset of December 31, 2020, was eligible for disposition in the 2024 rate year.

Accordingly, only sub-account 1595 (2022) is eligible for disposition in the 2026 IRM application.

- b) If Hydro Hawkesbury decides to dispose of sub-accounts 1595, please specify the sub-accounts and update the Rate Generator Model as necessary to reflect the disposition for these three subaccounts.

Response: Hydro Hawkesbury will update the Rate Generator Model to reflect the disposition of sub-account 1595 (2022).

Sub-accounts 1595 (2020) and 1595 (2021) are not newly eligible in the 2026 rate year and therefore are not being proposed for disposition in this application.

Staff Interrogatories-8

Ref 1: 2026 IRM Application, Management Summary, 10.3 Class A and Class B Customers, p. 14

Ref 2: 2026 IRM Rate Generator Model, Tab 6 Class A Consumption Date

Preamble:

Hydro Hawkesbury states in the Management Summary that it had four Class A customers as of December 31, 2024. However, Tab 6 of the Rate Generator Model shows only three Class A customers: one Class A customer for the full year in 2024 and two customers who transferred from Class B.

Question(s):

- a) Please explain the discrepancy in the number of Class A customers between the Management Summary and the Rate Generator Model.

Response: There was an error in populating the model

- b) Please confirm the number of Class A customers for 2024 and update the Rate Generator Model, as necessary.

Response: The IRM model has been corrected accordingly.