Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

May 28, 2026

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

Re: Ontario Energy Board (OEB) Staff Submission
Hydro Ottawa Limited (Hydro Ottawa)
Application for electricity distribution rates and other charges beginning January 1, 2026
OEB File Number: EB-2024-0115

OEB staff has reviewed the Draft Rate Order submitted by Hydro Ottawa on May 21, 2026, in the above referenced proceeding, pursuant to *Decision and Order* issued May 12, 2026.

Hydro Ottawa has applied carrying charges to its forgone revenue calculations, as shown in *Attachment 18 – 2026 Foregone Revenue Calculation DRO Updated* of the Draft Rate Order for the period of the forgone revenue (January 1, 2026 – May 31, 2026) and for the disposition period of the forgone revenue rate rider (June 1, 2026 – June 1, 2027).

OEB staff submits that the inclusion of carrying charges is not appropriate for two reasons.

First, the OEB approved settlement proposal permits the recovery of forgone revenue but is silent on the application of carrying charges including the applicable interest rate and the periods for which interest may be applied.[1] As a result, the issue of carrying charges was not before the OEB for consideration and further, OEB staff did not have the opportunity to review or make submissions on this matter. OEB staff notes had the settlement agreement included a provision for carrying cost recovery, OEB staff would have reviewed that provision and been able to comment on it at that time and

[1] EB-2024-0115, Settlement Proposal, refiled January 16, 2026, p. 16

subsequently would have been reviewed by the Panel prior to approving the settlement agreement. Since the approved settlement proposal does not contemplate the application of carrying charges, OEB staff submits that it would be inappropriate to include it at this time.

Second, Hydro Ottawa's approach uses the OEB's prescribed interest rate for deferral and variance accounts, which effectively treats forgone revenue as a deferral or variance account. However, a variance account for forgone revenue was not requested nor approved. There is no mechanism to track and true up the balance of the forgone revenue collected at the end of the distribution period. OEB staff submits that it is not appropriate to apply carrying charges on the same basis as deferral and variance accounts.

While OEB staff acknowledges that there is no specific policy document or code prohibiting the collection of carrying charges for forgone revenue, past OEB practice has been to not apply carrying charges to forgone revenue amounts. In a review of nine previous cases with forgone revenue rate riders, there were eight instances where no interest was applied to forgone revenue for the derivation of the rate riders.[2] Only one case was identified where Hydro One Transmission collected interest on forgone revenue in a deferral account established for implementation of 2020 uniform transmission rates subsequent to January 1, 2020.[3]

Based on the foregoing, OEB staff submits that the carrying charges not be included in the calculation of the forgone revenue rate riders for this proceeding.

Yours truly,

Original Signed By Margaret DeFazio

Digitally signed by Margaret DeFazio
Date: 2026.05.28 15:59:16 -04'00'

Margaret DeFazio, P.Eng.
Distribution Asset Management

Encl.

cc: All parties in EB-2024-0115

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[2] EB-2024-0022 Essex Powerlines Corporation, EB-2021-0016 ELK Energy Inc., EB-2020-0043 North Bay Hydro Distribution Limited, EB-2020-0013 Elexicon Energy Inc., EB-2018-0219 PUC Distribution Inc., EB-2018-0016 Alectra Utilities Corporation, EB-2018-0305 Enbridge Gas Inc., EB-2017-0024 Alectra Utilities Corporation

[3] EB-2019-0082 Hydro One Networks Inc.