



Ontario
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BY EMAIL

October 2, 2026

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

Dear Ritchie Murray:

Re: EB-2026-0048 Application for 2027 Rates

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 October 16, 2026.

Any questions relating to this letter should be directed to Kelli Benincasa at Kelli.Benincasa@oeb.ca or at 416-440-7624. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Kelli Benincasa

Kelli Benincasa
Analyst, Incentive Rates

Encl.

**OEB Staff Interrogatories
Hydro Hawkesbury Inc.
EB-2026-0048**

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*.

OEB Staff-1

Ref: Rate Generator Model, Tab 3, Continuity Schedule

Preamble:

On September 14, 2026, the OEB published Q4 2026 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 2026 OEB-prescribed interest rate of 2.87%.

OEB Staff-2

**Ref: OEB Accounting Guidance Related to Commodity Pass-Through Accounts
1588 & 1589 (Accounting Guidance), April 28, 2025**

Ref: Updated Illustrative Commodity Model, April 28, 2025

Preamble:

The OEB issued final updates to the Accounting Guidance and the updated illustrative Commodity Model related to the implementation of the Independent Electricity System Operator (IESO)'s Market Renewal Program (MRP), effective May 1, 2025. Page 11 of Reference 1 states that:

In Tab "Variances in ac 1588" of the updated Illustrative Commodity Model, two new tables are added to quantify the energy variances that are included in Account 1588 for records-keeping purposes. While the quantification tables are

not required to be filed with the OEB at this time, these tables assist the distributors in explaining the 1% threshold test in Account 1588.

Reference 2 introduced two new reconciliation tables under the “Variances in ac 1588” tab to quantify energy cost variances arising from the implementation of MR. In Page 11 of Reference 1, the OEB stated that these tables are intended for record-keeping purposes and are not required to be filed with the OEB. However, these two reconciliation tables may assist the distributors in explaining the 1% threshold test in Account 1588 where applicable.

Question(s):

- a) Has Hydro Hawkesbury utilized Table 42 and/or 43 of Ref. 2 to track or quantify the MRP-related energy variances recorded in Account 1588?
 - i. If so, please explain whether the variances recorded in Table 42 and Table 43 were material in 2025, respectively. Please provide the corresponding quantum of the variances if the variance(s) are material.
 - ii. If not, please explain why not.

OEB Staff-3

Question(s):

- a) In the instance the OEB releases any updated rates/charges (e.g., 2027 preliminary Uniform Transmission Rates) before Hydro Hawkesbury provides its responses to OEB staff's questions, please update the Rate Generator Model, as applicable. If any updates are made, please identify the rate and/or charge that have been updated.

OEB Staff-4

Ref: Managers Summary Pages 20-22

Preamble:

Hydro Hawkesbury's achieved Return On Equity (ROE) of 19.03% is 978 basis points higher than the deemed ROE of 9.25%, and 678 basis points above the threshold.

Hydro Hawkesbury noted in its Manager's Summary that the reason for the over-earning in 2025 was largely driven by an unusually low level of Operating, Maintenance and Administration (\$307,000 less than forecasted) expenditures during a period of management absence and transition. Hydro Hawkesbury also noted that a portion of the related work was deferred rather than eliminated, and that it does not consider the 2025 results to be indicative of its expected earnings on an ongoing basis.

Question(s):

- a) Please provide a forecasted ROE for 2026.
- b) Please provide a copy of the 2025 RRR 2.1.5.6 that was filed.
- c) Please explain whether the employee's absence (i.e. was the employee paid during their sick leave) has impacted the OM&A in 2025. If so, please quantify the amount based on the actual data and provide a breakdown of the expenditures.

OEB Staff-5

Ref: Manager's Summary, Pages 20-22

Ref: Chapter 3 of 2027 Filing Requirements, Pages 18-19

Preamble:

Chapter 3 of the Filings Requirements for Electricity Distributor Rate Applications states that a distributor whose earnings exceed the 300 basis points dead band is expected to refrain from seeking an adjustment to base rates through the Price Cap IR or Annual IR Index method. If a distributor whose earnings exceed the dead band nevertheless applies for such an adjustment, the OEB expects it to substantiate its reasons for doing so.

A distributor is expected to file its achieved regulated ROE as reported in RRR 2.1.5.6. If the distributor considers that its achieved ROE has been affected by out-of-period or other items (e.g., non-recurring items), it may propose adjustments to normalize its achieved regulated ROE consideration by the OEB. The distributor should anticipate that the level of earnings may be raised as an issue in the proceeding.

Hydro Hawkesbury states that the primary reason for the over-earning was attributable to temporary circumstances that arose in 2025 and are not reflective of the utility's normal operating requirements or expected future earnings. Hydro Hawkesbury continues to seek a price-cap adjustment.

Question(s):

- a) Please explain further why Hydro Hawkesbury should be eligible for a price-cap adjustment.
- b) Please explain the impact on Hydro Hawkesbury's distribution system plan and any other impacts if the price cap adjustment is not approved by the OEB.
- c) Please file a proposal to normalize Hydro Hawkesbury's ROE.

OEB Staff-6

Ref: Manager's Summary Pages 20-22

Ref: Rate Generator Model, Tab 4. Billing Det. for Def-Var

Preamble:

The Manager's Summary states that the calculated threshold test yields a **debit** balance of \$0.0029/kWh, which exceeds the \$0.001/kWh threshold established in the EDDVAR report. However, the Rate Generator Model, Tab 4. Billing Det for Def-Var indicates the threshold test yields a **credit balance** of \$0.0071/kWh.

Question(s):

- a) Please confirm if the Rate Generator Model Tab 4 is correct. If not, please explain and update the Rate Generator Model as necessary to ensure it reflects the correct value.

Staff Question-7

Ref: Commodity Account Analysis Workform, Tab GA 2025

Preamble:

On Tab GA 2025 in the Commodity Account Analysis Workform Hydro Hawkesbury input the kWh's reported in the first screenshot below. However, the kWh's reported in the RRR are different, please see the second screenshot below.

Screenshot 1

Note 2 Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)

Year		2025		
Total Metered excluding WMP	C = A+B	145,419,218	kWh	100%
RPP	A	64,277,480	kWh	44.2%
Non RPP	B = D+E	81,141,738	kWh	55.8%
Non-RPP Class A	D	23,505,791	kWh	16.2%
Non-RPP Class B*	E	57,635,947	kWh	39.6%

Screenshot 2

Note 2 Consumption Data Excluding for Loss Factor (Data to agree with RRR as applicable)

Year		2025	
Total Metered excluding WMP	C = A + B	146,355,168	kWh
RPP	A	64,906,994	kWh
Non RPP	B = D + E	81,448,175	kWh
Non-RPP Class A	D	23,337,018	kWh
Non-RPP Class B	E	58,111,156	kWh

Question(s):

- a) Please confirm if the kWh's input in the Commodity Accounts Analysis Workform are correct. If they are, please update your RRR filings. Otherwise, please update your Commodity Accounts Analysis Workform and re-submit it to the OEB through RESS.