

**Centre Wellington Hydro Ltd.
OEB Staff Question - EB-2026-0030
September 29, 2026**

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Staff Question-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:

- a) Please update Tab 3 (Continuity Schedule) as necessary to reflect the Q4 2026 OEB-prescribed interest rate of 2.87%.

CWH Response:

- a) Centre Wellington Hydro Ltd (CWH) has updated the Q4 2026 interest rate to 2.87% on Tab 3 Continuity Schedule.

Staff Question-2

Ref 1: OEB Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589 (Accounting Guidance), April 28, 2025

Ref 2: Updated Illustrative Commodity Model, April 28, 2025

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 MRP. 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.

Questions:

- a) Has Centre Wellington Hydro 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.

CWH Response:

- i. N/A
- ii. CWH has not utilized Table 42 and/or 43 to quantify the MRP-related energy variance record in Account 1588.

CWH’s unresolved difference for Account 1588 without MRP-related variance is 0.1%. CWH has completed comparisons in the past and it resulted in a difference around \$100, which is immaterial. CWH does not feel the additional work is warranted when staying below the 1% threshold has not been an issue with the reconciliation.

Staff Question-3

Projected Interest on Group 1 Deferral and Variance Account Balances

Ref: 2027 IRM Rate Generator Model, Tab 3 (Continuity Schedule), Column BQ

Preamble:

OEB staff reviewed the projected interest calculations included in Tab 3 (Continuity Schedule), Column BQ of the 2027 IRM Rate Generator Model and identified differences between the projected interest amounts calculated by Centre Wellington Hydro and those recalculated by OEB staff. The total variance identified by OEB staff is approximately \$1,034.

Questions:

- Please explain the methodology used to calculate projected interest amounts in Column BQ.
- Please confirm whether Centre Wellington Hydro agrees with OEB staff recalculated projected interest amounts shown in Table 1.
- If Centre Wellington Hydro disagrees, please provide detailed supporting rationale.
- If Centre Wellington Hydro agrees, please provide an updated IRM Rate Generator Model reflecting the corrections.

Table 1: Projected Interest Comparison

Account Number	Account Description	CWH Calculation (\$)	OEB Staff Calculation (\$)	Variance (\$)
1550	LV Variance Account	(9,144)	(9,467)	323
1551	Smart Meter Entity Charge Variance Account	(70)	(73)	2
1580	RSVA Wholesale Market Service Charge	(2,346)	(2,429)	83
1580	Variance WMS-Sub-account CBR Class B	431	446	(15)
1584	RSVA – Retail Transmission Network Charge	283	293	(10)
1586	RSVA – Retail Transmission Connection Charge	1,101	1,140	(39)
1588	RSVA Power	(304)	(315)	11
1589	Global Adjustment	(8,266)	(8,558)	292
1595	Disposition and Recovery/Refund of Regulatory Balances (2023)	(117)	(505)	387
	Total	(18,433)	(19,467)	1,034

CWH Responses:

- a) Except Account 1595, CWH applies OEB published prescribed interest rate to Closing Principal Balance as of December 31, 2025, adjusted for Disposition during 2026 (Column BO), divided by a full year (365 days), and then multiply the days for related month.

For Account 1595, the above method is used if the Principal balance and Approved Interest balance both have a debit balance or both have a credit balance. Otherwise, the Principal balance would offset with the Approved Interest balance first, then uses the above method to calculate the interest for 2026.

- b) No. CWH disagrees with OEB's staff recalculated projected interest amounts shown in Table 1.
- c) The major difference of the recalculated projected interest amount per CWH and OEB staff is caused by the offset of the Principal balance and the Approved Interest balance for Account 1595.

When the Principal balance and the Approved Interest balance are opposites debit vs credit, the Principal balance should be offset with the Approved Interest Balance first to avoid the carrying interest calculated on top of the Approved Interest balance.

- d) An updated IRM Rate Generator Model is provided.

Staff Question-4

2025 Cost of Capital Variance Accounts

Ref 1: Manager's Summary, pp. 15-16

Ref 2: EB-2025-0049 Decision and Rate Order

Preamble:

In EB-2025-0049, the OEB approved the disposition of the generic cost of capital-related variance accounts on an interim basis and directed Centre Wellington Hydro to confirm in its 2027 IRM application whether there were any material differences between the balances disposed of on an interim basis and the final audited balances.

Centre Wellington Hydro has stated that there were no material changes and that no true-up is required.

Table 2: Comparison of Interim and Final Audited Balances

Account Number	Balance Approved in EB-2025-0049 (\$)	Final Audited Balance (\$)	Difference (\$)
Return on Equity Variance Account			
Deemed Long-Term Debt Rate Variance Account			
Deemed Short-Term Debt Rate Variance Account			
Total			

Questions:

- Please complete Table 2 above by providing, for each generic cost of capital variance account, the balance approved for disposition in EB-2025-0049, the final audited balance, and the resulting difference. Based on the completed table, please explain the basis on which Centre Wellington Hydro determined that the differences between the interim balances approved in EB-2025-0049 and the final audited balances are not material and that no true-up is required.
- Please indicate whether any additional carrying charges were recorded after the balances were approved in EB-2025-0049.

- c) If additional carrying charges were recorded, please quantify the amounts and explain how they were addressed.

CWH Responses

- a) The balances in the three generic cost of capital variance accounts were combined for disposition in EB-2025-0049 and implemented through a single rate rider, effective January 1, 2026. The rate rider was not calculated, billed or tracked separately for the Return on Equity, Deemed Long-Term Debt Rate and Deemed Short-Term Debt Rate variance accounts. Instead, the combined balance was allocated and applied to customers by rate class, consistent with CWH's application and the OEB-approved rate rider.

With the rate rider coming into effect January 1, 2026, CWH does not have a final audited value for the rate rider that was refunded to the customers at this time, as the rate rider is in effect until December 31, 2026. CWH confirms that the values have not changed from what was approved in EB-2025-0049.

Rate Class	Approved Amount Allocated for Disposition (\$)	Actual Amount Refunded / Final Amount (\$)	Difference (\$)
Residential	(22,640.41)		
General Service Less Than 50 kW	(6,512.21)		
General Service 50 to 4,999 kW	(8,254.29)		
Unmetered Scattered Load	(112.28)		
Sentinel Lighting	(30.26)		
Street Lighting	(910.13)		
Total	(38,459.60)		

The table above shows the total amount approved for disposition in EB-2025-0049 was a credit of \$38,459.60. Effective January 1, 2026, CWH completed the entry in a sub account of 1595 for the amounts that were approved to be disposed of, principal and carrying charges. The actual amount refunded will be available for CWH's next IRM application for 2028 rates.

- b) No additional carrying charges were recorded beyond those reflected in the balance approved for interim disposition in EB-2025-0049. The approved balance included forecast carrying charges to December 31, 2025.
- c) Not applicable. As noted in response to part (b), no additional carrying charges were recorded beyond those included in the interim balance approved for disposition.

Staff Question-5

Electric Vehicle Charging (EVC) Rate

Ref 1: Manager's Summary, p. 6

**Ref 2: Rate Generator Model, Tab 10, Retail Transmission Service Rates (RTSRs)
Current Rates**

Preamble:

Centre Wellington Hydro states that one customer qualifies for the Electric Vehicle Charging (EVC) rate class and that estimated demand and consumption values were included in the RTSR billing determinants because a full year of customer data was not available.

OEB staff notes that RTSRs are generally developed using historical actual billing determinants and historical wholesale transmission volumes. The EVC customer became active in 2026 and therefore was not reflected in the historical 2025 data used for the development of RTSRs.

Questions:

- a) Please explain the methodology used to incorporate the EVC customer's demand and consumption values into the RTSR billing determinants included in the 2027 IRM application.
- b) Please explain why estimated EVC demand and consumption values were included in the RTSR billing determinants rather than relying solely on the applicable historical actual data and discuss how this approach is consistent with the RTSR-setting methodology and the historical wholesale transmission volumes underlying the proposed RTSRs.
- c) Please provide an updated IRM Rate Generator Model and any other affected models, schedules, or supporting calculations that remove the estimated EVC demand and consumption values and use the appropriate historical actual data set for RTSR purposes.
- d) If Centre Wellington Hydro determines that revisions to the RTSR billing determinants or related calculations are warranted based on its responses above, please file an updated IRM Rate Generator Model and identify any

resulting changes to the proposed RTSRs, bill impacts, and other affected aspects of the application.

CWH Responses:

- a) CWH used the actual months of data from January to June 2026 and based on the actuals estimated the July to December 2026 data. However, after filing, CWH had a call with the OEB case manager and it was determined then that it should have been zeros as it is based on 2025 data, of which the EVC was not available.
- b) CWH included that data that we had as it was assumed that because we did have one customer that the information should be included.
- c) CWH has removed the estimated data in the attached model on tab 10.
- d) CWH does not request revisions to the RTSR billing determinants.

Staff Question-6

- a) In the instance the OEB issues any updated rates, riders, or charges (for example, the 2027 preliminary Uniform Transmission Rates) before Centre Wellington Hydro files its responses to OEB staff's questions, please update the 2027 IRM Rate Generator Model, as applicable. Please identify each update made and quantify the resulting impacts on the application, including proposed rates and bill impacts, where applicable.

CWH Response

- a) Confirmed CWH will update all models if the OEB issues any updated rates, riders or charges. At the time of submitting these responses, no decisions have been issued to require CWH to update the model.