2027 IRM Application

Interrogatory Responses

EB-2026-0038

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Staff Question #1

Ref: Rate Generator Model, Tab 3, Continuity Schedule

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%.

Response

a) Tab 3 (Continuity Schedule) has been updated to reflect the Q4 2026 OEB-prescribed interest rate of 2.87% and a revised Rate Generator Model has been submitted as part of these interrogatories.

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 record-keeping purposes. While the quantification tables are not required to be filed with the OEB at this time, the tables may 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

Question(s):

a) Has EPLC 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.

Response

i. N/A

ii. EPLC did not utilize Tables 42 and 43 to track or quantify the MRP-related energy variances recorded in Account 1588. EPLC's unresolved difference for Account 1588 is 0.8% without consideration of any MRP-related variance. Therefore, EPLC did not feel that additional work was necessary.

Staff Question #3

Question(s):

In the instance the OEB releases any updated rates/charges (e.g., 2027 preliminary Uniform Transmission Rates) before EPLC 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.

Response

EPLC confirms that 2027 preliminary Uniform Transmission Rates per EB-2026-0246 and OEB letter dated October 14, 2026 have been updated in the Rate Generator Model and a revised model has been submitted as part of these interrogatories.

Staff Question #4

Ref 1: EPLC 2027 Rate Generator, Tab 6 Class A Consumption

Transition Customers - Non-loss Adjusted Billing Determinants by Customer

Customer	Rate Class		2025 July to December	2025 January to June
Customer 1	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	14,614,834	5,222,000
		kW	28,683	11,422
		Class A/B	A	B
Customer 2	GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION	kWh	14,574,397	1,464,887
		kW	46,886	4,022
		Class A/B	A	B

Question(s):

Customer 1 had a substantial increase in consumption transferring from Class B at 5,222,000 kWh to Class A at 14,614,834 kWh. Please explain the factor(s) that have resulted in the big difference.

Response

The Class A consumption figures reported in Tab 6 of the Rate Generator Model are correct and reflect the cyclical nature of the business of Customer 1.

Staff Question #5

Ref 1: EPLC 2027 Rate Generator, Tab 3 Continuity Schedule

Ref 2: EB-2024-0022, Essex Cost of Service Application, Exhibit 9

Ref 3: EB-2025-0040, Decision and Rate Order, p. 12

OEB staff notes that Account 1595 (2021) was disposed in EPLCs' 2026 IRM Decision and Rate Order as in Reference 2, and Account (2018) was disposed in EPLC's 2025 Cost of Service application.

Question(s):

a) Please clarify whether the balance recorded in Account 1595 (2019 and pre-2019) consists solely of the Account 1595 (2019) balance. If not, please identify any other years' Account 1595 balances that have been included in Account 1595 (2019 and pre-2019) and provide a breakdown by year.

b) Please explain why EPLC has not proposed disposition of the Account 1595 (2023) balance in this application.

Response

a) EPLC maintains separate Account 1595 sub-accounts by rate year, consistent with OEB requirements. EPLC has no Account 1595 balances from 2019 and prior vintage years. EPLC disposed of its Account 1595 (2018) balances in its last rate rebasing application for 2025 rates (EB-2024-0022). In its rate application for 2019 rates (EB-2018-0031), the OEB accepted EPLC's request for additional time to support the disposition of Group 1 deferral and variance accounts. Therefore, there was no disposition of Group 1 accounts in 2019.

b) Per OEB Chapter 3 guidance:[1]

Distributors are expected to request disposition of residual balances in Account 1595 sub-accounts for each vintage year only once, on a final basis. Distributors only become eligible to seek disposition of these residual balances two years after the expiry of the rate rider. During the two years after the expiry of the rate rider, distributors may still make billing corrections as per the Retail Settlement Code and should record the related transactions in the associated Account 1595 sub-account.

- *For January 1 rate year – If 2023 rate riders expire the same year which is December 31, 2023, the balance of sub-account 1595 (2023) is eligible to be disposed after the account balance as of December 31, 2025, which is two years after the rate riders' expiration, has been audited. Therefore, sub-account 1595 (2023) would be eligible for disposition in the 2027 rate year.*

- *For May 1 rate year – If 2023 rate riders expire on the following year April 30, 2024, the balance of sub-account 1595 (2023) is eligible to be disposed after the account balance as of December 31, 2026 which is two years after the rate riders' expiration has been audited. Therefore, sub-account 1595 (2023) would be eligible for disposition in the 2028 rate year.*

EPLC follows this guidance for disposition of 1595 balances.

EPLC changed its rate year from May 1 to January 1 in its last rate rebasing application for 2025 rates (EB-2024-0022). EPLC has not proposed disposition of the Account 1595 (2023) balance in this application since the required two-year window and audit of these vintage year balances subsequent to the April 30, 2024 expiry of the associated rate riders has not yet occurred.

[1] Chapter 3 Incentive Rate-Setting Application, section 3.2.6.3 - Disposition of Account 1595

Staff Question #6

Ref 1: EPLC 2027 Commodity Accounts Analysis Workform, Tab Principal Adjustments, Note 9

Question(s):

Please update the "Year Recorded in GL" for Account 1589 and Account 1588 in Reference 1.

Response

EPLC confirms that the years recorded in the GL for Account 1589 and Account 1588 have been updated on the Commodity Accounts Analysis Workform, Tab Principal Adjustment and a revised Workform has been submitted as part of these interrogatories.

Staff Question #7

Ref 1: EPLC 2027 Rate Generator, Tab 3 Continuity Schedule

Ref 2: EPLC 2027 Commodity Accounts Analysis Workform

EPLC filed a revised Rate Generator and Commodity Accounts Analysis Workform on September 25, 2026 to update the opening balances as of 2025 for Account 1588 and Account 1589

Question(s):

Please confirm that no other changes have been made to the models and that the total disposition amount remains unchanged.

Response

EPLC confirms that with the exception of changes related to these interrogatories, no other changes have been made to the models. The total disposition amount has changed slightly due to these interrogatories, specifically related to Question #1.

Staff Question #8

Ref 1: EPLC 2027 Commodity Accounts Analysis Workform, Tab Principal Adjustments, Note 5

Question(s):

Please complete the column "Principal Adjustment on DVA Continuity Schedule" in Reference 1.

Response

The column "Principal Adjustment on DVA Continuity Schedule" in Note 5 of the Commodity Accounts Analysis Workform has been updated as requested and a revised Workform has been submitted as part of these interrogatories.

Staff Question #9

Ref 1: EPLC 2027 Rate Generator, Tab 3 Continuity Schedule, Cell BM 32
Ref 1: EB-2025-0040, Decision and Rate Order, p. 12
OEB staff notes that Account 1595 (2021) was disposed in EPLC's 2026 IRM Decision and Rate Order, but the disposition amount is not indicated in the 2027 Rate Generator under column BM.

Question(s):

Please update the Account 1595 (2021) disposition amount in Reference 1.

Response

EPLC confirms that the Account 1595 (2021) balance that was disposed in its 2026 IRM Decision and Rate Order has been entered into column BM (principal) and column BN (interest) of the 2027 Rate Generator Model and a revised Rate Generator Model has been submitted as part of these interrogatories.