Coopérative Hydro Embrun Inc.
EB-2026-0031
October 2, 2026

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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 MNP: The continuity schedule has been updated to reflect the Q4 2026 OEB-prescribed interest rate of 2.87%.

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 Ilustrative 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.

Question(s):

a) Has Coopérative Hydro Embrun 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.
b) Please explain whether MRP-related activities recorded in Account 1588 contributed to Coopérative Hydro Embrun's Account 1588 balance exceeding the +/-1% threshold test in 2025.

   i. If yes, please provide a detailed explanation and the applicable completed reconciliation Tables 42 and/or Table 43 from Reference 2 corresponding to the material variances identified in part a) i).

Response MNP:

a) CHEI has not utilized Tables 42 and/or 43 to quantify the MRP-related energy variances recorded in Account 1588. CHEI does not use the Illustrative

Commodity Model as part of its Account 1588/1589 reconciliation process and instead uses its existing reconciliation methodology.

b) Based on CHEI's review of the 2025 Account 1588 reconciliation, the MRP-related variance was not considered material. Accordingly, CHEI did not consider additional analysis using Tables 42 and 43 to be warranted-Related activities did not contribute to CHEI's Account 1588 balance exceeding the +/- 1% Threshold test in 2025. Refer to Staff Question 7 for CHEI's explanation on the Threshold test.

Staff Question-3

Question(s):

a) In the instance the OEB releases any updated rates/charges (e.g., 2027 preliminary Uniform Transmission Rates) before Coopérative Hydro Embrun 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: CHEI has updated the UTR or HONI to reflect the 2027 Preliminary Uniform Transmission Rates and Hydro One Sub Transmission Rates
OEB File Number: EB-2026-0246 issued October 14, 2026

Staff Question-4
Ref 1: Manager's Summary 13.4, page 14
Ref 2: Rate Generator Model, Tab 1, Information Sheet
Ref 3: Rate Generator Model, Tab 3, Continuity Schedule
Ref 4: EB-2025-0048 Rate Generator Model, Tab 4, Billing Det. for Def-Var

The written application indicates that Account 1588 and 1589 balances were last disposed of as of December 31, 2024. The rate generator model indicates that the balances were last disposed up to 2023. The continuity schedule includes transactions for 2024.

The 2026 Rate Generator indicates that the DVAs including 1588 and 1589 did not meet the threshold test, and therefore were not disposed.

Question(s):

a) Please confirm that 1588 and 1589 balances were not disposed up to December 31, 2024, or explain.

Response MNP: The 1588 and 1589 balances were not disposed up to December 31, 2024. The last disposal is for December 31, 2023, including interest projected to December 31, 2024, as per section 7 of the Decision and rate order EB-2024-0014

Staff Question-5
Ref: Rate Generator Model, sheet 4. Billing Det. for Def-Var

The dropdown box for confirming accuracy of the pre-populated RRR data has not been selected.

Question(s):

a) Does Coopérative Hydro Embrun confirm the accuracy of the billing determinants used?

Response: CHEI confirms the accuracy of the RRR and has checked the confirmation box in the model attached to these responses

Staff Question-6
Ref 1: Rate Generator Model, sheet 3. Continuity Schedule
Ref 2: Rate Generator Model, sheet 4. Billing Det.

An allocation for 1595 Recovery Proportion (2021) has not been provided, but Coopérative Hydro Embrun is proposing to dispose of a balance for that year.

Question(s):

a) Please provide a revised model with a 1595 Recovery Proportion for 2021.

Response: The model has been updated accordingly.

Staff Question-7
Ref: Commodity Accounts Analysis Workform, GA 2024
Ref: Commodity Accounts Analysis Workform, GA 2025
Ref: Commodity Accounts Analysis Workform, Account 1588

The GA 2024 worksheet in cell K63 indicates a difference between the calculated loss factor, and approved loss factor of 2.97%. This exceeds the threshold of 1% difference where an explanation is required.

The GA 2025 worksheet indicates Non-RPP Class B load of approximately 3.2 GWh in cell D18, reflecting a material decrease from the 4.2 GWh in 2024. The 3.2 GWh also results in a calculated loss factor of 41.66%.

Account 1588 has $55,644 (cell F19) of activity in 2025 which reflects 1.6% (cell H19) of the total purchased amount of $3.4m (cell G19).

Question(s):

a) Please provide an explanation for the difference between the calculated loss factor and the approved loss factor in 2024.
b) Please review the GA 2025 sheet, and correct or complete any required entries. Please work with OEB staff as required to achieve this.
c) Please provide an explanation for the magnitude of the Account 1588 transactions relative to total purchases.

Response MNP:

a) The 2.97% difference reflected inconsistent volume sources between Note 2 and Note 4 in the original GA 2024 sheet. Both have been restated from CHEI's 2024 billing statistics on the same basis: Non-RPP Class B metered consumption of 4,252,947 kWh and loss-adjusted billed consumption of 4,608,292 kWh, giving a calculated loss factor of 1.0836. This compares with CHEI's approved total loss factor of 1.0835, a difference of 0.01%. CHEI will update its RRR 2.1.5 accordingly.

b) CHEI has corrected the GA 2025 sheet. Note 2 had been populated from RRR 2.1.5 values that excluded GS 50–4,999 kW spot-price customers (657,040 kWh) and subtracted GS 50–4,999 kW RPP volumes (324,400 kWh) from interval-metered volumes. Corrected Non-RPP Class B consumption is 4,180,016 kWh, consistent with 2024 (4,252,947 kWh, a 1.7% decrease). The calculated loss factor is 1.0846, within 1% of the approved factor. Note 4 has been updated accordingly, and a RRR 2.1.5 revision request is being resubmitted.

c) The magnitude of account 1588 transactions relative to total purchases is due mainly to the significant variations between GA rates billed and GA rates paid. Using an average of the GA Rates throughout the year, the annual average would be :

   a. GA rate billed: 0.05040
   b. GA rate paid: 0.04565

   This represents a annual variation of 0.00475, or 9.42% between rates. Such variations led to a large discrepancy between what was billed to the customers versus the amounts that CHEI paid.

   c. GA billed to RPP customers during the year: $1,106,766
   d. GA paid by CHEI relating to RPP Customers: $1,177,686

   This resulted in a variation of account 1588 of $70,920 which corresponds to the 2025 Transactions during 2025 shown on the Continuity Schedule of the IRM Rate Generator Model ($70,411).

   Please note that the 2025 activity also includes a -$14,767 correction of an October 2024 allocation error between Accounts 1588 and 1589, recorded in 2025 (see GA 2024 Note 5 item 9 and GA 2025 Note 5 item 3a).