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

BY EMAIL

October 29, 2026

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

Dear Ritchie Murray:

Re: EB-2026-0051 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 and intervenors have been copied on this filing.

Hydro Ottawa Limited's responses to interrogatories are due by November 16, 2026.

Any questions relating to this letter should be directed to Sofia Djordjevic at sofia.djordjevic@oeb.ca. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Sofia Djordjevic Digitally signed by Sofia Djordjevic
Date: 2026.10.29 10:40:19 -04'00'

Sofia Djordjevic
Analyst, Distribution Asset Management

Encl.

OEB Staff Interrogatories
Hydro Ottawa Limited
EB-2026-0051

Please note, Hydro Ottawa Limited (Hydro Ottawa) 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 1: Exhibit 7, Tab 1, Schedule 1, p. 4 (PDF p. 108)
Ref 2: Attachment 7-1-1(A), 2027 Cost Allocation Model, Tab I3 TB Data and cell H16
Ref 3: Exhibit 6, Tab 1, Schedule 1, p. 2 (PDF p. 85)

Preamble:

The Cost Allocation (CA) Model reports a "Rate Base does not match" validation flag. Hydro Ottawa states that the $1.204 million capital stretch factor is included in USofA 6225, and that the flag does not affect the model results.

Question(s):

a) Please reconcile the CA model rate base to the RRWF and demonstrate that the treatment of the capital stretch factor does not affect class revenue requirements, revenue-to-cost ratios or proposed rates.

OEB Staff-2

Ref 1: Exhibit 1, Tab 1, Schedule 4, p. 16 (PDF p. 43)
Ref 2: Exhibit 8, Tab 5, Schedule 1, pp. 1-2 (PDF pp. 160-161)
Ref 3: Exhibit 9, Tab 3, Schedule 1, pp. 3-8 (PDF pp. 239-244)

Preamble:

Newly proposed 2027 Group 1 rate riders overlap with existing OEB-approved rate riders (i.e., 2026 Global Adjustment riders and foregone-revenue riders through May 31, 2027). In addition, Class A transition adjustments are to be applied manually.

Question(s):

a) Please provide one schedule listing every rate rider and customer-specific adjustment applicable in 2027, including its balance, rate, applicable customer classes, effective date and sunset date. In addition, please reconcile the total

amounts to be recovered or refunded through the general rate riders and customer-specific adjustments to the total amount requested for disposition in the DVA Continuity Schedule.

b) Please provide separate January-May and June-December 2027 bill impacts, showing base distribution rates and each material rider separately.,
c) Please describe the controls over the one-time Class A transition adjustments.

OEB Staff-3

Ref 1: Exhibit 8, Tab 2, Schedule 2, p. 1 (PDF p. 142)
Ref 2: Exhibit 7, Tab 1, Schedule 3, pp. 1-3 (PDF pp. 126-128)
Ref 3: Exhibit 8, Tab 4, Schedule 3, pp. 1-2 (PDF pp. 158-159)
Ref 4: Exhibit 8, Tab 5, Schedule 1, Attachment B, proposed tariff pp. 19-35 (PDF pp. 181-197)

Preamble:

The proposed tariff contains apparent inconsistencies concerning the Smart Metering Charge expiry date, the final or interim status of standby rates, and Hydro Ottawa's opt-out from the Notice of Switch Letter charge.

Question(s):

a) Please correct the proposed tariff to: (i) reflect the approved 2027 Smart Metering Charge period; (ii) state the correct approval status of standby rates; and (iii) clearly reflect whether the Notice of Switch Letter charge applies. Please quantify any resulting bill-impact change.

OEB Staff-4

Ref 1: Exhibit 7, Tab 1, Schedule 1, Tables 2.4 and 2.5

Preamble:

Hydro Ottawa's evidence indicates that the 2027 status quo revenue-to-cost ratio for the Street Lighting class is 145.90%, which exceeds the OEB-approved upper policy limit of 120%. Hydro Ottawa proposes to reduce the Street Lighting revenue-to-cost ratio to 137.27% in 2027 as part of the transition approved in proceeding EB-2024-0115.

Question(s):

a) Please provide the annual Street Lighting revenue-to-cost ratio approved in EB-2024-0115 for each year from 2026 to 2030, together with Hydro Ottawa's

actual/proposed ratios. Confirm whether the 2027 proposal remains consistent with the approved transition path.

b) The evidence shows that the reduction in the Street Lighting revenue-to-cost ratio, together with the adjustment to the Unmetered Scattered Load revenue-to-cost ratio, results in an increase to the General Service 50-1,499 kW revenue-to-cost ratio from 96.87% to 97.02%.
    i. Please quantify the revenue requirement reallocated from the Street Lighting and Unmetered Scattered Load customer classes to the General Service 50-1,499 kW customer class as part of the proposed 2027 revenue-to-cost ratio adjustments.
    ii. Please provide the bill impact, in percentage and dollar terms, of this reallocation on a typical General Service 50-1,499 kW customer.
c) Please explain the basis on which Hydro Ottawa determined that the revenue removed from the Street Lighting and Unmetered Scattered Load classes should be allocated to the GS 50-1499 kW class. Please identify:
    i. Any specific provision of the approved Settlement Proposal or Decision and Order in EB-2024-0115 relied upon;
    ii. Indicate whether alternative allocation approaches were considered; and
    iii. If so, describe those alternatives and provide the resulting revenue-to-cost ratios for the affected classes.

OEB Staff-5
Ref. 1: Exhibit 7, Tab 1, Schedule 1
Ref. 2: 2027 Cost Allocation Model
Ref. 3: EB-2024-0115, Approved Settlement Proposal, pp. 31 and 50–52
Ref. 4: EB-2024-0115, 2027 Cost Allocation Model, Settlement Proposal, Attachment 18

Preamble:
In EB-2024-0115, the OEB approved Hydro Ottawa's 2026–2030 Custom IR framework, including a 2027 Cost Allocation Model filed as Attachment 18 to the Approved Settlement Proposal. In the current application, Hydro Ottawa has filed an updated 2027 Cost Allocation Model reflecting updated inputs and allocators.

Question(s):

a) Please provide a table comparing, for the Street Lighting, Unmetered Scattered Load, and GS 50–1,499 kW classes:
    i. Revenue-to-cost ratios and class revenues reflected in the 2027 Cost Allocation Model filed as Attachment 18 to the Approved Settlement Proposal in EB-2024-0115.

ii. Status quo revenue-to-cost ratios and class revenues are reflected in the updated 2027 Cost Allocation Model filed in this application.

b) Please identify and explain each material category of change in inputs, allocators or methodology between the 2027 Cost Allocation Model filed as Attachment 18 to Reference 2 and the updated 2027 Cost Allocation Model filed in this application that contributed to the revised status quo revenue-to-cost ratios for the Street Lighting and Unmetered Scattered Load classes.
   i. Please quantify the effect of each material category of change.

c) Please explain how the proposed 2027 revenue-to-cost ratio of 137.27% for the Street Lighting class was determined and provide the supporting calculations. Please identify the specific provisions of the Approved Settlement Proposal and/or Decision and Order in EB-2024-0115 relied upon and demonstrate how the proposed ratio is consistent with the approved rate-design transition. Please clarify whether the proposed ratio:
   i. Was the specific 2027 ratio reflected in the 2027 Cost Allocation Model filed as Attachment 18 to the Approved Settlement Proposal in EB-2024-0115.
   ii. Results from applying an approved transition methodology to the status quo ratio produced by the updated 2027 Cost Allocation Model.
   iii. Was determined using another approach.

d) Please also confirm whether the proposed Unmetered Scattered Load revenue-to-cost ratio of 119.96% results from reducing the class's status quo ratio to within the OEB-approved policy range and applying the resulting rate calculations. If not, please explain how the proposed ratio was determined and provide supporting calculations, including the calculation of any deviation from the applicable policy-range boundary.

e) Please provide the 2027 class revenues, revenue-to-cost ratios, distribution rates, and typical-customer distribution and total-bill impacts for the Street Lighting, Unmetered Scattered Load and GS 50–1,499 kW classes that would result if the OEB:
   i. Approved Hydro Ottawa's proposed Street Lighting adjustment but not the Unmetered Scattered Load adjustment.
   ii. Approved Hydro Ottawa's proposed Unmetered Scattered Load adjustment but not the Street Lighting adjustment.
   iii. Did not approve either adjustment.

OEB Staff-6
Ref 1: Attachment 9-3-1 (A) 2027 Deferral and Variance Account 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 2a of Reference 1 to reflect the Q4 2026 OEB-prescribed interest rate of 2.87%, as necessary.

OEB Staff-7
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

Preamble:

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.

Question(s)

a) Has Hydro Ottawa 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-8
Ref 1: Attachment 9-3-1 (B) 2027 Commodity Accounts Analysis Workform

Preamble:

In Tab (Account 1588), Hydro Ottawa reports a credit principal adjustment (item 3b) of $1,594,639 for the current year end unbilled to actual revenue difference. The OEB staff notes that the prior year end unbilled to actual revenue differences is a debit of $110,872 based on item 3a.

Question(s)

a) Please explain in detail the nature of the significant credit principal adjustment of $1,594,639 for the 2025 year-end unbilled to actual revenue difference reported in Account 1588.

OEB Staff-9
Ref 1: Attachment 9-3-1 (A) 2027 Deferral and Variance Account Continuity Schedule, Tab 2a
Ref 2: EB-2024-0115 Draft Rate Order: 2026 Deferral and Variance Accounts Continuity Schedule, May 21, 2026

Preamble:

In Reference 1, Account 1580 RSVA – Wholesale Market Service charge shows a total claim credit balance of $13 million compared to the approved credit balance of $4.3 million from last year's application.

Question(s)

a) Please explain the substantial decrease in the account balance sought for disposition in the current application and the key drivers for the decrease.
b) Please provide the breakdown of the variance into WMS revenues collected from the customers and WMS charged by the IESO in 2025 and tie this difference to the variance amount booked in Account 1580.
c) Please confirm that the 2025 principal transactions, with a credit amount of $12.7 million, do not include current-period and prior-period adjustments. If not confirmed, please provide the details of these adjustments.

OEB Staff-10
Ref 1: 2027 Hydro Ottawa Application, Exhibit 9 Tab 1 Schedule 1, Pages 5-6
Ref 2: Attachment 9-3-1 (A) 2027 Deferral and Variance Account Continuity Schedule, Tab 2a
Ref 3: EB-2024-0035, Attachment OEB-1-A 2025 Deferral and Variance Account Continuity Schedule, Tab 2a, October 16, 2024
Ref 4: EB-2024-0115, Draft Rate Order, Attachment 17 2026 Deferral and Variance Accounts Continuity Schedule, Tab 2a, May 21, 2025

Preamble:

In Reference 1, Hydro Ottawa provided an explanation for the $792,387 credit balance difference in Account 1586 between the RRR balance and the balance reported in Continuity Schedule as of December 31, 2025. It stated:

> The difference in Account 1586 relates to a 2024 Gross Load Billing adjustment, which will be submitted by Hydro One with the 2027 Transmission Service charges for Embedded Generation for 2026. The 2024 adjustment has been added as a principal adjustment in cell BF30 on Tab '2a. Continuity Schedule Group 1' as part of the 2025 balance. The 2025 Gross Load Billing was charged as part of the 2026 IESO invoice process after Hydro One provided the annual charge amounts. The 2025 charge requires the same adjustment, however, will be cleared within the 2026 balance, per normal process.

In References 3 and 4, OEB staff notes that no principal adjustments were recorded in Account 1586 during 2023 or 2024.

Question(s)

a) Please identify the date on which the 2024 Gross Load Billing adjustment was recorded in Hydro Ottawa's general ledger and the underlying period to which the adjustment relates.
b) Please elaborate on Hydro Ottawa's statement of the "normal process" related to the Gross Load billing. Please include the following in your response:
    i. The timing of the receipt of billing information and billing adjustments from the IESO associated with the Gross Load Billing process.
    ii. The underlying period to which the charges and adjustments relate and the period in which the charges and adjustments are recognized in Hydro Ottawa's general ledge.
    iii. Please provide any supporting IESO or Hydro One, or other policy, procedural document that describes the Gross Load Billing and Gross Load Billing adjustment process.
c) Please explain why no principal adjustments were recorded in Account 1586 during 2023 or 2024, given Hydro Ottawa's statement that the time lag associated with Gross Load Billing adjustments is part of the "normal process".
d) Please explain in detail whether Account 1584 is impacted by the Gross Load Billing process or the Gross Load Billing adjustment.
    i. If yes, please quantify the impact and explain why there is no principal adjustment recorded in Account 1584 during 2025.
    ii. If not, why not?