

BY E-MAIL

October 8, 2026

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

Dear Ritchie Murray:

**Re: Toronto Hydro-Electric System Limited (Toronto Hydro-Electric System)
2027 Electricity Distribution Rates Application
Ontario Energy Board (OEB) File Number: EB-2026-0073**

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.

Toronto Hydro-Electric System's responses to interrogatories are due by October 19, 2026.

Any questions relating to this letter should be directed to Arlene Bernardo at Arlene.Bernardo@oeb.ca or at 437-880-8931. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Arlene
Bernardo
Arlene Bernardo
Advisor, Distribution Rates & Economics

Digitally signed by
Arlene Bernardo
Date: 2026.10.08
14:01:11 -04'00'

Attach.

OEB Staff Interrogatories
2027 Electricity Distribution Rates Application
Toronto Hydro-Electric System Limited. (Toronto Hydro-Electric System)
EB-2026-0073
October 8, 2026

Please note, Toronto Hydro-Electric System 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*.

Staff-1

Prescribed Interest Rates

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Ref 2: Rate Generator Model, Tab 3.1, RVA Continuity Schedule, August 14, 2026

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 References 1 and 2, as necessary, to reflect the Q4 2026 OEB-prescribed interest rate of 2.87%, and update corresponding worksheets and models affected by these changes.

Staff-2

IESO MRP

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:

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.

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 Toronto Hydro-Electric System 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.

Staff-3

2026 OEB-Approved Group 1 DVA Balances

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Ref 2: EB-2025-0006, Decision and Rate Order, December 11, 2025

Question(s):

- a) OEB staff observes that the total OEB-approved Group 1 account balance for both principal and interest from the 2026 Custom IR update proceeding in Reference 2 are not reflected in Account 1595 (2026). Please complete cells BM37 and BN37 to reflect the principal and interest balances disposed during the 2026 Custom IR update proceeding.

Staff-4

Account 1595 (2023)

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Ref 2: EB-2022-0065, Decision and Order, December 8, 2022

Ref 3: Chapter 3 Filing Requirements, Section 3.2.6.3, July 14, 2026

Preamble:

In the 2023 Custom IR update Decision and Order (Reference 2), the OEB approved a Group 1 disposition debit balance of \$53.4M, including a credit interest balance of \$1.1M. Additionally, the OEB approved the transfer of a true-up \$3.1M debit adjustment to Account 1595 (2023). In Reference 1, Toronto Hydro-Electric System reported the following principal and interest amounts in Account 1595 (2023).

Principal	Transaction	OEB Approved Disposition	Principal Adjustments	Total
2023	(7,557,369)	27,836,697		(35,394,066)
2024	42,434,809			42,434,809
2025	3,166,021		(10,206,764)	(7,040,743)
Cumulative Total	38,043,461	27,836,697	(10,206,764)	

Interest	Transaction	OEB Approved Disposition	Principal Adjustments	Total
2023	(1,987,385)	9,014,366		(11,001,751)
2024	(962,043)			(962,043)
2025	130,475		10,206,764	10,337,239
Cumulative Total	(2,818,953)	9,014,366	10,206,764	

Section 3.2.6.3 of Chapter 3 Filing Requirements states regarding the disposition of Account 1595:

... When the OEB approves disposition of DVA balances, the approved amounts of principal and carrying charges are transferred to a sub-account under Account 1595 distinguished by that rate year. For example, if audited balances as of December 31, 2024 are approved for a one-year disposition beginning January 1, 2026, the rate year is defined as 2026 and approved amounts should be transferred to Account 1595 – sub account (2026).

Question(s):

- a) Please explain why Account 1595 (2023) was not requested for disposition.
- b) Please provide a reconciliation between the principal and interest amounts included in the 2027 Rate Generator Model in Account 1595 (2023) and the

amounts approved by the OEB in the 2023 Custom IR update proceeding and refer to the relevant evidence filed in the 2023 Custom IR update proceeding.

- c) Please explain the Principal Adjustments of (\$10.2M) and Interest Adjustment of \$10.2M in 2025.

Staff-5

Account 1595 (2025)

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Ref 2: EB-2023-0195, Settlement Proposal, DVA Continuity Schedule, August 16, 2024

Question(s):

- a) OEB staff observes that the balances in Account 1595 (2025) for both the principal (Column BE) and interest (Column BJ) balances do not match with the OEB-approved disposition balances in the 2025 Custom IR proceeding. Please explain and reconcile the difference.

Staff-6

Account 1580 – RSVA

Ref: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Question(s):

- a) Please explain the \$457.8k variance in Account 1580 (Variance WMS – Sub-account CBR Class B) between RRR and the 2025 balance in Column BW.
- b) Please explain the \$17.9M variance in Account 1580 (RSVA - Wholesale Market Service Charge) between RRR and the 2025 balance in Column BW.

Staff-7

DVA Continuity Schedule – Account 1586

Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026

Ref 2: EB-2025-0006, Rate Generator Model, Tab 3, Continuity Schedule, December 3, 2025

Question(s):

- a) OEB staff observes that the Total Claim Balance for Account 1586 in this proceeding has significantly declined from a debit balance of \$5.3M in last year's proceeding to a credit balance of \$8.3M in this year's application. Please explain the drivers of this change.

Staff-8**DVA Continuity Schedule – Account 1589****Ref 1: Rate Generator Model, Tab 3, Continuity Schedule, August 14, 2026****Ref 2: EB-2025-0006, Rate Generator Model, Tab 3, Continuity Schedule, December 3, 2025****Question(s):**

- a) OEB staff observes that the Total Claim Balance for Account 1589 in this proceeding has significantly declined from a debit balance of \$36.7M in last year's proceeding to a credit balance of \$48M in this year's application. Please explain the drivers of this change.

Staff-9**Billing Det. for Def-Var****Ref: Rate Generator Model, Tab 4, Billing Det. for Def-Var, August 14, 2026****Question(s):**

- a) OEB staff observes that Toronto Hydro-Electric System did not confirm the accuracy of the determinant billing data in the reference provided. Please confirm the accuracy of the information in Tab 4 - Billing Det. for Def-Var.

Staff-10**Revenue Growth Factor****Ref 1: Manager's Summary, Table 1, p. 4, August 14, 2026****Ref 2: EB-2023-0195, Draft Rate Order, Table 2, p. 5, November 26, 2024****Preamble:**

In Reference 1, Toronto Hydro-Electric System states the 2026 Revenue Growth Factor (RGF) and the components of the settled Custom Revenue Cap Index (CRCI) were updated for 2027 to reflect the OEB approved ROE of 9.0% and short-term debt rate of 3.91%.

Question(s):

- a) Please confirm whether the differences between Table 1 in Reference 1 and Table 2 in Reference 2 are due to the updates to the OEB-approved ROE and changes to the short-term debt rate.
- b) Please provide supporting calculations and a live Excel worksheet showing the changes to the 2027 RGF components from the figures approved in the DRO (Reference 2) and how they were derived.

Staff-11

Revenue Variance Account (RVA)

Ref 1: Revenue Variance Account, August 14, 2026

Ref 2: EB-2023-0195, THESL_3_T01_S01_AppA - Regression Model Input Data, April 2, 2024

Ref 3: EB-2023-0195, Draft Rate Order, Schedule 1.1, 2025 Rev Reqt Workform, Tab 13, Rate Design, November 26, 2024

Ref 4: EB-2023-0195, Partial Decision and Order, p. 12, Table 8, November 12, 2024

Question(s):

- a) Please provide the calculation and reference for the Actual Distribution Revenue in Table 2 of Reference 1.
- b) Please provide the source for the 2025 Actual Weather Data used in Table 4 of Reference 1.
- c) OEB staff cannot reconcile the numbers for the 10-Year-Average (2014-2023) in Table 4 of Reference 1 with the Regression Model Input Data in Reference 2. Please provide the source of the information and explain the difference for the 10-Year Average.
- d) OEB staff cannot reconcile the numbers in OEB Approved Distribution Revenue in Table 1 of Reference 1 with the 2025 OEB-Approved Distribution Revenue in Reference 3. Please provide the source of the information for the 2025 OEB-Approved Distribution Revenue.
- e) In Reference 4, the Decision states that the if the total net distribution revenue is positive, the amount will be credited to ratepayers. In Table 1 of Reference 1, the total balance shows a negative amount of \$21.1M. The total weather normalized actual distribution revenue is greater than the OEB-Approved Distribution Revenue. Please explain the discrepancy.
- f) Based on the Custom IR proceeding Decision in Reference 4, please explain Toronto Hydro-Electric System's rationale for allocating the RVA balances to all rate classes despite some rate classes having a positive variance and others having a negative variance in Table 1 of Reference 1.

Staff-12

Revenue Variance Account Rate Rider

Ref 1: Rate Generator Model, Tab 23, Calculation RVA Rate Riders, August 14, 2026

Ref 2: Rate Generator Model, Tab 22, Base Distribution Rates, August 14, 2026

Question(s):

- a) Please explain Toronto Hydro-Electric System's approach to allocating the RVA Balance to determine the rate rider for the USL rate class, specifically with the treatment of the connection count in Reference 1, and how it compares with the approach used in calculation of the rate riders for the Base Distribution Rates in Reference 2.

Staff-13

2025 Consumption Data

Ref: Commodity Accounts Analysis Workform, GA 2025, Note 2, August 14, 2026

Question(s):

- a) OEB staff observes that the 2025 consumption data in Reference 1 does not match the information in RRR. The table below summarizes the information. Please reconcile the balances.

Consumption (kWh)	Reference 1	RRR
Total Metered excluding WMP	24,328,952,418	24,328,960,213
RPP	10,935,358,639	10,225,695,394
Non RPP	13,393,593,778	14,103,264,819
Non-RPP Class A	6,023,705,834	6,032,230,024
Non-RPP Class B	7,369,887,944	8,071,034,794

Staff-14

RSTR

Ref: Rate Generator Model, Tab 11, RTSR – UTRs & Sub-Tx, August 14, 2026

Question(s):

- a) Should the OEB release any updated rates/charges (e.g., 2027 Uniform Transmission Rates) before Toronto Hydro-Electric System 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 has been updated.

Staff-15**Rate Rider – Externally Driven Capital Variance Account****Ref 1: 2027 Bill Impacts, August 14, 2026****Ref 2: EB-2023-0195, Draft Rate Order, Schedule 9.3, November 26, 2024****Preamble:**

OEB staff notes that Toronto Hydro-Electric System included a rate rider for the Disposition of Externally Driven Capital Variance Account until December 31, 2029 for all rate classes. OEB staff further notes that this rider rate was not in the 2026 Custom IR update proceeding (EB-2025-0006) but was included in the DRO Tariff of Rates and Charges effective January 1, 2027, during the 2025 Custom IR proceeding in Reference 2.

Question(s):

- a) Please confirm that this rate rider aligns with the DRO Tariff of Rates and Charges approved in Reference 2.

Staff-16**Annual Reporting Requirements****Ref: EB-2023-0195, Partial Decision and Order, pp. 15-16, November 12, 2024****Question(s):**

- a) In Toronto Hydro-Electric System 2025 Custom IR proceeding in Reference 1, OEB staff notes that Toronto Hydro-Electric System committed to providing an annual report on net capital expenditures and net in-service additions, and annual balances in the in the DRVA sub-accounts. Please confirm whether Toronto Hydro-Electric System has complied with these annual reporting obligations. If so, please identify where this compliance has been documented. If not, please explain why the annual reporting obligations have not been met.