



January 15, 2026

**To: All Licensed and Rate-Regulated Electricity Distributors
Intervenors in all 2025 and 2026 Cost of Service Proceedings for Electricity Distributors
All Other Interested Stakeholders**

Re: 2027 Cost of Service Models for Electricity Distributors

What You Need to Know

- The OEB has released updated versions of cost of service models for 2027 electricity distribution cost of service rate applications.
- Training materials from the September 2025 cost of service model sessions are now available.
- A webinar which will include updates to the 2027 cost of service models will be scheduled soon.

On December 16, 2025, the OEB issued updates to Chapters 1, 2, and 5 of the *Filing Requirements for Electricity Distribution Rate Applications* (Filing Requirements) for 2027 rate applications.¹

To assist distributors in preparing their applications, the OEB is now posting updated versions of most models for applications being filed in 2026 for 2027 rates, including an updated cost of service checklist. The updated models and checklist are available on the OEB's [2027 Electricity Distribution Rate Applications](#) (2027 EDR) webpage.

¹ OEB Letter - 2027 Cost of Service Filing Requirements for Electricity Distributors, Updated Filing Requirements for Electricity Transmission Leave to Construct Applications, and Related Matters, December 16, 2025

Commodity Accounts Analysis Workform & Deferral and Variance Account (DVA) Workform

The Income Tax/PILs Model, Commodity Accounts Analysis Workform (formerly the “GA Analysis Workform”) and DVA Workform will be released at a later date. Separate instruction documents for the Commodity Accounts Analysis and DVA Workforms will be provided at that time.

Distributors filing their application before these updated models are issued are expected to use the latest available versions. The OEB may request updates to these models during the proceeding to reflect the most current information.

Cost of Capital Parameters

Distributors must present both their actual and notional long-term debt, consistent with the cost of capital generic proceeding.² This change has been incorporated in the Revenue Requirement Workform (RRWF) and the Chapter 2 Appendices, tab 2-OA.

Retail Transmission Service Rate (RTSR) Model

On March 31, 2025, the OEB updated the RTSR Guideline and the model for 2026 rate applications to incorporate the new Electric Vehicle Rate Parameter. The updated Guideline and model for 2027 rate applications are posted on the 2027 EDR webpage.

Vulnerability Assessment and System Hardening (VASH)

The OEB has incorporated the outcomes of its VASH Report, issued on October 7, 2025,³ into Chapter 5 of the Filing Requirements. These requirements apply on a best-efforts basis for applications filed in 2026 for 2027 distribution rates and will become mandatory for applications for 2028 distribution rates. The associated VASH model (the VASH toolkit) is posted on the 2027 EDR webpage. Toolkit examples can be found on the [VASH EngageWithUs webpage](#).

Lost Revenue Adjustment Mechanism Variance Accounts (LRAMVA) Model

The OEB has not updated the LRAMVA model, as almost all distributors have disposed of their LRAMVA balances. Distributors that require this model should use the version that was issued for 2025 rate applications and work with OEB staff to make any necessary updates.

² EB-2024-0063, [Decision and Order](#), March 27, 2025

³ EB-2024-0199, [VASH Report](#), October 7, 2025

Cost of Service Model Training

On September 3-4, 2025, the OEB provided cost of service model training to very small distributors (those with less than 5,000 customers). The training materials from these sessions have been posted on the OEB's [Filing Requirements for Transmission and Distribution Applications](#) webpage. These training sessions used the cost of service models for 2026 rate applications.

The OEB will provide an overview of changes to the models at the 2027 Cost of Service Filing Requirements webinar (Orientation Session). The date will be communicated to stakeholders later.

The OEB reminds distributors that these models represent the OEB's expectations for applications filed in 2026 for 2027 rates as of today's date. Distributors should also consider any relevant future direction provided by the OEB.

Any questions relating to this letter should be directed to ratemodels@oeb.ca.

Yours truly,

Ritchie Murray
Acting Registrar