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December 9, 2024

**To: All Rate-regulated Electricity Distributors
All Intervenors in 2024 and 2025 Electricity Distribution Cost of Service
Proceedings
All Other Interested Parties**

Re: Applications for 2026 Electricity Distribution Rates

Providing clear and timely guidance to industry and facilitating the planning of application filings is a key part of the Ontario Energy Board's (OEB) commitment to making the regulatory process more transparent and efficient. This letter:

- Sets out a preliminary schedule of cost of service (or rebasing) filers for the 2026 to 2029 rate years (see Appendix A)
- Outlines the OEB's approach to application deferrals
- Establishes important filing and notification deadlines (summarized in Appendix B).

Background

As set out in the [Handbook for Utility Rate Applications](#) three incentive rate-setting (IR) methods are available to electricity distributors: Price Cap IR; Custom IR; and the Annual IR Index.

Each year, the OEB issues a list of electricity distributors that are expected to file cost of service applications in the following year. At the same time, the OEB makes provision for distributors to identify if they wish to defer rebasing based on established parameters referred to below.

Given the number of potential scenarios that may arise across all electricity distributors based on their chosen rate-setting option and deferral opportunities, this letter is intended to assist in summarizing expectations related to the timing of rebasing as well as qualification for and the implications of a deferral.

The OEB's Approach to Deferrals

In a letter dated December 1, 2021 regarding [Applications for 2023 Electricity Distribution Rates](#), the OEB communicated its revised approach to deferral requests. Deferrals can be requested for one, two or three years. During a deferral period, distributors will not have access to an Incremental Capital Module but will also not be required to file a Distribution System Plan. They will also no longer be able to elect to move to the Annual IR Index rate-setting plan following a deferral. Distributors that have not had a deferral will still have the option of moving to the Annual IR Index plan following the expiration of their five-year Price Cap IR or Custom IR term.

Distributors who requested and were granted a deferral of rebasing until 2026, including through a consolidation proceeding¹, will not have the option to elect Annual IR Index for 2026 rates. These distributors are expected to file a cost of service application for rates to take effect in 2026. Those who do not file on this basis will have their rates declared interim until such time as their next cost-based rate order is approved by the OEB.

Adjustments to the Rebasing List

At this time, 12 electricity distributors are scheduled to file a cost of service application for 2026 rates, 9 for 2027 rates, 11 for 2028 rates and 8 for 2029 rates as shown on the Rebasing List set out in Appendix A. Distributors wishing to notify the OEB of any of the following matters should do so in writing to registrar@oeb.ca by the deadline outlined in Appendix B.

Inclusion on the Rebasing List for 2026 Rates and Cost of Service Application Deadline

Distributors that are on the Rebasing List for 2026 rates and that intend to file for rates effective January 1 or May 1 are expected to file their rate applications on a cost of service basis no later than the stated deadline. Distributors whose current rate years commence on May 1 that plan on requesting a change to a January 1 rate year should notify the OEB.

Distributors that Wish to Submit a Request to Defer

Distributors that are on the Rebasing List for 2026 rates but wish to submit a request to defer their cost of service application must notify the OEB in writing, along with supporting rationale. Distributors on the Rebasing List for 2026 rates may request a deferral of their rebasing year for up to a total of three years, and are not permitted to seek further deferrals once granted. Distributors required to file a rebasing application after a consolidation deferral are not permitted to request a further deferral.

Selection of Custom IR or Annual IR Index

Any distributor that is on the Rebasing List for 2026 rates and that intends to select either Custom IR or Annual IR Index must notify the OEB. Distributors filing Custom IR applications

¹ Distributors that received approval to defer their cost of service application to 2026 are Sioux Lookout Hydro Inc. (2023 cost of service deferred for 3 years) and Entegrus Powerlines Inc. (eight-year deferral approved in March 2018 as part of the OEB's decision on a consolidation application (EB-2017-0212)).

should review the OEB's [performance standards](#) for rate applications as a guide to an appropriate filing date. While the performance standards are based on the size of a utility's revenue requirement, any utility planning to file a Custom IR application should consider whether it is feasible to file earlier than the deadline set out for cost of service applications under the Price Cap IR method. Distributors filing Annual IR Index applications will be notified of their filing deadline when the OEB establishes the process for IRM applications in spring 2025.

Distributors moving from Annual IR Index to Price Cap IR or Custom IR

Distributors that have filed Annual IR Index applications for 2025 rates have not been included on the Rebasing List for 2026, unless the distributor has already notified the OEB of their intention to file². These distributors can choose to move to Price Cap IR or Custom IR for 2026 (if their last cost of service application was for 2021 rates or earlier) by filing a cost-based application. Those that wish to do so must notify the OEB.

Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the Rebasing List for 2026, whose last cost of service application was for rates after the 2021 rate year and that wishes to have its 2026 rates set on a cost of service basis under Price Cap IR or Custom IR must notify the OEB, along with supporting rationale. A distributor that seeks to have its rates rebased earlier than scheduled must clearly demonstrate, in its application, why early rebasing is required notwithstanding that the "off ramp" conditions have not been met. Specifically, the distributor must clearly demonstrate why and how it cannot adequately manage its resources and financial needs during the remainder of its IRM period.

Any questions regarding this letter should be directed to [Darryl Seal](#), Manager, Electricity Distribution Rates I.

Yours truly,

Nancy Marconi
Registrar

² Distributors on Annual IR for 2025 rates who have not notified the OEB of their intention to file: Fort Frances Power Corp. and Oakville Hydro Electricity Distribution Inc.

APPENDIX A

Rebasing List for 2026 to 2029 Rates

2026	2027	2028	2029
January 1	January 1	January 1	January 1
Burlington Hydro Inc.	Alectra Utilities Corporation (consolidation related deferral approved 2017)	Cooperative Hydro Embrun Inc.	InnPower Corporation
Hydro Ottawa Limited	Canadian Niagara Power Inc.	Enwin Utilities Ltd (2025 deferral)	Niagara-on-the-Lake Hydro Inc.
Niagara Peninsula Energy Inc.	Grimsby Power Incorporated	EPCOR Electricity Distribution Ontario Inc.	Renfrew Hydro Inc.
Oshawa PUC Networks Inc.	Lakefront Utilities Inc.	Hydro One Networks Inc.	Elexicon Energy Inc. (consolidation related deferral approved 2018)
	Rideau St. Lawrence Distribution Inc.	Kingston Hydro Corporation	
		Milton Hydro Distribution Inc.	
May 1	May 1	May 1	May 1
Attawapiskat Power Corporation	E.L.K. Energy Inc.	Bluewater Power Distribution Corporation	Orangeville Hydro Limited
Entegrus Powerlines Inc. (consolidation related deferral approved 2018)	London Hydro Inc.	ERTH Power Corporation (consolidation related deferral approved 2018)	Tillsonburg Hydro Inc.
Fort Albany Power Corporation	North Bay Hydro Distribution Limited (consolidation related deferral approved 2022)	Hydro One Remote Communities Inc.	Wasaga Distribution Inc.
Halton Hills Hydro Inc.	Ottawa River Power Corporation	Newmarket-Tay Power Distribution Ltd. (consolidation related deferral approved 2018)	Synergy North Corporation
Hearst Power Distribution Company Limited		PUC Distribution Inc.	
Kashechewan Power Corporation			
Sioux Lookout Hydro Inc. (2023 deferral)			
Wellington North Power Inc.			

APPENDIX B

Summary of Deadlines

Action	OEB Deadline
Notification from any distributor on the 2026 Rebasing List that will be selecting either the Custom IR, or Annual IR Index method (therefore will not be filing a cost of service rate application) for 2026 rates	January 24, 2025
Notification from any distributor that is currently on Annual IR Index but that plans to file a cost of service rate application under Price Cap IR or a Custom IR application for 2026 rates	
Notification from any distributor on the 2026 Rebasing List that plans to submit a request to defer rebasing	
Notification from any distributor that is not included on the 2026 Rebasing List but that plans to file an early rebasing application for 2026 rates	
Notification from any distributor that plans to file a cost a service application for 2026 rates and that wishes to convert its rate year from May 1 to January 1	
Deadline for cost of service applications for January 1, 2026 rates including those distributors that wish to convert from May 1 rates to January 1 rates	April 30, 2025
Deadline for cost of service applications for May 1, 2026 rates and for Custom IR annual update applications	August 29, 2025