

Empirical Research in Support of Incentive Rate-Setting: 2025 Benchmarking Update

Report to the Ontario Energy Board

August 2026



Pacific Economics Group Research, LLC

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TABLE OF CONTENTS

1. Introduction	1
2. Benchmarking Methodology	2
3. Benchmarking Data	4
4. Benchmarking Results and Updated Stretch Factors	8
5. Validation and Other Supporting Documents	9



1. Introduction

In 2013, the Ontario Energy Board (OEB) issued a report titled “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors”¹ (Board Report) in which it set forth the framework for setting rate adjustment formulas for local distribution companies (LDCs or “distributors”). The Board Report provides the OEB’s final determination on its policies and approaches to the distributor rate adjustment parameters and the benchmarking of electricity distributor total cost performance. This 2025 Benchmarking Update determines the 2026 stretch factor assignments for distributors in relation to the 2027 rate year.

According to the Board Report, rates will be indexed by a formula “which is used to adjust the distribution rates to reflect expected growth in the distributors’ input prices (the inflation factor) less allowance for appropriate rates of productivity and efficiency gains (the X-factor).”² The productivity part of the X-Factor is the same for all LDCs. The efficiency gains part of the X-Factor is called the stretch factor and can vary by company. This stretch factor reflects the potential for incremental productivity gains by a given LDC under incentive regulation (i.e., incentive rate mechanism or IRM) which in turn depends on an individual distributor’s level of cost efficiency.

These stretch factor assignments are based on the results of a statistical cost benchmarking study designed to make inferences on individual distributors’ cost efficiency. An econometric model is used to predict the level of cost associated with each distributor’s own operating conditions. Distributors that achieved an actual cost lower than the cost predicted by the model were assigned lower stretch factors than those that did not. The October 18, 2013 report by Pacific Economics Group (PEG) titled “Productivity and Benchmarking Research in Support of Incentive Rate Setting in Ontario” describes the model used to produce the benchmarking results. The work was subsequently updated to include 2013 data in July of 2014³ and has been updated each year since. This report presents updated benchmarking results that incorporate 2025 data to update the stretch factors.

¹ Issued on November 21, 2013 and corrected on December 4, 2013.

² Board Report, page 5.

³ [“Empirical work in Support of Incentive Rate Setting: 2013 Benchmarking Update”](#).

Section 2 of this report discusses the methodology used for the 2025 update. Section 3 discusses the data used. Section 4 presents the benchmarking results and updated stretch factors. Section 5 discusses additional resources available to distributors to validate the results contained in this report.

2. Benchmarking Methodology

The model used to determine the cost efficiency of distributors is based on econometrics. Distributor cost in this model is estimated as a function of business conditions faced by each distributor. These business conditions include the number of customers served and the price of inputs such as labour and capital. The parameters of this model establish the relationship between each business condition and distributor cost. These parameters were estimated using Ontario distributor data from 2002-2012.

The model can make a prediction of each distributor's cost given its business conditions by multiplying the company's business condition variables by the model parameters and summing the results⁴. The distributor's actual cost is then compared to that predicted by the model. The percentage difference between actual and predicted cost is the measure of cost performance. Companies with larger negative differences between actual and predicted costs are considered better cost performers and therefore eligible for lower stretch factors. A detailed description of the econometric model including estimation technique and other technical details are contained in sections 6 and A2.1 of the PEG report.

The econometric model used to obtain the updated stretch factors is identical to the model described in the 2013 PEG report. The OEB intentionally decided not to update the parameters of the econometric model to include future years' data. The goal was to establish a fixed benchmark via the unchanged model parameters which would allow distributors a fair opportunity to demonstrate continuous improvement of cost performance and earn a lower

⁴ The table of parameters published in the PEG report was for the full sample. When making predictions of cost for each company, the econometric program estimated the model without including the subject of benchmarking in the sample. Therefore, there exist 59 different sets of parameters which are very similar to each other. For ease of presentation, the PEG report did not present the parameters specific to each distributor. These company-specific parameters are necessary for the calculations and are contained within the working papers associated with this report. Due to amalgamations after 2013, there are now 53 sets of parameters used.

stretch factor. The parameters from the model were combined with each company's data – including 2013-2025 data - to produce 2025 predicted cost. The rationale for this decision is discussed in the Board Report and in a memorandum by PEG.⁵

To apply the 2025 values to the model parameters, the data must be transformed to be consistent with how the data were specified for the estimated econometric model. One such transformation is to express many of the explanatory variables as logarithms prior to the model being estimated. The PEG report describes the details of the estimation process in section A2.1. The spreadsheet model and associated documentation discussed in section 5 contain the calculations leading to the cost benchmarking results.

The purpose of the benchmarking work is to evaluate the total cost incurred by each distributor. Table 1 shows the formulas used to calculate the measure of total cost used in PEG's benchmarking analysis. As described in the PEG benchmarking report, adjustments were undertaken with the purpose of standardizing cost to facilitate more accurate cost comparisons among distributors. These adjustments included the treatment of high voltage and low voltage costs.

The variables used to explain total cost are the same as in the previous PEG report. They include outputs such as customers, kWh deliveries, and capacity. Prices for capital and OM&A along with other business conditions such as customer growth and average length of lines are also included. A complete discussion of the explanatory variables can be found in section 6 of the PEG report and the supporting documents to this report discussed in section 5. The explanatory variables are used to explain the level of cost incurred by each LDC. Cost that is not accounted for by the variables is deemed to be an estimate of management performance.

3. Benchmarking Data

The source of the cost and output data used in the calculations is from the distributors as reported in the reporting and record-keeping requirements (RRR) filings. The study assumes that the data as reported by the distributors conforms to accounting policies and procedures described in the Accounting Procedures Handbook for Electricity Distributors that includes the Uniform System of Accounts and other instructions contained within the RRR filing system. It also

⁵ Available on the OEB website in the file "PEG_Memorandum_OEB on_corrections_20131220.pdf"

assumes that the LDCs have taken ownership of the data provided to the OEB and significant revisions are not anticipated.⁶

Data sources apart from the RRR are related to input prices. OEB-approved rates of return were obtained from the published OEB Cost of Capital Parameter Updates⁷. Statistics Canada is the source for other input price data. The input price indexes used were the same as those used in PEG's original study with one exception. Statistics Canada no longer calculates the Electric Utility Construction Price Index (EUCPI). The growth in the GDPIPI (FDD) was used to escalate the EUCPI values used in the calculations.⁸

The update was done in the same manner as the original work with an exception. The OEB has improved the quality of data collected related to capital additions. As a result, improved data are available for 2013-2025. PEG has accordingly relied upon these more recently available capital additions data filed in the RRRs instead of inferring these data from changes in gross plant.

The calculations have also been adjusted for amalgamations that have taken place since the original study was done. The historical cost performance of the combined entity was calculated from the historical results of the predecessor distributors that were amalgamated or acquired.⁹ In each of these cases the companies have consolidated reporting and are benchmarked as single entities under the new company names. There were no amalgamations in 2025.

This report also addresses the impact of data revisions by LDCs for informational purposes only. The OEB requires distributors to be accountable for the integrity of their reported data. As part of its procedures to improve data quality, the OEB invited distributors to submit corrections to previously provided data. However, a key determination is that already

⁶ The Ontario Energy Board (OEB) released the Report of the Board on Performance Measurement for Electricity Distributors: A Scorecard Approach (EB-2010-0379) on March 5, 2014. This report states that: *'While the Board will create consistent Scorecard reports for distributors, ownership of the data and Scorecard resides with the distributor.'*

⁷ <https://www.oeb.ca/regulatory-rules-and-documents/rules-codes-and-requirements/cost-capital-parameter-updates>

⁸ GDPIPI (FDD) is the Gross Domestic Product Implicit Price Index for Final Domestic Demand.

⁹ The method used to calculate the hypothetical historical cost performance of the combined entity is to sum the actual costs, sum the costs predicted by the model, and calculate the percentage difference. This method is essentially a cost-weighted average of the historical cost performances of the amalgamated distributors.

established and published benchmarking results for prior years would not be modified as a result of revised data. This includes any year that comprised the three-year average used to determine the current year's stretch factor. As stretch factors are used directly to set the distribution rates of distributors, they are not subsequently adjusted in order to avoid retroactive rate setting (i.e., rates are final once set unless approved on an interim basis). Consequently, the three years of data used to derive the three-year average for any year's stretch factors are locked-in such that the underlying data used do not change due to any subsequent data revisions.¹⁰ Just as distributors occasionally revise data, PEG sometimes encounters small issues with previous work that it seeks to correct. There were no such corrections this year.

To show the impacts of data changes on the stretch factors, revised data have been incorporated into the benchmarking databases and model to allow previous results to be recalculated. The revised 2024, 2023, and 2022 results are presented only for the purposes of showing the impact of the data changes. As discussed above, they were not used to calculate the new 2022-2024 average cost performance used to determine the 2025 stretch factors assignments.

Several tables are included at the end of this report. Table 1 describes the calculation of total cost. Table 2 shows each distributor's growth in total cost from 2024 to 2025. Table 3 (A) presents the 2025 benchmarking results and a comparison to prior years' results. Table 3 (B) summarizes data revision impacts on cost performance although they have no bearing on the derivation of the current stretch factors. Table 4 presents average cost performance and associated stretch factors. Table 5 presents the companies assigned to each cohort according to their updated stretch factors. Changes from the previous years' assignments are shown in bold.

The goal of the benchmarking work is to evaluate levels of distributor cost. Table 2 presents the actual OM&A, Capital, and Total cost for each distributor for 2024 and 2025. As can be seen, industry total cost increased by 4.07% on average from 2024-2025. OM&A cost increased by 4.50% and capital cost grew on average by 3.93%. Cost growth in each category

¹⁰ The previous results were "locked-in" by pasting the values of previous cost performance into the current calculations worksheet. This means that these values will not be affected by subsequent data revisions. This allows for the calculation of a new three-year average of the new 2025 result consistent with the previously published 2022, 2023 and 2024 results while still allowing the calculation of revised results for previous years, if applicable, to show the impact of any data revision.

has slowed from the previous three years; OM&A cost growth is above the average, Capital is below, and the Total is right at the average of the previous 12 years' cost growth.

Growth in Cost			
Year	OM&A	Capital	Total
2025	4.50%	3.93%	4.07%
2024	6.82%	5.11%	5.90%
2023	5.31%	19.07%	13.05%
2022	6.67%	11.65%	9.29%
2021	2.28%	1.94%	2.01%
2020	1.30%	-3.12%	-0.92%
2019	1.53%	4.32%	3.10%
2018	2.34%	7.20%	4.69%
2017	2.07%	-2.52%	-0.23%
2016	3.38%	1.79%	2.52%
2015	2.73%	4.53%	3.98%
2014	1.53%	5.06%	3.25%
2013	5.86%	-0.46%	2.33%

The econometric model estimates LDCs' costs as a function of distributor output, input price growth, and other business condition variables which are considered as beyond management control. The model will also produce a prediction of the level of cost consistent with these business conditions, and thus "explain" some of the observed cost level. As described in the PEG benchmarking report, changes in distributor cost not accounted for by these factors are deemed to be due to management performance. The parameter estimates measure the average cost impact of the different business conditions and are presented on Table 16 of the PEG benchmarking report. The discussion below provides some details about the parameters and their associated impacts established for the 2002 to 2012 period.

The first of the cost drivers is output quantity. The model uses three measures of the quantity of distributor output. The first is the number of customers served, the second is kWh delivered, and the third is a proxy for the capacity of the distribution system. The capacity variable is described in the PEG report and is equal to the largest peak load experienced as of the current year of data. For example, the 2012 value for the capacity variable is equal to largest reported system summer or winter kW in all the years 2002-2012. Therefore, for 2013 forward, this capacity variable only increased if the distributor's kW demand in that year exceeded kW demand in every year between 2002 and 2012. Of the three output variables, the model estimates that the number of customers has the largest impact on cost, followed by system

capacity. The kWh delivered was the least important of the output variables. For the average company, the number of customers was observed to be a more important cost driver than the other two combined. For each 1% change in number of customers, cost was estimated to change by 0.44%.

The second group of cost drivers were the input prices for capital and OM&A. For the average company, the cost impact of changes in the capital price was found to be almost twice as important as that for OM&A. For every 1% change in capital price, the impact on total cost was about 0.63%. The corresponding impact for changes in the OM&A price was 0.37%. The relevant indexes were updated to include 2025 data. For the OM&A price, the growth in average weekly earnings and that for the GDP implicit price index for final domestic demand (“GDPIPI (FDD)”) were calculated. The 2024 growth in the OM&A price index is calculated as 70% times average weekly earnings growth plus 30% times GDPIPI (FDD) growth. The 2024 values for the OM&A price index from the previous report were escalated by the growth that occurred in 2025.

The capital price calculation is based upon an asset price index, an economic depreciation rate, and a rate of return. The asset price index was the Electric Utility Construction Price Index as calculated by Statistics Canada. As this index is no longer available, the previous values are escalated by an alternate index. The index chosen was the GDPIPI (FDD) which is the same index used to represent all non-labour price inflation in the Board-approved inflation measure formula¹¹. The depreciation rate is fixed at 4.59% consistent with the previous work. The rate of return is a weighted average of the rates for return on equity, long-term debt, and short-term debt as approved by the OEB. The capital price used to calculate total cost is also used as an explanatory variable. Therefore, any changes in the rate of return or asset price index that affect the cost calculation will also affect the price calculation which will in turn “explain” the observed changes in cost.

The last group of cost drivers consists of other business condition variables. The first was the percentage of customers added over the last ten years. The second was the average km of distribution line. For each 1% change in average line length, total cost was estimated to increase by 0.29%. The model also contains a time trend that accounts for changes in cost over

¹¹ The weight given to the non-labour index in the inflation formula includes capital cost.

time that are not accounted for by the other cost drivers. This variable estimates that cost should rise by 1.7% per year for reasons not identified by other variables in the model. All of these business condition variables were updated to include 2025 data.

4. Benchmarking Results and Updated Stretch Factors

Table 3 (A) presents a summary of the current benchmarking results for each distributor from 2022-2025. The updated average cost performance is based on a three-year rolling average calculated from the 2023-2025 values and is used to assign updated stretch factors to distributors. The last column presents the difference between the updated average cost performance and the previous one (2022-2024).¹² The electricity distributor sector has shown consistent year-over-year cost performance improvements. The average level of cost performance in 2025 for the distributors is 15.7% lower than forecast (or predicted) cost that builds upon cost performance improvement in previous years. Previous years also have shown performance improvements for the currently benchmarked distributors, but 2025 is a clear improvement.

As discussed above, the OEB requires distributors to be accountable for the integrity of their reported data and sets out reporting procedures to improve data quality. OEB Staff reviewed and approved distributors' data corrections requests to previously filed data when reasonable justification is provided. The revised data were incorporated into the benchmarking databases and the 2022, 2023, and 2024 results were recalculated to demonstrate the impact on the previously published 2022-2024 average cost performance. Table 3 (B) shows the impact of LDC data revisions on 2022, 2023, and 2024 cost performance for those companies that had approved changes since the previous update. There were no new revisions to the 2022 distributor data, and the revisions in 2023 or 2024 would not have changed previously determined cohort placement.

Updated stretch factors are assigned based on a three-year average of actual less predicted cost over the 2023-2025 period. As discussed in the Board Report, distributors that averaged 25% or more below predicted cost received the lowest stretch factor of 0%. Those that averaged

¹² Changes in average cost performance are due to not only the addition of 2025 results, but the removal of 2022 results. It is therefore possible to simultaneously have improved 2025 cost performance and deteriorating average performance.

in excess of 10% and up to 25% below predicted cost received a stretch factor of 0.15%. Those within 10% of predicted cost received a stretch factor of 0.30%. Those distributors that had cost in excess of 10% and up to 25% above predicted cost received a stretch factor of 0.45%. Any distributors that had actual costs in excess of 25% more than predicted were assigned the highest stretch factor of 0.60%.

Table 4 presents a summary of the current and previous years' cost performance results and corresponding stretch factors. The assigned stretch factor for all but three companies was not affected by the 2025 update. Two companies have been assigned a lower stretch factor, and one company has been assigned a higher stretch factor. Table 5 presents the updated stretch factor assignments in the format of Appendix D of the Board report.

5. Validation and Other Supporting Documents

As part of their reporting requirements, distributors are asked to validate the numbers contained in their scorecard. The Spreadsheet Model as updated produces the updated benchmarking results contained in this report. It builds on the previous version by adding additional worksheets related to the 2025 calculations.

The format of the additional worksheets used in the update are similar to those provided earlier and the User's Guide will be applicable to the new worksheets. The guide is intended to serve as a tool for distributors to better understand these calculations and their cost performance. The spreadsheet model and users guide are available in the Total cost benchmarking – updates section of the [Performance Assessment](#) page on the OEB's website.

Table 1
Calculation of 2025 Total Cost

Variable	Reference	Formula	Source
Total Cost		= OM&A + Capital Cost	Formula
OM&A		= A+B+C+D+E+F+G-I+J	Formula
2025 Operation	A		RRR
2025 Maintenance	B		RRR
2025 Billing and Collection	C		RRR
2025 Community Relations	D		RRR
2025 Administrative and General Expenses	E		RRR
2025 Insurance Expense	F		RRR
2025 Advertising Expenses	G		RRR
Adjustments to OM&A			
2025 HV Adjustment	I		RRR
2025 LV Adjustment	J		Hydro One Networks
Capital			
2024 Asset Price Index	K		Previous Year Calculations
2024 Capital Quantity	M		Previous Year Calculations
2025 Asset Price Index	O	=K x (GDPPI-FDD 2021 / GDPPI-FDD 2020)	Formula, Statistics Canada
2025 Capital Additions	P		RRR
2025 HV Capital Additions	Q		RRR
2025 Quantity of Capital Additions	R	=(P-Q) / O	Formula
Depreciation Rate	S	Fixed at 4.59% for All Years	PEG Report for 4GIR
2025 Capital Quantity	T	= M - S x M + R	Formula
2025 Rate of Return	U		OEB Decision
2025 Capital Price	V	=U x K + S x O	Formula
2025 Capital Cost	W	= V x T	Formula

Table 2
Total Cost by Distributor: 2024 vs. 2025

	OM&A Cost			Capital Cost			Total Cost		
	2024	2025	Percent Change	2024	2025	Percent Change	2024	2025	Percent Change
Alectra Utilities Corporation	280,029,797	296,600,042	5.75%	704,199,058	735,473,598	4.35%	984,228,855	1,032,073,640	4.75%
Algoma Power Inc.	14,472,132	15,321,298	5.70%	22,361,909	26,039,510	15.23%	36,834,041	41,360,808	11.59%
Atikokan Hydro Inc.	1,333,261	1,262,383	-5.46%	762,769	858,074	11.77%	2,096,030	2,120,457	1.16%
Bluewater Power Distribution Corporation	14,325,713	15,150,433	5.60%	19,648,655	20,443,201	3.96%	33,974,368	35,593,634	4.66%
Burlington Hydro Inc.	23,481,258	26,137,744	10.72%	37,966,834	38,830,403	2.25%	61,448,092	64,968,147	5.57%
Canadian Niagara Power Inc.	11,036,706	11,309,904	2.45%	25,557,064	26,652,932	4.20%	36,593,770	37,962,836	3.67%
Centre Wellington Hydro Ltd.	3,127,272	3,222,225	2.99%	3,249,911	3,295,067	1.38%	6,377,182	6,517,291	2.17%
Cooperative Hydro Embrun Inc.	901,953	860,270	-4.73%	655,574	638,362	-2.66%	1,557,526	1,498,632	-3.85%
Elexicon Energy Inc.	52,948,563	57,378,312	8.03%	96,316,805	101,332,885	5.08%	149,265,369	158,711,197	6.14%
E.L.K. Energy Inc.	4,533,419	4,233,070	-6.85%	3,659,062	3,712,275	1.44%	8,192,480	7,945,344	-3.06%
Enova Power Corp.	44,511,907	43,550,481	-2.18%	91,354,324	92,457,941	1.20%	135,866,231	136,008,422	0.10%
Entegrus Powerlines Inc.	17,448,850	18,801,107	7.46%	30,053,298	31,941,496	6.09%	47,502,148	50,742,603	6.60%
ENWIN Utilities Ltd.	30,147,802	30,729,310	1.91%	48,371,913	49,587,240	2.48%	78,519,715	80,316,550	2.26%
EPCOR Electricity Distribution Ontario Inc.	6,581,740	6,726,902	2.18%	7,451,659	7,898,434	5.82%	14,033,399	14,625,335	4.13%
ERTH Power Corporation	8,609,863	9,475,325	9.58%	12,500,077	12,969,327	3.69%	21,109,940	22,444,652	6.13%
Essex Powerlines Corporation	8,669,504	9,446,065	8.58%	14,479,220	14,993,703	3.49%	23,148,724	24,439,768	5.43%
Festival Hydro Inc.	7,438,918	8,875,912	17.66%	10,692,761	11,230,345	4.91%	18,131,680	20,106,257	10.34%
Fort Frances Power Corporation	1,920,340	2,057,763	6.91%	1,190,857	1,229,102	3.16%	3,111,198	3,286,865	5.49%
GrandBridge Energy Inc.	34,830,865	38,259,981	9.39%	55,551,790	58,538,276	5.24%	90,382,655	96,798,257	6.86%
Greater Sudbury Hydro Inc.	17,035,465	19,511,547	13.57%	23,735,005	24,479,878	3.09%	40,770,471	43,991,425	7.60%
Grimsby Power Incorporated	3,918,347	4,019,625	2.55%	5,048,367	5,185,937	2.69%	8,966,714	9,205,562	2.63%
Halton Hills Hydro Inc.	8,340,798	8,597,565	3.03%	15,767,015	16,068,314	1.89%	24,107,813	24,665,879	2.29%
Hearst Power Distribution Company Limited	1,452,278	1,538,594	5.77%	518,635	538,395	3.74%	1,970,913	2,076,989	5.24%
Hydro 2000 Inc.	744,507	688,340	-7.84%	219,723	227,023	3.27%	964,231	915,363	-5.20%
Hydro Hawkesbury Inc.	1,409,278	1,216,921	-14.68%	801,969	802,906	0.12%	2,211,247	2,019,827	-9.05%
Hydro One Networks Inc.	643,574,939	584,040,531	-9.71%	1,400,872,805	1,500,558,708	6.87%	2,044,447,744	2,084,599,239	1.94%
Hydro Ottawa Limited	107,226,008	112,170,522	4.51%	245,885,215	255,315,453	3.76%	353,111,223	367,485,975	3.99%

Table 2 (cont'd)
Total Cost by Distributor: 2024 vs. 2025

	OM&A Cost			Capital Cost			Total Cost		
	2024	2025	Percent Change	2024	2025	Percent Change	2024	2025	Percent Change
Innpower Corporation	9,106,744	9,081,163	-0.28%	20,283,892	23,539,745	14.89%	29,390,636	32,620,907	10.43%
Kingston Hydro Corporation	8,438,504	9,387,528	10.66%	11,102,441	11,098,219	-0.04%	19,540,946	20,485,746	4.72%
Lakefront Utilities Inc.	3,188,053	3,290,212	3.15%	4,462,964	4,663,583	4.40%	7,651,017	7,953,795	3.88%
Lakeland Power Distribution Ltd.	6,757,482	6,587,230	-2.55%	7,334,616	7,518,446	2.48%	14,092,098	14,105,676	0.10%
London Hydro Inc.	47,225,902	53,025,914	11.58%	76,465,334	79,299,715	3.64%	123,691,237	132,325,629	6.75%
Milton Hydro Distribution Inc.	12,706,432	15,231,774	18.13%	24,311,775	24,969,660	2.67%	37,018,206	40,201,434	8.25%
Newmarket-Tay Power Distribution Ltd.	15,079,727	17,654,396	15.76%	24,401,486	25,089,984	2.78%	39,481,213	42,744,380	7.94%
Niagara Peninsula Energy Inc.	21,894,508	23,082,179	5.28%	34,559,397	35,397,330	2.40%	56,453,905	58,479,509	3.53%
Niagara-on-the-Lake Hydro Inc.	3,825,385	3,824,320	-0.03%	5,969,970	6,122,072	2.52%	9,795,355	9,946,392	1.53%
North Bay Hydro Distribution Limited	9,298,073	9,757,418	4.82%	16,082,882	16,445,301	2.23%	25,380,955	26,202,719	3.19%
Northern Ontario Wires Inc.	3,825,875	3,977,855	3.90%	1,971,480	2,066,285	4.70%	5,797,355	6,044,141	4.17%
Oakville Hydro Electricity Distribution Inc.	21,439,118	22,626,859	5.39%	50,991,770	53,500,814	4.80%	72,430,887	76,127,673	4.98%
Orangeville Hydro Limited	4,142,958	4,236,103	2.22%	5,082,411	5,207,471	2.43%	9,225,368	9,443,574	2.34%
Oshawa PUC Networks Inc.	17,290,034	18,035,796	4.22%	31,091,054	32,148,939	3.35%	48,381,088	50,184,735	3.66%
Ottawa River Power Corporation	4,073,876	4,637,391	12.96%	3,850,026	3,998,980	3.80%	7,923,902	8,636,371	8.61%
PUC Distribution Inc.	12,775,971	12,932,805	1.22%	21,306,116	21,490,772	0.86%	34,082,087	34,423,577	1.00%
Renfrew Hydro Inc.	1,727,396	1,779,034	2.95%	1,690,174	1,764,487	4.30%	3,417,570	3,543,521	3.62%
Rideau St. Lawrence Distribution Inc.	2,929,824	3,289,395	11.58%	1,731,451	1,834,049	5.76%	4,661,275	5,123,444	9.45%
Sioux Lookout Hydro Inc.	1,617,458	1,696,091	4.75%	1,179,618	1,177,879	-0.15%	2,797,076	2,873,970	2.71%
Synergy North Corporation	20,027,876	20,315,269	1.42%	29,486,101	30,509,424	3.41%	49,513,977	50,824,693	2.61%
Tillsonburg Hydro Inc.	3,231,949	3,232,172	0.01%	3,738,650	3,956,483	5.66%	6,970,599	7,188,655	3.08%
Toronto Hydro-Electric System Limited	301,886,323	312,272,136	3.38%	994,297,355	1,039,876,756	4.48%	1,296,183,677	1,352,148,892	4.23%
Wasaga Distribution Inc.	3,809,359	3,989,938	4.63%	5,849,819	5,944,742	1.61%	9,659,178	9,934,680	2.81%
Welland Hydro-Electric System Corp.	8,058,891	8,001,522	-0.71%	7,932,934	8,526,347	7.21%	15,991,825	16,527,869	3.30%
Wellington North Power Inc.	2,125,193	2,384,527	11.51%	2,002,663	2,036,724	1.69%	4,127,856	4,421,251	6.87%
Westario Power Inc.	7,401,451	9,000,090	19.56%	11,811,549	12,758,282	7.71%	19,213,000	21,758,372	12.44%
Average	35,923,318	36,122,855	4.50%	80,714,343	84,947,949	3.93%	116,637,661	121,070,803	4.07%
Median	8,438,504	9,081,163	4.51%	12,500,077	12,969,327	3.49%	21,109,940	22,444,652	3.99%

Table 3a
Summary of 2025 Cost Performance Results

	Cost Efficiency Assessment						Difference from 2022-2024
	2022	2023	2024	2025	2022-2024	2023-2025	
Alectra Utilities Corporation	-9.1%	-9.7%	-10.9%	-10.6%	-9.9%	-10.4%	-0.5%
Algoma Power Inc.	61.1%	61.7%	61.6%	68.4%	61.5%	63.9%	2.4%
Atikokan Hydro Inc.	-1.9%	-6.0%	-1.0%	-3.7%	-3.0%	-3.6%	-0.6%
Bluewater Power Distribution Corporation	-8.0%	-10.6%	-10.7%	-10.7%	-9.8%	-10.7%	-0.9%
Burlington Hydro Inc.	-13.5%	-10.0%	-11.3%	-9.5%	-11.6%	-10.2%	1.3%
Canadian Niagara Power Inc.	9.7%	13.2%	12.2%	11.0%	11.7%	12.1%	0.4%
Centre Wellington Hydro Ltd.	-16.6%	-18.9%	-15.8%	-19.1%	-17.1%	-18.0%	-0.9%
Cooperative Hydro Embrun Inc.	-72.8%	-68.0%	-69.3%	-78.3%	-70.0%	-71.9%	-1.8%
Elexicon Energy Inc.	-3.6%	-4.1%	-3.3%	-1.6%	-3.7%	-3.0%	0.7%
E.L.K. Energy Inc.	-32.4%	-37.6%	-33.4%	-41.7%	-34.5%	-37.6%	-3.1%
Enova Power Corp.	-1.3%	-3.1%	-9.1%	-15.3%	-4.5%	-9.2%	-4.7%
Entegrus Powerlines Inc.	-26.9%	-27.8%	-28.6%	-27.3%	-27.8%	-27.9%	-0.1%
ENWIN Utilities Ltd.	-26.8%	-27.8%	-29.2%	-31.9%	-27.9%	-29.6%	-1.7%
EPCOR Electricity Distribution Ontario Inc.	-16.0%	-19.9%	-17.8%	-18.2%	-17.9%	-18.6%	-0.7%
ERTH Power Corporation	-6.5%	-6.5%	-7.2%	-8.9%	-6.7%	-7.5%	-0.8%
Essex Powerlines Corporation	-31.6%	-31.7%	-35.2%	-35.5%	-32.8%	-34.1%	-1.3%
Festival Hydro Inc.	-2.4%	-2.1%	-1.1%	4.3%	-1.9%	0.3%	2.2%
Fort Frances Power Corporation	-11.0%	-11.2%	-15.1%	-13.7%	-12.4%	-13.3%	-0.9%

Table 3a (cont'd)
Summary of 2025 Cost Performance Results

	Cost Efficiency Assessment						Difference from 2022-2024
	2022	2023	2024	2025	2022-2024	2023-2025	
GrandBridge Energy Inc.	-13.9%	-15.3%	-15.4%	-14.7%	-14.9%	-15.1%	-0.3%
Greater Sudbury Hydro Inc.	-3.8%	-6.9%	-8.0%	-5.7%	-6.2%	-6.9%	-0.6%
Grimsby Power Incorporated	-38.5%	-39.7%	-43.0%	-45.0%	-40.4%	-42.6%	-2.1%
Halton Hills Hydro Inc.	-37.2%	-36.1%	-36.1%	-37.4%	-36.5%	-36.5%	-0.1%
Hearst Power Distribution Company Limited	-33.8%	-33.5%	-29.9%	-29.4%	-32.4%	-30.9%	1.5%
Hydro 2000 Inc.	-14.8%	-20.5%	-18.0%	-27.7%	-17.8%	-22.1%	-4.3%
Hydro Hawkesbury Inc.	-71.0%	-63.6%	-69.6%	-82.5%	-68.1%	-71.9%	-3.8%
Hydro One Networks Inc.	20.3%	21.5%	19.2%	14.4%	20.3%	18.4%	-2.0%
Hydro Ottawa Limited	23.1%	24.4%	21.6%	19.9%	23.0%	22.0%	-1.1%
Innpower Corporation	-6.2%	-0.8%	5.3%	7.8%	-0.6%	4.1%	4.7%
Kingston Hydro Corporation	-10.9%	-15.0%	-17.9%	-18.1%	-14.6%	-17.0%	-2.4%
Lakefront Utilities Inc.	-31.0%	-24.9%	-26.4%	-27.9%	-27.4%	-26.4%	1.0%
Lakeland Power Distribution Ltd.	-16.8%	-16.1%	-13.8%	-18.3%	-15.6%	-16.1%	-0.5%
London Hydro Inc.	-6.5%	-8.2%	-8.0%	-5.2%	-7.5%	-7.1%	0.4%
Milton Hydro Distribution Inc.	-28.1%	-30.1%	-32.3%	-30.7%	-30.2%	-31.0%	-0.9%
Newmarket-Tay Power Distribution Ltd.	-17.5%	-18.1%	-12.3%	-8.4%	-16.0%	-12.9%	3.1%
Niagara Peninsula Energy Inc.	-10.2%	-12.3%	-13.2%	-15.3%	-11.9%	-13.6%	-1.7%
Niagara-on-the-Lake Hydro Inc.	-16.2%	-15.5%	-13.8%	-14.7%	-15.2%	-14.7%	0.5%
North Bay Hydro Distribution Limited	-3.5%	-4.9%	-4.2%	-5.1%	-4.2%	-4.8%	-0.5%
Northern Ontario Wires Inc.	-45.1%	-46.4%	-37.5%	-37.2%	-43.0%	-40.3%	2.6%

Table 3a (cont'd)
Summary of 2025 Cost Performance Results

	Cost Efficiency Assessment						Difference from 2022-2024
	2022	2023	2024	2025	2022-2024	2023-2025	
Oakville Hydro Electricity Distribution Inc.	-6.6%	-7.5%	-6.0%	-8.9%	-6.7%	-7.5%	-0.8%
Orangeville Hydro Limited	-28.4%	-30.6%	-28.6%	-30.4%	-29.2%	-29.9%	-0.7%
Oshawa PUC Networks Inc.	-18.9%	-18.9%	-18.2%	-19.9%	-18.6%	-19.0%	-0.3%
Ottawa River Power Corporation	-25.6%	-26.3%	-31.4%	-28.1%	-27.8%	-28.6%	-0.8%
PUC Distribution Inc.	-3.0%	15.0%	12.3%	9.1%	8.1%	12.1%	4.0%
Renfrew Hydro Inc.	-8.4%	-5.7%	-5.7%	-6.4%	-6.6%	-6.0%	0.6%
Rideau St. Lawrence Distribution Inc.	-11.3%	-15.8%	-14.4%	-9.5%	-13.8%	-13.2%	0.6%
Sioux Lookout Hydro Inc.	-41.9%	-44.1%	-48.0%	-51.0%	-44.7%	-47.7%	-3.0%
Synergy North Corporation	5.0%	2.1%	1.5%	0.0%	2.9%	1.2%	-1.7%
Tillsonburg Hydro Inc.	-15.1%	-17.8%	-15.8%	-17.3%	-16.3%	-17.0%	-0.7%
Toronto Hydro-Electric System Limited	52.8%	52.9%	54.7%	54.8%	53.4%	54.1%	0.7%
Wasaga Distribution Inc.	-45.8%	-44.4%	-42.9%	-43.7%	-44.4%	-43.7%	0.7%
Welland Hydro-Electric System Corp.	-35.7%	-38.9%	-35.0%	-36.4%	-36.5%	-36.8%	-0.2%
Wellington North Power Inc.	-9.8%	-5.3%	-17.2%	-17.9%	-10.8%	-13.5%	-2.7%
Westario Power Inc.	-6.2%	-14.6%	-11.7%	-3.9%	-10.8%	-10.1%	0.8%
Average	-14.5%	-14.8%	-14.8%	-15.7%	-14.7%	-15.1%	-0.4%
Median	-13.5%	-15.3%	-14.4%	-15.3%	-14.6%	-13.6%	-0.6%
Max	61.1%	61.7%	61.6%	68.4%	61.5%	63.9%	4.7%
Min	-72.8%	-68.0%	-69.6%	-82.5%	-70.0%	-71.9%	-4.7%

Table 3b
Summary of the Impact of Revised Data on Cost Performance Results

Summary of the Impact of Revised Data on Cost Performance Results												
Distributors with approved 2022, 2023, and/or 2024 data revisions for the 2025 data update	2022 Cost Performance			2023 Cost Performance			2024 Cost Performance			2022-2024 Average Cost Performance*		
	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference	As Previously Calculated	As Revised	Difference
Atikokan Hydro Inc.	na	na	na	na	na	na	-0.96%	-0.96%	0.00%	-1.0%	-1.0%	0.00%
E.L.K. Energy Inc.	na	na	na	na	na	na	-33.45%	-33.41%	-0.04%	-33.4%	-33.4%	-0.04%
Entegrus Powerlines Inc.	na	na	na	na	na	na	-28.62%	-28.62%	0.00%	-28.6%	-28.6%	0.00%
ENWIN Utilities Ltd.	na	na	na	na	na	na	-29.15%	-31.20%	2.04%	-29.2%	-31.2%	2.04%
Festival Hydro Inc.	na	na	na	na	na	na	-1.14%	-1.16%	0.02%	-1.1%	-1.2%	0.02%
Hydro One Networks Inc.	na	na	na	na	na	na	19.21%	18.73%	0.48%	19.2%	18.7%	0.48%
Lakefront Utilities Inc.	na	na	na	na	na	na	-26.36%	-26.36%	0.00%	-26.4%	-26.4%	0.00%
Newmarket-Tay Power	na	na	na	-18.1%	-17.0%	-1.08%	na	na	na	-18.1%	-17.0%	-1.08%

* The impact of revisions are not cumulative with revisions from previous updates. Other submitted changes were either not used in the 2022-2024 calculations or resulted in no net change to the amounts being used.

Table 4
Summary of Stretch Factor Assignments

	2022-2024		2023-2025		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Alectra Utilities Corporation	-9.9%	0.30	-10.4%	0.15	YES
Algoma Power Inc.	61.5%	0.60	63.9%	0.60	NO
Atikokan Hydro Inc.	-3.0%	0.30	-3.6%	0.30	NO
Bluewater Power Distribution Corporation	-9.8%	0.30	-10.7%	0.15	YES
Burlington Hydro Inc.	-11.6%	0.15	-10.2%	0.15	NO
Canadian Niagara Power Inc.	11.7%	0.45	12.1%	0.45	NO
Centre Wellington Hydro Ltd.	-17.1%	0.15	-18.0%	0.15	NO
Cooperative Hydro Embrun Inc.	-70.0%	0.00	-71.9%	0.00	NO
Elexicon Energy Inc.	-3.7%	0.30	-3.0%	0.30	NO
E.L.K. Energy Inc.	-34.5%	0.00	-37.6%	0.00	NO
Enova Power Corp.	-4.5%	0.30	-9.2%	0.30	NO
Entegrus Powerlines Inc.	-27.8%	0.00	-27.9%	0.00	NO
ENWIN Utilities Ltd.	-27.9%	0.00	-29.6%	0.00	NO
EPCOR Electricity Distribution Ontario Inc.	-17.9%	0.15	-18.6%	0.15	NO
ERTH Power Corporation	-6.7%	0.30	-7.5%	0.30	NO
Essex Powerlines Corporation	-32.8%	0.00	-34.1%	0.00	NO
Festival Hydro Inc.	-1.9%	0.30	0.3%	0.30	NO
Fort Frances Power Corporation	-12.4%	0.15	-13.3%	0.15	NO

Table 4 (cont'd)
Summary of Stretch Factor Assignments

	2022-2024		2023-2025		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
GrandBridge Energy Inc.	-14.9%	0.15	-15.1%	0.15	NO
Greater Sudbury Hydro Inc.	-6.2%	0.30	-6.9%	0.30	NO
Grimsby Power Incorporated	-40.4%	0.00	-42.6%	0.00	NO
Halton Hills Hydro Inc.	-36.5%	0.00	-36.5%	0.00	NO
Hearst Power Distribution Company Limited	-32.4%	0.00	-30.9%	0.00	NO
Hydro 2000 Inc.	-17.8%	0.15	-22.1%	0.15	NO
Hydro Hawkesbury Inc.	-68.1%	0.00	-71.9%	0.00	NO
Hydro One Networks Inc.	20.3%	0.45	18.4%	0.45	NO
Hydro Ottawa Limited	23.0%	0.45	22.0%	0.45	NO
Innpower Corporation	-0.6%	0.30	4.1%	0.30	NO
Kingston Hydro Corporation	-14.6%	0.15	-17.0%	0.15	NO
Lakefront Utilities Inc.	-27.4%	0.00	-26.4%	0.00	NO
Lakeland Power Distribution Ltd.	-15.6%	0.15	-16.1%	0.15	NO
London Hydro Inc.	-7.5%	0.30	-7.1%	0.30	NO
Milton Hydro Distribution Inc.	-30.2%	0.00	-31.0%	0.00	NO
Newmarket-Tay Power Distribution Ltd.	-16.0%	0.15	-12.9%	0.15	NO
Niagara Peninsula Energy Inc.	-11.9%	0.15	-13.6%	0.15	NO
Niagara-on-the-Lake Hydro Inc.	-15.2%	0.15	-14.7%	0.15	NO
North Bay Hydro Distribution Limited	-4.2%	0.30	-4.8%	0.30	NO
Northern Ontario Wires Inc.	-43.0%	0.00	-40.3%	0.00	NO

Table 4 (cont'd)
Summary of Stretch Factor Assignments

	2022-2024		2023-2025		Change in Stretch Factor
	Benchmarking Performance	Stretch Factor	Benchmarking Performance	Stretch Factor	
Oakville Hydro Electricity Distribution Inc.	-6.7%	0.30	-7.5%	0.30	NO
Orangeville Hydro Limited	-29.2%	0.00	-29.9%	0.00	NO
Oshawa PUC Networks Inc.	-18.6%	0.15	-19.0%	0.15	NO
Ottawa River Power Corporation	-27.8%	0.00	-28.6%	0.00	NO
PUC Distribution Inc.	8.1%	0.30	12.1%	0.45	YES
Renfrew Hydro Inc.	-6.6%	0.30	-6.0%	0.30	NO
Rideau St. Lawrence Distribution Inc.	-13.8%	0.15	-13.2%	0.15	NO
Sioux Lookout Hydro Inc.	-44.7%	0.00	-47.7%	0.00	NO
Synergy North Corporation	2.9%	0.30	1.2%	0.30	NO
Tillsonburg Hydro Inc.	-16.3%	0.15	-17.0%	0.15	NO
Toronto Hydro-Electric System Limited	53.4%	0.60	54.1%	0.60	NO
Wasaga Distribution Inc.	-44.4%	0.00	-43.7%	0.00	NO
Welland Hydro-Electric System Corp.	-36.5%	0.00	-36.8%	0.00	NO
Wellington North Power Inc.	-10.8%	0.15	-13.5%	0.15	NO
Westario Power Inc.	-10.8%	0.15	-10.1%	0.15	NO

Table 5
Stretch Factor Assignments by Group

Group I (17 Distributors)		Group II (18 Distributors)		Group III (12 Distributors)		Group IV (4 Distributors)	Group V (2 Distributors)
Stretch Factor = 0%		Stretch Factor = 0.15%		Stretch Factor = 0.30%		Stretch Factor = 0.45%	Stretch Factor = 0.60%
Cooperative Hydro Embrun Inc.	Lakefront Utilities Inc.	Alectra Utilities Corporation	Lakeland Power Distribution Ltd.	Atikokan Hydro Inc.	Innpower Corporation	Canadian Niagara Power Inc.	Algoma Power Inc.
E.L.K. Energy Inc.	Milton Hydro Distribution Inc.	Bluewater Power Distribution Corporation	Newmarket-Tay Power Distribution Ltd.	Elexicon Energy Inc.	London Hydro Inc.	Hydro One Networks Inc.	Toronto Hydro-Electric System Limited
Entegrus Powerlines Inc.	Northern Ontario Wires Inc.	Burlington Hydro Inc.	Niagara-on-the-Lake Hydro Inc.	Enova Power Corp.	North Bay Hydro Distribution Limited	Hydro Ottawa Limited	
ENWIN Utilities Ltd.	Orangeville Hydro Limited	Centre Wellington Hydro Ltd.	Niagara Peninsula Energy Inc.	ERTH Power Corporation	Oakville Hydro Electricity Distribution Inc.	PUC Distribution Inc.	
Essex Powerlines Corporation	Ottawa River Power Corporation	EPCOR Electricity Distribution Ontario Inc.	Oshawa PUC Networks Inc.	Festival Hydro Inc.	Renfrew Hydro Inc.		
Grimsby Power Incorporated	Sioux Lookout Hydro Inc.	Fort Frances Power Corporation	Rideau St. Lawrence Distribution Inc.	Greater Sudbury Hydro Inc.	Synergy North Corporation		
Halton Hills Hydro Inc.	Wasaga Distribution Inc.	GrandBridge Energy Inc.	Tillsonburg Hydro Inc.				
Hearst Power Distribution Company Limited	Welland Hydro-Electric System Corp.	Hydro 2000 Inc.	Wellington North Power Inc.				
Hydro Hawkesbury Inc.		Kingston Hydro Corporation	Westario Power Inc.				