



**BY E-MAIL AND WEB POSTING**

December 15, 2023

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

**Re: Applications for 2025 Electricity Distribution Rates**

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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 2025 to 2028 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. Distributors scheduled to submit cost-of-service rate applications for 2025 rates and who did not have a deferral approved for 2024 rates will have one opportunity to request a deferral. 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 2025<sup>1</sup>, will not have the option to elect Annual IR Index for 2025 rates. These distributors are expected to file a cost-of-service application for rates to take effect in 2025. 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, 16 electricity distributors are scheduled to file a cost-of-service application for 2025 rates, 10 for 2026 rates, nine for 2027 rates and 10 for 2028 rates. Distributors wishing to notify the OEB of any of the following matters should do so in writing to [registrar@oeb.ca](mailto:registrar@oeb.ca) by the deadline outlined in Appendix B.

### Inclusion on the Rebasing List for 2025 Rates and Cost-of-Service Application Deadline

Distributors that are on the Rebasing List for 2025 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

Qualifying distributors<sup>2</sup> that have been included on the Rebasing List for 2025 rates but wish to submit a request to defer their cost-of-service application must notify the OEB in writing, along with supporting rationale. Qualifying distributors on the Rebasing List for 2025 rates may request a deferral of their rebasing year for up to a total of three years.

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<sup>1</sup> Distributors who requested and were approved to defer their 2024 cost-of-service application for one year are Essex Powerlines Corp., Atikokan Hydro, and Lakeland Power Distribution.

<sup>2</sup> As identified in the December 1, 2021 letter.

### Selection of Custom IR or Annual IR Index

Any distributor that has been included on the Rebasing List for 2025 rates and that intends to select either Custom IR or Annual IR<sup>3</sup> Index must notify the OEB. Distributors filing Custom IR applications 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 its 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 2024.

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

Distributors that have filed Annual IR Index applications for 2024 rates have not been included on the Rebasing List for 2025, unless the distributor has already notified the OEB of their intention to file<sup>4</sup>. These distributors can choose to move to Price Cap IR or Custom IR for 2025 (if their last cost-of-service application was for 2020 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 2025, whose last cost of service application was for rates after the 2020 rate year and that wishes to have its 2025 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

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<sup>3</sup> The selection of the Annual IR Index option is subject to the qualification rules noted earlier in this letter and as identified in the December 1, 2021 letter.

<sup>4</sup> Distributors on Annual IR for 2024 rates who have not notified the OEB of their intention to file: Fort Frances Power Corp. and Oakville Hydro Electricity Distribution Inc.

**APPENDIX A**

**Cost-of-Service Filers for 2025 to 2028 Rates**

<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>January 1</b>	<b>January 1</b>	<b>January 1</b>	<b>January 1</b>
Algoma Power Inc.	Hydro Ottawa Limited	Alectra Utilities Corporation	Cooperative Hydro Embrun Inc.
Centre Wellington Hydro Ltd. (2023 deferral)	Niagara Peninsula Energy Inc.	Canadian Niagara Power Inc.	EPCOR Electricity Distribution Ontario Inc.
Enwin Utilities Ltd.	Oshawa PUC Networks Inc.	Grimsby Power Incorporated	Hydro One Networks Inc.
Essex Powerlines Corporation (2024 deferral)	Chapleau Public Utilities Corporation (2024 deferral)	Lakefront Utilities Inc.	Kingston Hydro Corporation
Festival Hydro Inc (2023 deferral)		Rideau St. Lawrence Distribution Inc.	Milton Hydro Distribution Inc.
Hydro Hawkesbury Inc (2023 deferral).			
Toronto Hydro-Electric Systems Limited			
<b>May 1</b>	<b>May 1</b>	<b>May 1</b>	<b>May 1</b>
Atikokan Hydro (2024 deferral)	Burlington Hydro Inc.	E.L.K. Energy Inc.	Bluewater Power Distribution Corporation
Attawapiskat Power Corporation	Entegrus Powerlines Inc.	London Hydro Inc.	ERTH Power Corporation
Fort Albany Power Corporation	Halton Hills Hydro Inc.	North Bay Hydro Distribution Limited	Hydro One Remote Communities Inc.
Greater Sudbury Hydro Inc.	Hearst Power Distribution Company Limited	Ottawa River Power Corporation	Newmarket-Tay Power Distribution Ltd.
Hydro2000 Inc.	Sioux Lookout Hydro Inc. (2023 deferral)		PUC Distribution Inc.
Kashechewan Power Corporation	Wellington North Power Inc.		
Lakeland Power Distribution (2024 deferral)			
Northern Ontario Wires Inc.			
Welland Hydro-Electric System Corp. (2023 deferral)			

## APPENDIX B

### Summary of Deadlines

Action	OEB Deadline
Notification from any distributor on the 2025 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 2025 rates	January 26, 2024
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 2025 rates	
Notification from any distributor on the 2025 Rebasing List that plans to submit a request to defer rebasing	
Notification from any distributor that is not included on the 2025 Rebasing List but that plans to file an early rebasing application for 2025 rates	
Notification from any distributor that plans to file a cost a service application for 2025 rates and that wishes to convert its rate year from May 1 to January 1	
Deadline for cost-of-service applications for January 1, 2025 rates including those distributors that wish to convert from May 1 rates to January 1 rates	April 30, 2024
Deadline for cost-of-service applications for May 1, 2025 rates and for Custom IR annual update applications	August 30, 2024