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BY E-MAIL AND WEB POSTING

December 1, 2022

**To: All Licensed and Rate-regulated Electricity Distributors
All Intervenors in 2023 Electricity Distribution Cost of Service Proceedings
All Other Interested Parties**

Re: Applications for 2024 Electricity Distribution Rates

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

- Sets out a preliminary schedule of cost of service (or rebasing) filers for the 2024 to 2027 rate years (see Appendix A),
- Establishes important filing and notification deadlines (see 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.

At this time, 12 electricity distributors are scheduled to file a cost of service application for 2024 rates, nine for 2025 rates, ten for 2026 rates and seven for 2027 rates.

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 rate applications for 2024 rates, who did not have a deferral approved for 2023 rates, will have one opportunity to request a deferral as their

Price Cap IR or Custom IR term is coming to an end. Deferrals can be requested for one, two or three years. During a deferral period, distributors will not have access to an ICM 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 will still have the option of moving to the Annual IR Index plan following the expiration of their five-year Price Cap or Custom IR term.

Distributors who in 2022 requested and were granted a deferral for one year, that is who requested and were granted a deferral of 2023 rates until 2024¹, will not have the option to elect Annual IR Index for 2024 rates. These distributors are expected to file a cost-based application for rates to take effect in 2024. 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.

There are several distributors who, prior to 2022, deferred rebasing from 2022 to either 2023, 2024 or 2025. As a transitional measure only, those same distributors may request an additional deferral provided that the total deferral period is no more than three years. They may also elect to move to Annual IR Index, if they want a longer term rate-setting plan. This does not apply if the OEB has already indicated it expects a distributor to file a rebasing application.

Adjustments to the Rebasing List

Inclusion on the Rebasing List for 2024 Rates and Cost of Service Application Deadline

Distributors that are on the Rebasing List for 2024 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 **April 28, 2023** or **August 31, 2023**, respectively. 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 in writing to registrar@oeb.ca of this intent no later than **January 27, 2023**.

Distributors that Wish to Submit a Request to Defer

Qualifying distributors that have been included on the Rebasing List for 2024 rates but wish to submit a request to defer their application beyond the scheduled rebasing year must notify the OEB in writing, along with supporting rationale, to registrar@oeb.ca no later than **January 27, 2023**. Qualifying distributors on the Rebasing List for 2024 rates may request a deferral of their rebasing year for up to a total of three years.

¹ Distributors who requested and were approved to defer their 2023 cost of service application for one year are Essex Powerlines Corp., Hydro Hawkesbury Inc., Innpower Distribution Systems Ltd., Renfrew Hydro Inc., Westario Power Inc., Tillsonburg Hydro Inc., and Wasaga Distribution Inc.

Selection of Custom IR or Annual IR Index

Any distributor that has been included on the Rebasing List for 2024 rates and that intends to select either Custom IR or Annual IR Index must notify the OEB in writing to registrar@oeb.ca no later than **January 27, 2023**. Distributors filing Custom IR applications should review the OEB's performance standards for rate applications as a guide to an appropriate filing date. Distributors filing Annual IR applications will be notified of their filing deadline when the OEB establishes the process for annual incentive rate-setting applications.

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

Distributors that have filed Annual IR Index applications for 2023 rates have not been included on the Rebasing List for 2024, unless the distributor has notified the OEB of their intention to file². These distributors can choose to move to Price Cap IR or Custom IR for 2024 (if their last cost of service application was for January 1, 2019 rates or earlier) by filing a cost-based application. Those that wish to do so must notify the OEB in writing to registrar@oeb.ca no later than **January 27, 2023**.

Distributors that Intend to File an Early Rebasing Application

A distributor that is not included on the Rebasing List for 2024, whose last cost of service application was for rates after January 1, 2019 and that wishes to have its 2024 rates set on a cost of service basis under Price Cap IR or Custom IR must notify the OEB in writing, along with supporting rationale, to registrar@oeb.ca as soon as possible and in any event no later than **January 27, 2023**. 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 plan period.

Any questions regarding this letter should be directed to [Margaret DeFazio](#), Manager, Major Rate Applications and Consolidations.

Yours truly,

Nancy Marconi
Registrar

² Distributors on Annual IR for 2023 rates who have not notified the OEB of their intention to file: (refer to in Appendix A), Festival Hydro Inc., Fort Frances Power Corp., Oakville Hydro Electricity Distribution Inc., Orangeville Hydro Ltd.

APPENDIX A

Cost of Service Filers for 2024 to 2027 Rates

2024	2025	2026	2027
January 1	January 1	January 1	January 1
Chapleau Public Utilities Corporation	Algoma Power Inc.	Hydro Ottawa Limited	Canadian Niagara Power Inc.
Essex Powerlines Corporation	Centre Wellington Hydro Ltd.	Niagara Peninsula Energy Inc.	Grimsby Power Incorporated
Hydro Hawkesbury Inc.	Enwin Utilities Ltd.	Oshawa PUC Networks Inc.	Lakefront Utilities Inc.
Innpower Corporation	Toronto Hydro-Electric Systems Corp.		Rideau St. Lawrence Distribution Inc.
Niagara-on-the-Lake Hydro Inc	Festival Hydro Inc.		
Renfrew Hydro Inc.			
Westario Power Inc.			
May 1	May 1	May 1	May 1
Atikokan Hydro Inc.	Greater Sudbury Hydro Inc.	Burlington Hydro Inc.	E.L.K. Energy Inc.
Lakeland Power Distribution Ltd.	Hydro2000 Inc.	Entegrus Powerlines Inc.	London Hydro Inc.
Synergy North Corporation	Northern Ontario Wires Inc.	Halton Hills Hydro Inc.	North Bay Hydro Distribution Limited
Tillsonburg hydro Inc.	Welland Hydro-Electric System Corp.	Hearst Power Distribution Company Limited	
Wasaga Distribution Inc.		Sioux Lookout Hydro Inc.	
		Wellington North Power Inc.	
		Ottawa River Power Corporation	

APPENDIX B

Summary of Deadlines

Action	OEB Deadline
Notification from any distributor on the 2024 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 2024 rates	January 27, 2023
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 2024 rates	January 27, 2023
Notification from any distributor on the 2024 Rebasing List that plans to submit a request to defer rebasing	January 27, 2023
Notification from any distributor that is not included on the 2024 Rebasing List but that plans to file an early rebasing application for 2024 rates	January 27, 2023
Notification from any distributor that plans to file a cost a service application for 2024 rates and that wishes to convert its rate year from May 1 to January 1	January 27, 2023
Deadline for cost of service applications for January 1, 2024 rates including those distributors that wish to convert from May 1 rates to January 1 rates	April 28, 2023
Deadline for cost of service applications for May 1, 2024 rates and for Custom IR annual update applications	August 31, 2023