



BY E-MAIL

June 18, 2025

Jessy Richard
General Manager
Hearst Power Distribution Co. Ltd.
Email: jrichard@hearstpower.com

Dear Jessy Richard:

**Re: Application for 2026 Electricity Rates
OEB File No. EB-2025-0033**

This is in response to your letter requesting to defer Hearst Power Distribution Co. Ltd. (Hearst Power Distribution) rebasing of its rates beyond the 2026 rate year for two years.

The OEB publishes its list of rebasing distribution utilities in December, well in advance of the required filing dates, to ensure utilities can plan accordingly and notify the OEB in a timely manner if they intend to defer. Taking note of Hearst Power Distribution's late request in this instance, the OEB encourages a more proactive approach in the future.

Despite the late request, the OEB is granting on an exception basis, Hearst Power Distribution's request to defer its 2026 cost of service application. In arriving at this decision, the OEB considered Hearst Power Distribution's financial and service quality performance and accounted for Hearst Power Distribution's standing in Group I of the OEB's 2023 Pacific Economics Group benchmarking update¹.

The OEB will not require Hearst Power Distribution to file a Distribution System Plan during this deferral period and will place Hearst Power Distribution on the list of distributors whose rates will be scheduled for rebasing for the 2028 rate year.

¹ Report of the OEB - Empirical Research in Support of Incentive Rate-Setting: 2023 Benchmarking Update, July 2024

If Hearst Power Distribution intends to seek a rate adjustment for 2026 rates, the OEB expects Hearst Power Distribution to adhere to the process for Price Cap Incentive applications for the 2026 rate year.

The OEB's approach to deferrals is set out in its [letter of December 1, 2021](#). In accordance with that approach, Hearst Power Distribution is expected to file a cost-based application for 2028 rates. If the rebasing application is not filed by the commencement of the 2028 rate year, the OEB will declare Hearst Power Distribution's rates interim until such time as Hearst Power Distribution's next cost-based rate order is approved

Hearst Power Distribution indicated in its letter that it anticipates including an Incremental Capital Module (ICM) request as part of its 2026 Price Cap Incentive application. Further correspondence noted that the ICM application will be to fund a new truck to replace 25-year old equipment. As set out in the December 1, 2021 letter referred to above, it is the OEB's policy that the ICM is not available to utilities during deferred rebasing periods (other than those related to consolidations). If Hearst Power Distribution includes an ICM request in 2026, a panel of Commissioners will at that time determine whether departure from the OEB's policy is warranted.

Yours truly,

Ritchie Murray
Acting Registrar