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**BY EMAIL**

October 3, 2025

Ritchie Murray  
Acting Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
Registrar@oeb.ca

Dear Ritchie Murray,

**Re: Hydro Ottawa Limited (Hydro Ottawa)  
Application for electricity distribution rates and other charges beginning  
January 1, 2026  
Ontario Energy Board File Number: EB-2024-0115**

On September 29<sup>th</sup>, 2025, OEB staff filed a letter requesting the OEB make provision for the filing of third party expert evidence on behalf of OEB staff.

On October 1<sup>st</sup>, 2025, Hydro Ottawa submitted a letter in response to OEB staff's letter raising a number of procedural concerns. OEB staff provides comments on Hydro Ottawa's letter below.

#### **A. Staff's Request for Leave to File Expert Evidence**

In its letter, Hydro Ottawa expressed its view that "OEB staff has provided neither an adequate description of their proposed expert evidence nor any substantiation as to why leave should be granted based on the considerations set out in Rule 13.03." In hindsight, OEB staff agrees. Retaining third party experts for analysis of rate frameworks in custom IR proceedings is common since the issuance of the RRF. However, OEB staff agrees that its September 29 letter should have included further explanations. Those explanations are provided below.

In this proceeding, Hydro Ottawa has proposed a novel custom rate framework which contains

- a five-year capital plan that supports five years of fixed asset continuity schedules (2026-2030)

- a 2026 test year operating, maintenance and administration (OM&A) amount that is inflated through 2027 to 2030 based on the OEB's annual inflation factor, an X-factor derived through Hydro Ottawa's modified total cost benchmarking, and a custom growth factor (I-X+g)
- existing, modified and new deferral and variance accounts

The Issue List for the proceeding includes issue 2.1, which asks, "Are all elements of Hydro Ottawa's Custom Incentive Rate Setting proposal for the determination of rates appropriate?" The only evidence that is currently on the record in this proceeding in respect of the custom IR framework is that provided by Hydro Ottawa in its application, in response to interrogatories and during the technical conference.

Given the novel elements to Hydro Ottawa's proposed custom IR framework, OEB staff believes that a third party report analyzing the proposed framework (including suggested adjustments or changes, where the expert believes they may be warranted) within the context of the OEB's Renewed Regulatory Framework and rate-making practices would assist the OEB in evaluating Hydro Ottawa's proposed framework.

OEB staff expects the report will include analysis of the productivity factor, benchmarking and resultant stretch factor, growth factor, and the links to and impacts of the proposed deferral and variance accounts.

## **B. Procedural Fairness Considerations**

Hydro Ottawa has expressed concerns of the impact the additional procedural steps will have on the schedule. Hydro Ottawa further states that if the OEB were to allow the filing of OEB staff's evidence it would be "at a procedural disadvantage in terms of having a reasonable opportunity to engage its own expert to assist in its review and development of interrogatories on OEB staff's expert evidence (if necessary), and to develop and file expert reply evidence".

OEB staff formally requested to file expert evidence after the technical conference, only after obtaining a clear understanding of the custom rate framework put forward by Hydro Ottawa.

## **C. Scheduling Considerations**

Hydro Ottawa expresses concerns regarding the timely processing of its application and requests the OEB establish procedural steps to account for reasonable scenarios in relation to settlement and the need for an oral hearing. Hydro Ottawa also states its intent to file a request for interim rates if the proposed schedule will not allow for implementation of 2026 rates for the proposed effective date, i.e., January 1, 2026.

OEB staff notes that this is a Custom IR application, and as such deserves the appropriate time to consider and explore all material issues. OEB staff supports the development of further procedural steps in the application. OEB staff does not object to a reasonable deviation from the dates proposed in the September 29, 2025 letter, to the

extent that such deviation is necessary to allow Hydro Ottawa appropriate time to review the third party expert report and file reply evidence as required.

It is OEB staff's view that it is premature to assess, at this stage, whether interim rates will be necessary. However, based on Hydro Ottawa's timely filing of its application, responses to interrogatories and other matters, OEB staff supports the declaration of interim rates when needed subject to assessing the drivers of any new and further delays that may transpire over the remaining course of this proceeding.

Please direct any questions relating to this letter to the Case Manager, Margaret DeFazio, at 416- 416-440-7674 or [Margaret.DeFazio@oeb.ca](mailto:Margaret.DeFazio@oeb.ca).

Yours truly,

*Original Signed By*

Margaret DeFazio, P.Eng.  
Senior Advisor

c: All intervenors, Hydro Ottawa, Charles Keizer, Daliana Coban, Jonathan Myers