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DECISION AND ORDER

EB-2025-0014

OSHAWA PUC NETWORKS INC.

Application for electricity distribution rates and other charges beginning January 1, 2026

BEFORE: Patrick Moran
Presiding Commissioner

Anthony Zlahtic
Commissioner

Robert Dodds
Commissioner

May 28, 2026

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1 OVERVIEW

Oshawa PUC Networks Inc. (Oshawa Power) filed a cost of service application with the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) seeking approval for changes to the rates that Oshawa Power charges for electricity distribution, beginning January 1, 2026.

A settlement conference was held as part of this proceeding. Oshawa Power and the intervenors in this proceeding filed a partial settlement proposal (Settlement Proposal) on September 22, 2025, which was reviewed and accepted by the OEB on October 20, 2025.

This Decision and Order addresses the remaining unsettled and partially settled issues in this proceeding and provides the OEB's decisions on issues that were not resolved through the Settlement Proposal.

As a result of this Decision and Order, the OEB approves:

- A \$1.4 million reduction to Oshawa Power's proposed 2026 opening rate base
- A net 2026 capital in-service additions budget of \$13.5 million (a reduction of \$3.5 million from Oshawa Power's forecasted budget of \$17.0 million)
- A 2026 operations, maintenance, and administration (OM&A) budget of \$19.5 million (a reduction of \$2.8 million from Oshawa Power's forecasted budget of \$22.3 million)
- Oshawa Power's connection and load forecast
- Disposition of half of the proposed balance for the Getting Ontario Connected Act Deferral and Variance Account (GOCA DVA) in the amount of \$214k
- Two new Deferral and Variance Accounts (DVA):
 - Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power Avoided Rent Deferral Account (OPARDA)
 - Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power New Facility OM&A Cost Variance Account (OPNFOCVA) using asymmetrical treatment
- Rates effective January 1, 2026

The OEB finds that the implementation of the Settlement Proposal and the OEB's findings in this Decision and Order will result in just and reasonable outcomes for Oshawa Power and its customers. A summary of bill impacts will be determined as part of the draft rate order process. The draft rate order to be filed by Oshawa Power shall include a proposal for foregone rate riders in light of the January 1, 2026 effective date.

2 CONTEXT AND PROCESS

Oshawa Power filed its cost of service application on April 30, 2025, and requested an effective date of January 1, 2026 for its new electricity rates.

The OEB issued a Notice of Hearing on May 20, 2025, inviting interested persons to apply for intervenor status. The following parties applied for and were granted intervenor status and cost award eligibility in the proceeding:

- Association of Major Power Consumers in Ontario (AMPCO)
- Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC)
- Consumers Council of Canada (CCC)
- Distributed Resource Coalition (DRC)
- Pollution Probe
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

Oshawa Power and the intervenors are collectively referred to as the “Parties”. OEB staff also participated in this proceeding.

The OEB received several letters of comment which were placed on the record of this proceeding and taken into consideration during the adjudication of this application.

The OEB issued Procedural Order No. 1 on June 13, 2025, which established, among other things, a schedule for a written interrogatory process and a settlement conference.

The OEB issued its approved Issues List on June 24, 2025.

Oshawa Power filed a motion for the determination of a threshold question regarding Issue 7.3 of the approved Issues List on July 10, 2025. Issue 7.3 was included to address whether Oshawa Power’s plan to seek additional funding for a new operational and administrative building (referred to herein as the New Facility) in a subsequent Incentive Rate-setting Mechanism (IRM) application is appropriate. The OEB denied the motion on July 15, 2025. Parties and OEB staff engaged in a discovery process with respect to the application through written interrogatories and responses.

A settlement conference was held on August 18-20, 2025. On September 22, 2025, Oshawa Power filed a Settlement Proposal reflecting a partial settlement.

In the Settlement Proposal, full settlement was reached on the following six issues:

- Issue 3.1 – Cost of Capital and Capital Structure
- Issue 3.3 – Other Revenue
- Issue 3.4 – Impacts of Accounting Changes
- Issue 5.3 – Retail Transmission Service Rates and Low Voltage Service Rates
- Issue 5.4 – Loss Factor
- Issue 5.5 – Specific Service Charges, Retail Service Charges

Partial settlement was reached on the following five issues:

- Issue 1.2 – Rate Base and Depreciation
- Issue 3.2 – Payment-in-Lieu of Taxes (PILs)
- Issue 5.1 – Cost Allocation
- Issue 5.2 – Rate Design, Including Fixed/Variable Splits
- Issue 6.1 – Deferral and Variance Accounts (DVAs)

No Settlement was reached on the following seven issues:

- Issue 1.1 – Capital and In-Service Additions
- Issue 2.1 – Operations, Maintenance and Administration (OM&A)
- Issue 2.2 – Shared Service Cost Allocation Methodology
- Issue 3.5 – Revenue Requirement Determination
- Issue 4.1 – Load Forecast
- Issue 5.6 – Rate Mitigation
- Issue 7.1 – Effective Date
- Issue 7.2 – Responding to All Relevant OEB Directions from Previous Proceedings
- Issue 7.3 – Plan to Seek Additional Funding for a New Operational and Administrative Building (New Facility) in a Subsequent IRM Application

The OEB issued a Decision & Procedural Order No. 5 on October 20, 2025, in which the OEB accepted the Settlement Proposal and scheduled an oral hearing and written submissions for the remaining partially settled and unsettled issues.

The in-person oral hearing took place on October 28-30, 2025, and was attended by Oshawa Power, all intervenors and OEB staff. Oshawa Power filed undertakings resulting from the oral hearing on November 4, 2025.

On November 11, 2025, the OEB issued its Decision on Confidentiality & Procedural Order No. 6. Among other things, the OEB requested responses to a number of additional questions, to which Oshawa Power responded on November 18, 2025.

On November 18, 2025, Oshawa Power filed its Argument-in-Chief on the unsettled issues. OEB staff and intervenors filed their submissions on November 28, 2025, and Oshawa Power filed a reply submission on December 22, 2025.

3 DECISION OUTLINE

The following issues are addressed in Section Four of this Decision:

- Overall Application
- Issue 7.3 – Plan to Seek Additional Funding for a New Operational and Administrative Building (New Facility) in a Subsequent Incentive Rate-setting Mechanism (IRM) Application; and Rate Framework
- Issue 1.1 – Capital and In-Service Additions
- Issue 1.2 – Rate Base and Depreciation
- Issue 2.1 – Operations, Maintenance & Administration Expenses (OM&A)
- Issue 2.2 – Shared Service Cost Allocation Methodology
- Issue 3.1 – Cost of Capital and Capital Structure
- Issue 3.2 – Payment-in-Lieu of Taxes (PILs)
- Issue 3.5 – Revenue Requirement Determination
- Issue 4.1 – Load Forecast
- Issue 5.1 – Cost Allocation
- Issue 5.2 – Rate Design, Including Fixed/Variable Splits
- Issue 5.3 – Retail Transmission Service Rates (RTSR) and Low Voltage Service Rates
- Issue 5.6 – Rate Mitigation
- Issue 6.1 – Deferral and Variance Accounts (DVAs)
- Issue 7.1 – Effective Date
- Issue 7.2 – Responding to All Relevant OEB Directions from Previous Proceedings

Instructions for filing a draft rate order and subsequent procedural steps are set out in sections 5 and 6 of this Decision and Order.

4 DECISION ON UNSETTLED ISSUES

Overall Application

Affordability

Many of the parties and OEB staff identified customer affordability as a key concern in Oshawa Power's application. Based on the Settlement Proposal, Oshawa Power seeks distribution rate increases exceeding 20% for most rate classes.

Additionally, Oshawa Power anticipates filing an Incremental Capital Module (ICM) in its 2027 IRM application to fund the New Facility, which is estimated to cost approximately \$61 million.

The combined impact of the 2026 cost of service application and the projected 2027 ICM rate riders on the distribution portion of customer bills is reflected in the table below for each of Oshawa Power's rate classes.

Table 1 – Monthly distribution rate increases resulting from requested 2026 cost of service application (as per Settlement Proposal) and estimated rate riders for the New Facility¹

	Current Distribution Bill	Requested Increase in 2026	% Increase in 2026	New Facility Estimated Rate Rider in 2027	Total % increase over two years ²
RESIDENTIAL SERVICE CLASSIFICATION – RPP	\$29.79	\$5.90	20%	\$4.45	35%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	\$62.88	\$12.49	20%	\$9.40	35%
GENERAL SERVICE 50 TO 999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	\$812.66	\$161.45	20%	\$107.05	33%

¹ Exhibit K1.4: Oshawa PUC Networks Cost-of-Service Bill Impacts and Impact of New Building

² The total increase over two years does not include any 2027 IRM increase.

	Current Distribution Bill	Requested Increase in 2026	% Increase in 2026	New Facility Estimated Rate Rider in 2027	Total % increase over two years ²
GENERAL SERVICE 1,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	\$5,323.10	\$1,154.13	22%	\$661.88	34%
LARGE USE SERVICE CLASSIFICATION - Non-RPP (Other)	\$27,976.89	\$4,962.53	18%	\$3,546.32	30%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	\$26.80	(\$2.94)	-11%	\$2.69	-1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	\$10.24	\$3.33	33%	\$1.67	49%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	\$3.72	\$0.73	20%	\$0.53	34%

Oshawa Power argued that its proposed rate increases, while significant, strike a balance between fairness for customers and the distributor, emphasizing affordability and maintaining Cohort 2 benchmarking status. Oshawa Power cited customer engagement results as evidence of customer confidence.³

Intervenors, including AMPCO, CCC, CCMBC, SEC, and OEB staff, disagreed with Oshawa Power's position, asserting that the proposed rates are not affordable, with SEC warning that Oshawa Power risks becoming an excessively high-cost distributor.⁴

³ Oshawa Power Argument-in-Chief, p.6

⁴ AMPCO Submission, p.6; CCC Submission, pp.3-4; CCMBC Submission, p.5; SEC Submission, p.23; OEB Staff Submission, p.3

Several intervenors criticized Oshawa Power's focus on benchmarking rather than adequately addressing rate impacts.⁵

In reply, Oshawa Power argued that benchmarking based on total costs is a better indicator of cost-efficiency compared to benchmarking rates as it believes total costs ensures the best possible rates for all rate classes.⁶

Asymmetry of Information

SEC raised concerns about asymmetry of information, arguing that Oshawa Power leveraged its information advantage in an adversarial manner throughout the proceeding. SEC and VECC cited the exclusion of the New Facility from the Distribution System Plan as one example.⁷ SEC highlighted further examples of adversarial conduct, including inadequate interrogatory responses, a motion challenging the OEB's Decision on the Issues List, and confidentiality requests related to the New Facility.⁸

CCMBC, Pollution Probe, and SEC argued that Oshawa Power's planning evidence, including the Business Transformation Plan, was insufficient for the requested changes, unclear, and potentially aimed at increasing compensation and shareholder returns.⁹ Oshawa Power defended its business and strategic plans, believing them to outline the distributor's needs while being in compliance with OEB guidelines.¹⁰

OEB Treatment of Distributors

Oshawa Power claimed that "distributors are heading towards a financial cliff" while referencing case law and its 2024 under-earning.¹¹ A number of intervenors rejected these arguments, with SEC and VECC attributing under-earning to management changes and spending increases, not OEB actions, and CCMBC characterizing Oshawa Power's position as an attempt to undermine OEB authority.¹²

⁵ AMPCO Submission, p.6; CCC Submission, pp.3-4; SEC Submission, pp.20-21

⁶ Oshawa Power Reply Submission, p.84

⁷ SEC Submission, p.5; VECC Submission, p.3

⁸ SEC Submission, p.44

⁹ CCMBC Submission, p.5; Pollution Probe Submission, pp.5-6; SEC Submission, pp.12-13

¹⁰ Oshawa Power Reply Submission, pp.40-41

¹¹ Oshawa Power Argument-in-Chief, pp.3-4

¹² CCMBC Submission p.6; SEC Submission, pp.13-16, VECC Submission, p.2

Issue 7.3 and Rate Framework

Issue 7.3 Is the plan to seek additional funding for a new operational and administrative building (New Facility) in a subsequent IRM application appropriate?

Oshawa Power argued that funding for the New Facility that will be constructed in 2027 through a future ICM is appropriate. Oshawa Power addressed four areas identified in the OEB's motion decision on this issue: the forecasted cost of the New Facility, rate impacts of lumpy investments, consideration of operations and maintenance reductions, and potential OM&A impacts.¹³

While the New Facility was not included in the 2026-2030 Distribution System Plan, Oshawa Power stated its capital plan accounted for the costs of the New Facility, and that it aligned capital spending with the 2027 in-service date. Oshawa Power also referenced principles such as the "stand-alone" and "benefits follow costs" principles, asserting that these principles are relevant to the decision-making of the City of Oshawa in relation to the building it owns.¹⁴

Intervenors expressed mixed views. Pollution Probe and OEB staff supported an ICM filing. However, Pollution Probe recommended the OEB provide direction in this decision for considerations and/or information that it believes would bring value in the proposed ICM application, and require Oshawa Power to reassess its capital plan once final costs for the New Facility are known, and include that plan as part of the ICM application.¹⁵ CCMBC submitted that the OEB should note in its decision that approval to include the New Facility in rate base or recover costs through an ICM is not guaranteed.¹⁶

Rate Framework

In response to Oshawa Power's evidence on the New Facility and the expected future ICM, SEC and VECC proposed alternative rate-setting frameworks instead of a five-year term with a future ICM. SEC's primary recommendation was for the OEB to reject the cost of service application,¹⁷ citing deficiencies in the application, non-compliance with the OEB's Filing Requirements for Electricity Distribution Rate Applications, and

¹³ Oshawa Power Argument-in-Chief, pp.31-32

¹⁴ Oshawa Power Argument-in-Chief, p.5

¹⁵ Pollution Probe Submission, p.9

¹⁶ CCMBC Submission, p.5

¹⁷ SEC's submissions on all other matters are alternatives to its primary approach

adversarial conduct throughout the proceeding by Oshawa Power.¹⁸ AMPCO, CCC, and VECC supported SEC's recommendation.¹⁹ Pollution Probe suggested delaying multi-year approval until the New Facility costs are finalized, but acknowledged this may be undesirable for Oshawa Power.²⁰

VECC also proposed an alternative, submitting that the OEB set rates for one year and require Oshawa Power to file an addendum including the New Facility proposal and revised capital and operating budgets. VECC submitted this could be achieved by extending the IRM period for 2026 or adopting parties' proposed adjustments to unsettled issues.²¹

VECC also noted that if a five-year term is approved, the OEB should consider flaws in customer engagement and risks associated with significant debt for the New Facility, which will be borrowed at a different rate than assumed in the application.²² SEC highlighted that investments for the New Facility will raise Oshawa Power's debt ratio above 60%, creating financial risk.²³ However, Oshawa Power submitted that its debt ratio will increase temporarily but expects it to return to normal levels shortly thereafter.²⁴

In its reply submission, Oshawa Power disagreed with SEC's and VECC's submissions that the OEB deny the application or consider alternative rate framework. Oshawa Power argued that its application is in compliance with the OEB's filing requirements, and that it was not overly adversarial throughout the proceeding. Oshawa Power also noted that VECC's suggestion that Oshawa Power file an addendum to this application with more accurate information on the New Facility to be non-compliant with the OEB's policies on cost of service, ICM, or Advanced Capital Module applications.²⁵

Findings

The OEB is not prepared to accept the options proposed by intervenors to dismiss the application or consider an alternative rate framework. It would not be administratively efficient to require Oshawa Power to refile an application and could result in additional regulatory costs imposed upon ratepayers. While it is unfortunate that Oshawa Power did not include the New Facility in its Distribution System Plan, the record is now

¹⁸ SEC Submission, p.17

¹⁹ AMPCO Submission, p.5; CCC Submission, p.8; VECC Submission, p.32

²⁰ Pollution Probe Submission, p.13

²¹ VECC Submission, pp.32-33

²² *Ibid.*

²³ SEC Submission, p.27

²⁴ Oshawa Power Reply Submission, p.71

²⁵ Oshawa Power Reply Submission, pp.85-86

sufficient for the OEB to set just and reasonable rates for 2026, to be followed by annual IRM adjustments for the following four years.

However, the OEB is concerned about the impact on rates that will result from Oshawa Power's plan to construct a New Facility. As noted, Oshawa Power intends to apply for incremental capital funding to support its New Facility. Accordingly, the OEB directs Oshawa Power to include in that application (when it is filed) an updated Distribution System Plan to demonstrate how it has reviewed and adjusted its capital spending priorities to minimize the need for incremental capital funding. In addition, as discussed in section 2.1 below, the OEB directs Oshawa Power to identify any operational savings associated with the New Facility in its ICM application when filed.

Issue 1: Capital Spending and Rate Base

Issue 1.1 Are the proposed capital expenditures and in-service additions appropriate?

Oshawa Power seeks approval for \$17.0 million in net 2026 capital in-service additions, asserting that its projects are prudent, risk-based, and that cost increases are primarily driven by mandatory System Access investments.²⁶ The tables below summarize Oshawa Power's in-service additions for the historical period (2021-2025) and the forecast period (2026-2030).²⁷

Table 2 – Historical net in-service additions (\$'000)

	2021	2022	2023	2024	2025 ²⁸
System Access	2,869	2,973	4,659	2,261	5,855
System Renewal	5,929	6,214	11,945	4,162	7,745
System Service	2,708	942	1,285	1,805	1,093
General Plant	1,046	1,271	1,721	576	2,716
Net In-service Additions	12,552	11,400	19,609	8,804	17,409

²⁶ Oshawa Power Argument-in-Chief, p.8

²⁷ OPUCN_J2.4 Appendix 2AA YTD to Sept 2025_20251105

²⁸ According to Exhibit J2.4, Oshawa PUC Networks' latest net 2025 in-service addition estimate is \$17.8 million. However, Oshawa Power is proposing to use its original application budget of \$17.4 million for rate-setting purposes.

Table 3 – Forecast net in-service additions (\$'000)

	2026	2027	2028	2029	2030
System Access	6,270	6,330	6,391	6,452	6,515
System Renewal	7,733	8,444	6,744	7,109	7,796
System Service	1,336	300	778	962	588
General Plant	1,680	1,655	1,730	1,155	802
Net In-service Additions	17,019	16,729	15,642	15,678	15,701

Oshawa Power stated that although the New Facility was not explicitly included in its Distribution System Plan, its capital plan accounted for the New Facility by deferring \$44 million in other capital needs, assuming associated risk.²⁹ Oshawa Power argued its planning complies with the OEB's Filing Requirements for Electricity Distribution Rate Applications and cautioned that reducing proposed investments could heighten future risks and rate impacts.³⁰

Intervenors³¹ and OEB staff disagreed, asserting the Distribution System Plan was incomplete due to the exclusion of the New Facility and contended that Oshawa Power did not meaningfully adjust its capital plan to accommodate the investment. AMPCO, CCC, SEC, and OEB staff challenged the claimed \$44 million in deferrals for various reasons, including their alleged lack of substance and the selection of low-risk/high-cost projects.³² CCC noted no analysis was provided on how Oshawa Power looked at its operational spending to identify potential capital reductions in light of the New Facility.³³

In reply, Oshawa Power explained that the New Facility was omitted from the Distribution System Plan to preserve eligibility for a future ICM, later adding information about the New Facility in evidence following the OEB's motion decision on Issue 7.3.³⁴ Oshawa Power reiterated its rationale for deferring \$44 million in projects, emphasizing that remaining investments cannot be responsibly delayed without undue risk.³⁵

²⁹ Oshawa Power Argument-in-Chief, p.11

³⁰ Oshawa Power Argument-in-Chief, p.8

³¹ AMPCO, CCC, CCMBBC, Pollution Probe, SEC, and VECC

³² AMPCO Submission, p.7; CCC Submission, p.5; SEC Submission, p.29; OEB Staff Submission, p.6

³³ CCC Submission, p.6

³⁴ Oshawa Power Reply Submission, p.9

³⁵ Oshawa Power Reply Submission, pp.10-14

The table below provides a summary of the intervenors' and OEB staff's recommended reductions to Oshawa Power's proposed \$17.0 million net 2026 capital in-service additions budget.

Table 4 – Requested reduction to Oshawa Power's net 2026 capital in-service additions budget (\$ million)

AMPCO	CCC	CCMBC	DRC	Pollution Probe	SEC	VECC	OEB Staff
\$6.5	\$6.3	\$6.5	No recommendation	\$12.1 over 5-year rate term	\$6.5	\$6.3	\$3.9

Intervenors and OEB staff recommended various capital reductions using different justifications.

SEC submitted that the OEB should set rates under the assumption that the cost of the New Facility will enter rate base, and that the remaining capital plan should be reduced as much as possible to reflect affordability and the tightening financial position of Oshawa Power.³⁶

AMPCO, CCC, SEC, and VECC suggested reductions based on Oshawa Power's 2024 spending, when it deferred projects to fund land acquisition for the New Facility.^{37 38} VECC recommended a \$6.3 million reduction based on historical spending,³⁹ while Pollution Probe proposed a \$12.1 million reduction over the five-year rate term to offset one-quarter of New Facility costs.⁴⁰ Oshawa Power opposed these recommendations, and argued that 2024 was an anomalous year in which Oshawa Power had record low spending, which was only partially due to the reallocation of budget due to the purchase of land.⁴¹

CCC, AMPCO, and OEB staff also identified specific projects for deferral or cost reduction, including third-party relocations, asset replacements, substation switchgear,

³⁶ SEC Submission, p.28

³⁷ AMPCO Submission, pp.7-8; CCC Submission, p.7; SEC Submission, p.34; VECC Submission, p.9

³⁸ CCMBC noted that it supports the reduction in the 2026 capital in-service additions made by SEC; CCMBC Submission, p.2

³⁹ VECC Submission, p.9

⁴⁰ Pollution Probe Submission, p.13

⁴¹ Oshawa Power Reply Submission, pp.15-16

feeders, meter replacements, IT, and fleet.⁴² SEC raised concerns about IT spending and supported CCC and AMPCO's positions.⁴³ Oshawa Power defended its estimates for third-party relocations, stressed the risks of deferring System Renewal and System Service projects, and noted contractual obligations for the switchgear replacement project.⁴⁴ It also emphasized the necessity of IT investments and highlighted that its fleet budget already reflects a \$100k reduction compared to what it will spend in 2026 for a boom radial derrick truck.⁴⁵

Other Recommendations

Intervenors and OEB staff made other recommendations related to Oshawa Power's capital plans.

DRC:⁴⁶

- OEB approval should include conditions related to EV charging among its priority non-wire solutions (NWS) projects during the rate term.
- Require Oshawa Power to report on NWS reports, publicly available project results, and performance metrics in its next cost of service application.
- The OEB approve a capital funding envelope that balances affordability concerns from intervenors with enabling Oshawa Power to implement innovative NWS, distributed energy resources (DERs), and modernization projects supporting EV charging and load growth readiness.

Pollution Probe:⁴⁷

- Oshawa Power should enhance its modeling and tracking of local DERs over the rate term to provide the ability to understand and leverage these potential resources within its service territory.
- Oshawa Power should report on achievements against its Distribution System Plan and stated commitments in its next cost of service application.
- Share results of the Distribution System Operator (DSO) project with the OEB and stakeholders in the DSO capabilities stakeholder consultation.⁴⁸

⁴² CCC Submission, pp. 13-18; AMPCO Submission, pp.8-10; OEB Staff Submission, p.6

⁴³ SEC Submission, pp.29-32

⁴⁴ Oshawa Power Reply Submission, pp.16-24

⁴⁵ Oshawa Power Reply Submission, pp.24-28

⁴⁶ DRC Submission, pp.15-16

⁴⁷ Pollution Probe, pp.9-10

⁴⁸ EB-2025-0060

OEB Staff: ⁴⁹

- Require Oshawa Power to report progress and results of the DSO project and four NWS projects in its next cost of service application.
- Recommend that certain NWS costs (e.g., staffing, customer incentives, third-party payments) not be capitalized.

Oshawa Power submitted that it generally agrees with Pollution Probe and DRC on most of their proposed reporting requirements for NWS (subject to sufficient funding) but that it will not be in a position to proceed with the proposed NWS projects should the OEB reduce the capital budget by the amounts proposed by intervenors and OEB staff.⁵⁰ Oshawa Power noted that it is committed to engaging with stakeholders to support industry growth and progress. However, it disagrees with DRC's requirement for review and approval of an NWS report by relevant stakeholders. Oshawa Power stated that this requirement would pose an outsized risk should a stakeholder disagree with the organization's findings or plans.⁵¹

Findings**General**

The OEB acknowledges that Oshawa Power has made significant deferrals of capital expenditures to accommodate the proposed New Facility. However, the need, timing and approximate cost for the New Facility have been known for some time by Oshawa Power and these factors are totally in the control of its Board of Directors, and accordingly, should have been included in the Distribution System Plan. Nonetheless, the OEB is determining just and reasonable rates for Oshawa Power and its customers based on this rate application as filed, including the Distribution System Plan which omits the New Facility. The OEB understands that cost recovery for the New Facility will be sought in a subsequent ICM application.

The evidence adduced in this proceeding suggests that the New Facility is likely to have a significant impact on Oshawa Power's rates in the future. Accordingly, the OEB is of the view that the capital plan (excluding the New Facility) in this application needs to be reduced as much as possible to reflect affordability while preserving the financial viability of the utility.

⁴⁹ OEB Staff Submission, p.13

⁵⁰ Oshawa Power Reply Submission, pp.28-31

⁵¹ Oshawa Power Reply Submission, pp.30

Additionally, the capital planned to address growth must consider that growth may not meet projections due to changing economic factors. Capital spending can be reactive. While it is possible that large, unforeseen, and necessary capital expenditures may arise for Oshawa Power in the future, it is open to Oshawa Power to apply for incremental capital funding, subject to the applicable OEB criteria.

Capital Envelope 2026

The OEB finds that the net capital in-service addition envelope for 2026 shall be reduced by \$3.5 million to \$13.5 million for the reasons described below.

The OEB notes that some intervenors used Oshawa Power's 2024 net in-service additions of \$8.8 million as a benchmark or 'base value' to determine what Oshawa Power could reasonably spend in a given year. In that year, faced with the projected requirement to spend on the land for the New Facility, Oshawa Power cut back on other capital spending. Some intervenors applied inflation to this value of \$8.8 million to reach a figure of \$9.5 million for 2026 and added \$1 million for incremental items such as NWS, Fault Location, Isolation, and Service Restoration (FLISR) and other system automation enhancements. This calculation resulted in a net 2026 capital envelope of \$10.5 million, representing a reduction of \$6.5 million from Oshawa Power's proposed budget.

The OEB agrees with the approach of using 2024 in-service addition amounts as a benchmark but has considered Oshawa Power's claim that its lower 2024 in-service addition amounts were not solely due to reallocation of budget toward land acquisition for the New Facility. Oshawa Power noted that several other key drivers and deferrals in System Renewal and System Access caused the lower budget in that year, and that if it were not for those drivers, the budget would have been closer to \$12.4 million.

The OEB instead suggests a 2024 base value of \$11.6 million. The OEB has applied inflation to this 2024 base value to arrive at \$12.5 million for 2026 and has added \$1 million for incremental items such as NWS, FLISR and other system automation enhancements. Accordingly, the OEB finds that the total capital envelope for the 2026 test year shall be \$13.5 million, representing a reduction of \$3.5 million from Oshawa Power's proposal.

The OEB's reduction of the 2026 capital envelope is based on the cumulative considerations of examples discussed below. These considerations and examples are not expected to be inclusive of all planned capital projects but are intended to be illustrative.

Accordingly, the OEB leaves it to Oshawa Power's discretion to determine how to optimize capital spending to effect the required reduction of \$3.5 million in the capital envelope for 2026. The OEB expects Oshawa Power to examine all the appropriate ways to reduce the 2026 capital envelope without jeopardizing the safe and reliable operation of the utility or its financial viability.

System Access

The proposed 2026 System Access-related net capital expenditures are \$6.3 million. Oshawa Power has forecast System Access-related expenditures that are far higher than the average experienced over the historical period (\$3.7 million). Oshawa Power notes that the total increase in capital spending in 2026 from previous levels is primarily related to System Access for the following reasons:⁵²

- System expansion driven by customer growth and new developments, especially in the North of Oshawa Power's service territory.
- Increased third-party relocations requiring Oshawa Power to accommodate municipal and regional infrastructure projects such as road widening projects.
- Connections and Revenue Metering requiring installation of necessary infrastructure for new or upgraded services that lie along Oshawa Power's distribution system.

Oshawa Power acknowledged that with respect to third-party relocations (\$2.2 million net expenditures), the actual projects that underpin the third-party relocation budget are in the "conceptual stage" and that the scope of these projects can change. Similarly, the evidence shows that expansion projects (and the related number of connections) are highly variable year-over-year.

Accordingly, the OEB is of the opinion that reductions in capital costs for System Access can be realized on the basis of the above considerations, and on factors such as: (a) customer growth is based on projections that may be altered by unforeseen economic circumstances and (b) the timing and amount of capital contribution in new developments can be negotiated.

System Renewal

The evidence shows that there are a significant number of assets planned for replacement that are in fair or better condition in the categories of poles, underground cables, pole-mount transformers, pad-mount transformers and distribution switchgear.

⁵² Oshawa Power Argument-in-Chief, p.8

The cost of these asset replacements is reflected in various System Renewal-related programs.

The OEB acknowledges that asset condition assessments are snapshots in time, and it is standard industry practice to plan interventions starting in the “Fair” state precisely because assets will continue to deteriorate and may enter poor or very poor condition within the planning horizon. Although Oshawa Power stated that it does not only replace assets based on asset condition, the OEB believes that risk assessment and utility judgement based on experience leaves latitude in the timing of such capital spending.

In addition, the OEB believes that Oshawa Power can also slow the pace of its meter replacement program without materially impacting the goal of evening out the capital spending for the current replacement cycle and the next replacement cycle.

Accordingly, the OEB believes that Oshawa Power can adjust its System Renewal program to reduce the rate impact to preserve affordability while maintaining reliability. The OEB notes that Oshawa Power currently displays acceptable reliability, and feels that its budget has room to exercise the appropriate balance between reliability and affordability.

Reactive Capital

Reactive capital is a subset of System Renewal and represents unplanned projects that consist of assets that have failed, are about to fail, or present a safety hazard to the public. These projects typically arise from trouble calls, storm damage, equipment failures, dig-in damage, accidents, fires as well as information provided from third parties (ESA, customers, communication companies, etc.). The OEB notes that the budget for the reactive capital program appears to be higher than necessary given the declining trend of reactive capital activity during the historical period. While the average annual forecast period net reactive budget (\$1.8 million) is 12% lower than the historical average (\$2.1 million), the historical trend implies that even greater reductions in projected reactive capital can be made.

For instance, Oshawa Power forecasts net reactive capital amounts of \$1.8 million in each of the years 2026 to 2030. The most recent actuals in 2024 were \$1.6 million and Oshawa Power forecasted to spend \$1.7 million in 2025 (which includes actuals from January to September).⁵³ The OEB believes that the reactive capital budget could be reduced to align with recent actuals.

⁵³ OPUCN_J2.4 Appendix 2AA YTD to Sept 2025_20251105

System Service

Oshawa Power forecasts a cost of \$1.0 million in 2026 for a project involving the installation of three new feeders at MS9, and it was explained that the project timeline must align with the City of Oshawa's planned road-widening project on Conlin Road, which will require pole line relocations.

Oshawa Power stated that the road widening is consistent with approved public budget documents from the City of Oshawa but argued that those documents cannot be introduced without constituting new evidence.⁵⁴ The OEB disagrees on the basis that Oshawa Power refers to the documents in its evidence and on the basis that they are public documents.

Oshawa Power stated that alignment with the road project is driven by operational efficiency and cost-effectiveness, not by technical necessity. Oshawa Power further stated that the construction of the three new feeders at MS9 will support demand growth from the Kedron community and other existing neighbourhoods.

The OEB finds there is insufficient evidence to support Oshawa Power's position that the alignment with the road project is driven by operational efficiency and cost-effectiveness, and the OEB believes there is flexibility in the proposed timing of the work.

General Plant

The General Plant category is front-loaded with spending of \$1.7 million in the 2026 test year, which declines to \$0.8 million in 2030. The Information Technology (IT) budget alone falls from a high of \$1.1 million in 2026 to a low of \$0.3 million in 2030 (with an average spend over the 2026-2030 period of \$0.7 million).⁵⁵

The OEB believes that within the 2026 test year capital budget, there are several "opportunistic investments" that can be deferred. These include the outage management system (OMS) replacement and the geographic information system (GIS) replacement. In addition, there are 2026 investments related to website redesign, customer communication redesign, and intranet upgrades that can also be deferred or eliminated.

⁵⁴ Oshawa Power Reply Submission, p.24

⁵⁵ OPUCN_J2.6 IT CAPEX Reconciliation_20251105

Other Considerations

With respect to other considerations related to Oshawa Power's capital plans, the OEB notes and accepts Oshawa Power's submission that its ability to meet the reporting requirements for NWS proposed by Pollution Probe and DRC will be dependent on sufficient funding to proceed with the proposed NWS projects. Oshawa Power noted that it is committed to engaging with stakeholders to support industry growth and progress. The OEB agrees with Oshawa Power that DRC's requirement for review and approval of an NWS report by relevant stakeholders would pose an outsized risk should a stakeholder disagree with the organization's findings or plans and therefore will not require it as condition or order.

The OEB similarly finds that other recommendations of Pollution Probe, DRC and OEB staff fall within the category of good practice and leaves it to Oshawa Power to act accordingly. Therefore, the OEB will not impose any requirements as conditions or orders.

Summary

As previously stated, the above examples are intended to be illustrative and do not include all the examples examined in the evidence or other options that Oshawa Power may consider. The OEB expects Oshawa Power to examine all the appropriate ways to reduce the net 2026 capital envelope by \$3.5 million without jeopardizing the safe and reliable operation of the utility or its financial viability.

Issue 1.2 Are the proposed rate base and depreciation amounts appropriate?

Oshawa Power seeks approval for a 2026 test year rate base of \$184.0 million, which represents a 25% increase from the 2021 OEB-approved amount, and a depreciation expense of \$9.5 million, which represents a 53% increase from the prior OEB-approved amount. While Parties agreed on the methodology for working capital and depreciation, they did not agree on the 2026 opening rate base amounts, 2026 capital in-service additions, or the 2026 closing balance. The OEB's findings on 2026 capital additions were addressed above, and its findings on opening rate base, closing rate base, and depreciation are below.

Opening Rate Base

Several intervenors and OEB staff proposed reductions to the opening rate base, citing cost increases, project pacing, and data accuracy concerns.

OEB staff recommended reducing the 2025 pole replacement program. Oshawa Power disagreed, noting pole replacements were deferred from 2024, replaced by year-end 2025, and selected based on safety risk rather than condition rating.⁵⁶

AMPCO and OEB staff also recommended reductions for unexplained cost increases in 2025 General Plant project estimates throughout the proceeding, including the Customer Information System project (CIS) and IT upgrades.⁵⁷ VECC requested clarification on CIS adjustments in undertaking J2.4, arguing that material changes warrant further review.⁵⁸ Oshawa Power explained CIS overruns were due to unexpected data clean-up and automation opportunities,⁵⁹ and clarified other General Plant project cost increases but confirmed it is not proposing a change to opening rate base or depreciation from its initial application.⁶⁰

CCC proposed a \$1.4 million reduction. CCC did not believe that Oshawa Power would fulfill its 2025 in-service addition estimate and also submitted that the OEB implement a permanent disallowance for overruns on MS2 switchgear and Supervisory Control and Data Acquisition (SCADA) projects.⁶¹ SEC supported AMPCO's and CCC's views.⁶² While VECC supported CCC's proposal, it also suggested an additional \$0.2 million reduction for unexplained overruns and CIS delays.⁶³ Oshawa Power disagreed, stating that 2025 in-service additions were on pace to be completed and that historical overruns were necessary and prudently explained.⁶⁴

Depreciation – Asset Retirement Obligation

Oshawa Power included an Asset Retirement Obligation (ARO) of \$762k related to demolition costs for its leased premises, with an annual depreciation expense of \$65k. OEB staff argued that only costs corresponding to the 2026-2028 period should be recovered, recommending limiting recovery to \$39k for the 2026 test year.⁶⁵ Oshawa Power agreed to the reduction in the depreciation expense.⁶⁶

⁵⁶ Oshawa Power Reply Submission, pp.34-35

⁵⁷ AMPCO Submission, p.7; OEB Staff Submission, pp.7-8

⁵⁸ VECC Submission, p.6

⁵⁹ Oshawa Power Reply Submission, pp.35-36

⁶⁰ Oshawa Power Reply Submission, pp.37-38

⁶¹ CCC Submission, p.12

⁶² SEC Submission, p.26

⁶³ VECC Submission, p.6

⁶⁴ Oshawa Power Reply Submission, pp.35-36

⁶⁵ OEB Staff Submission, p.15

⁶⁶ Oshawa Power Reply Submission, pp.38-39

Findings

Opening and Closing Rate Base

The OEB finds that for the purposes of setting 2026 rates, the net capital envelope for 2025 (opening rate base for 2026) shall be reduced by \$1.4 million based on the considerations addressed below.

The OEB accepts Oshawa Power's explanation that in-service additions (such as the pole replacement program, reactive replacement program, porcelain switch and insulator replacement program, and revenue metering program) are not added to rate base as they are installed. Instead, Oshawa Power stated that it adds the entire program accomplishments to rate base at year-end, rather than on an asset-by-asset basis during the year.

The OEB agrees with OEB staff that the overspending in 2025 for the General Plant category compared to the initial application is not adequately explained.⁶⁷ The OEB questions whether all the cost overruns qualify as prudent spending in the absence of sufficient justification for them. The OEB notes that the CIS project costs have increased from \$1.4 million to \$2.3 million in the latest filed version of the Chapter 2 Appendices, 2-AA and that the updated Office IT & Equipment Upgrades project for 2025 is more than the June 2025 forecast with insufficient justification. Accordingly, the OEB is reducing the 2026 opening rate base for General Plant by \$0.8 million.

In addition, the OEB further finds that under the category of System Renewal a \$0.1 million reduction for better pacing of the pole replacement program will be applied to the 2026 opening rate base.

As noted by CCC, there was insufficient justification provided for the cost overruns to the MS2 switchgear replacement project and the Expansion of Overhead Automated Switching and SCADA project. Accordingly, the OEB finds a reduction of \$0.5 million to the 2026 opening rate base is appropriate on the basis that the cost overruns from Oshawa Power's original budget were the result of imprudent management.

Additionally, the OEB instructs Oshawa Power to update the Ontario Electricity Rebate⁶⁸ in its calculation of the closing rate base and update its closing rate base to reflect the findings of this Decision and Order.

⁶⁷ Oshawa Power Reply Submission, p.37

⁶⁸ [Ontario Energy Board Announces Changes to Electricity Prices for Households, Small Businesses and Farms](#), October 17, 2025

Asset Retirement Obligation & Depreciation Expense

The OEB does not accept the proposal that ratepayers pay for the demolition and site remediation of the leased premises at 100 Simcoe Street when Oshawa Power leaves those premises at the end of its lease – which has otherwise been referred to as an ARO.

In a lease amendment dated October 30, 2024, Oshawa Power agreed to undertake at its own cost the demolition of the facilities used by Oshawa Power and restore the property to grade within six months of vacating the premises.⁶⁹ The City of Oshawa has received both lease payments for the use of its property and dividends from its investment in Oshawa Power, which are all paid for by ratepayers. Oshawa Power has not provided any justification for why ratepayers should now also be called upon to pay for the restoration of the site, having determined that Oshawa Power must leave the site and incur the large capital expense of constructing the New Facility.

The OEB directs Oshawa Power to remove all cost items associated with the ARO currently proposed for recovery in rates.

In addition, the OEB expects Oshawa Power to update its depreciation expense based on the findings in this Decision and Order.

Issue 2: OM&A

Issue 2.1 Are the proposed OM&A expenditures appropriate?

Oshawa Power is seeking approval of a \$22.3 million test year OM&A budget, representing an increase of 61% compared to the 2021 OEB-approved amount of \$13.9 million.

Oshawa Power acknowledged its proposed OM&A budget of \$22.3 million is a significant increase but argued that it reflects prudent risk management to maintain service levels and meet customer needs while ensuring a fair return. Oshawa Power cited workforce challenges, high turnover, and system modernization efforts following the establishment of a new management team in 2023. Oshawa Power increased staffing levels and compensation following a Resource Optimization Review (ROR) and a 2023 Korn Ferry compensation study which recommended additional roles and higher compensation levels. Other cost drivers for the increase in OM&A costs include cybersecurity and technology upgrades. Oshawa Power also pointed to benchmarking showing its OM&A cost per customer remains below Cohort 2 electricity distributor

⁶⁹ Interrogatory Responses – Exhibit 1, Attachment 1-5, pp.1-2

averages even when accounting for Oshawa Power's proposed OM&A cost increase for 2026.⁷⁰

Most intervenors and OEB staff viewed the OM&A budget increase as excessive,⁷¹ with CCC highlighting a 20% rise in full-time equivalents (FTEs), 50% higher compensation, and increased subcontractor costs since 2023.⁷² VECC argued that Oshawa Power took a risk in raising its OM&A budget in the test year and the year prior to obtain a new plateau and eliminate any efficiencies gained in the last rate term.⁷³

The table below summarizes the requested reduction by each intervenor and OEB staff.

Table 5 – Requested reduction to Oshawa Power's 2026 OM&A budget (\$ million)

AMPCO	CCC	CCMBC	DRC	Pollution Probe	SEC	VECC	OEB Staff
\$3.5	\$4.2	\$4.8	No position	\$3.5-\$4.3	\$4.8	\$5.0	\$2.3

Oshawa Power defended its 2026 OM&A budget as reasonable to manage risk and meet customer needs. Oshawa Power noted that as a result of chronic underfunding due primarily to the excessively low distribution rates in the general service less than 50kW and residential rate classes, it faces numerous existential operational challenges and risks. In its reply submission, Oshawa Power proposed a \$30k reduction to its initially requested 2026 OM&A budget to reflect higher levels of e-billing and lower postage and mailing costs resulting from the 2025 Canada Post strike.⁷⁴

Staffing Levels

Intervenors (excluding DRC) and OEB staff questioned the need for the proposed workforce expansion, especially as it pertains to either management staffing levels or the Administrative and General category. Oshawa Power reiterated that its proposed staffing levels are appropriate to manage operational risks, noting under-resourcing is a top risk.⁷⁵

⁷⁰ Oshawa Power Argument-in-Chief, pp.13-16

⁷¹ All intervenors and OEB staff other than DRC recommended a reduction to the 2026 OM&A budget. DRC did not provide its position on the OM&A budget in its submission.

⁷² CCC Submission, pp.19-20

⁷³ VECC Submission, p.17

⁷⁴ Oshawa Power Reply Submission, p.39

⁷⁵ Oshawa Power Reply Submission, pp.56-62

SEC argued there is insufficient evidence for the increase in staff levels and cited a high General and Administrative ratio of 76% of OM&A costs, which it believes is high compared to other electricity distributors.⁷⁶ Oshawa Power responded that SEC's benchmarking is untested and should be disregarded, and that OM&A costs should be assessed on evidence provided in the application to address specific risks faced by the distributor, not "an arbitrary benchmark".⁷⁷

Compensation

Intervenors (excluding DRC) and OEB staff also challenged proposed compensation levels, with CCC and OEB staff recommending reductions to salaries, overtime, and incentives.⁷⁸ Oshawa Power argued its compensation aligns with Korn Ferry benchmarks, which include a broader sample of employers within the Greater Toronto Area,⁷⁹ while SEC and CCC favoured MEARIE survey data.⁸⁰ Additionally, SEC and OEB staff noted that there is no evidence to support claims that increased compensation is needed to address turnover risk.⁸¹ Oshawa Power replied that it is aware that many staff members have left for surrounding utilities and that adopting parties' proposed reductions would place compensation below the Korn Ferry report's 50th percentile, which it considers unsustainable in a competitive market.⁸²

Other Areas of Concern and Recommendations

AMPCO, CCC, VECC, and OEB staff recommended factoring vacancy rates into the budget.⁸³ Oshawa Power disagreed, citing offsetting overtime and contractor costs, and the cost of replacing the vacant roles.⁸⁴

SEC, VECC, and OEB staff raised concerns over collection costs and bad debt.⁸⁵ Oshawa Power maintained that reducing collection costs would increase bad debt.⁸⁶

⁷⁶ SEC Submission, pp.40-41

⁷⁷ Oshawa Power Reply Submission, pp.47-48

⁷⁸ CCC Submission, pp.20-21; OEB Staff Submission, p.16

⁷⁹ Response to Undertaking J3.2

⁸⁰ CCC Submission, p.24; SEC Submission, pp.39-40

⁸¹ SEC Submission, p.40; OEB Staff Submission, p.17

⁸² Oshawa Power Reply Submission, p.52

⁸³ AMPCO Submission, p.15; CCC Submission, pp.20-21; VECC Submission, p.14; OEB Staff Submission, p.16; VECC Submission, pp.15-16; OEB Staff Submission, pp.21-22

⁸⁴ Oshawa Power Reply Submission, p.63

⁸⁵ SEC Submission, p.43

⁸⁶ Oshawa Power Reply Submission, pp.63-66

CCC also flagged e-billing, facilities, travel, and Dayforce software costs as excessive.⁸⁷ Oshawa Power disagreed but accepted a 5% or \$30k reduction in printing and postage for 2026.⁸⁸

Pollution Probe submitted that if the ICM application for the New Facility proceeds, the OEB should require Oshawa Power to identify the operational savings that would result from the New Facility and include those benefits and savings in the ICM application for OEB consideration. Pollution Probe also submitted that Oshawa Power should ensure that innovation and efficiency remain important pillars of its business transformation and track the tangible (short, medium or long term) benefits to include in its next cost of service application.⁸⁹

Formulaic Approach

In its Argument-in-Chief, Oshawa Power commented on the reasonableness of using a formulaic approach to calculate a test year OM&A budget. Despite its reservations about using a solely formulaic approach to determine an appropriate OM&A amount, Oshawa Power calculated a 2026 OM&A amount of \$23.5 million based on inflation and cost pressures using a baseline of its 2023 spend.⁹⁰ Pollution Probe,⁹¹ SEC, and VECC recommended an envelope reduction, with SEC proposing a 2026 OM&A budget of \$17.5 million and VECC proposing a budget of \$17 million. SEC and VECC proposed formulaic approaches using 2021 actuals and OEB-approved amounts as the baseline respectively.⁹² CCMBC supported SEC's recommended reduction.⁹³ Oshawa Power submitted that it does not regard using a formulaic method as appropriate in the modern era, especially given energy transition, economic growth, and new housing growth.⁹⁴

Resource Optimization Review

Oshawa Power relied on the ROR conducted by Ms. Lise Galli of Marjorie Richards & Associates, which found Oshawa Power to be understaffed and recommended adding technical and management roles.⁹⁵ SEC submitted that the ROR be stricken from the record, and if not, SEC, VECC, and CCC submitted that the ROR hold no weight.⁹⁶ Both

⁸⁷ CCC Submission, pp.25-27

⁸⁸ Oshawa Power Reply Submission, pp.66-68

⁸⁹ Pollution Probe Submission, p.15

⁹⁰ Oshawa Power Argument-in-Chief, pp.21-22

⁹¹ Pollution Probe Submission, p.15

⁹² SEC Submission, pp.41-43; VECC Submission, pp.16-17

⁹³ CCMBC Submission, p.4

⁹⁴ Oshawa Power Reply Submission, pp.44-45

⁹⁵ Oshawa Power Argument-in-Chief, p.16

⁹⁶ CCC Submission, p.21; SEC Submission, p.38; VECC Submission, p.15

SEC and VECC argued that Ms. Galli lacked the appropriate qualifications and relied on informal benchmarking.⁹⁷

Oshawa Power defended the ROR, stating Ms. Galli has relevant expertise and conducted internal interviews with executives to identify bottlenecks.⁹⁸

AMPCO, CCC, SEC, and OEB staff also submitted that the benchmarking in the ROR of customers per FTE was flawed due to outsourcing differences between electricity distributors.⁹⁹ Oshawa Power noted this metric was not the sole indicator used in the ROR and that OM&A cost per customer benchmarking resulted in similar conclusions.¹⁰⁰

Findings

The OEB finds that a reduction of the 2026 OM&A envelope from \$22.3 million to \$19.5 million (a \$2.8 million reduction) is warranted on the basis that affordability is a leading cause of concern for ratepayers, and that within this envelope Oshawa Power can still meet the objective to deliver reliable electricity service at a reasonable cost. The OEB's reasons for this finding are elaborated below.

The proposed OM&A budget of \$22.3 million represents a 61% increase over the 2021 approved budget of \$13.9 million. This is a very large increase, which Oshawa Power acknowledged. Over the last five years, this amounts to a 12% annual increase. The rates that were set based on the 2021 OEB-approved amounts were increased annually based on inflation and a productivity factor for the years 2022-2025. If that approach were to be extended to 2026, as CCC submitted, the OM&A budget would increase to \$16.4 million, which is \$5.9 million less than the increase proposed by Oshawa Power.

The OEB finds that Oshawa Power did not provide adequate evidence to support the significant increase in its OM&A budget. Just and reasonable rates in relation to OM&A are set on the basis that an electricity distributor is entitled to recover the reasonable cost to operate and maintain the distribution system. Oshawa Power bears the onus to establish that what it is asking for is reasonable and to justify what has changed since 2021 to support such a large increase in the OM&A budget. Oshawa Power relies on the following assertions:

⁹⁷ SEC Submission, p.35-38; VECC Submission, p.15

⁹⁸ Oshawa Power Reply Submission, pp.52-56

⁹⁹ AMPCO Submission, pp.15-16; CCC Submission, p.22; SEC Submission, p.38; OEB Staff Submission, p.20

¹⁰⁰ Oshawa Power Reply Submission, pp.55-56, 84

- the proposed increase reflects prudent risk management to maintain service levels and meet customer needs while ensuring a fair return;
- there is a need for higher staffing levels; and
- there is a need for higher compensation levels.

In 2023, Oshawa Power put in place a new management team, several of whom testified in the current proceeding. Their evidence identified workforce challenges, high turnover, and system modernization efforts, including cybersecurity and technology upgrades, as cost drivers of the requested OM&A budget increase. The OEB does not doubt that these factors present challenges. However, the OEB finds that the proposed increase to the OM&A budget has not been adequately justified by the evidence presented by Oshawa Power. The OEB expects the new management team to be highly disciplined, focused on finding and maintaining savings while delivering reliable service. Every dollar spent by Oshawa Power comes from ratepayers, including the return on investments made by Oshawa Power to provide, operate and maintain the system that is required to serve those ratepayers. This requires spending to be focused on what is reasonable and necessary to serve ratepayers, if ratepayers are to pay for it.

Oshawa Power's proposed 2026 workforce is management heavy, with a ratio of 3.8 staff to managers, which is unnecessarily high. Furthermore, Oshawa Power has assumed a vacancy rate of zero in 2026, which is an unlikely scenario.

Oshawa Power argued that its proposal for increases to base pay is necessary to address what it describes as a high staff turnover rate.¹⁰¹ The evidence shows that the turnover rate has actually been decreasing in recent years and Oshawa Power has been able to increase the number of FTEs, which does not provide justification for the significant increase in base pay.

Table 6 - Annual turnover rate compared to year-end FTEs¹⁰²

	2021 OEB- Approved	2021	2022	2023	2024	2025 (forecast)	2026 (forecast)
Turnover Rate (%)	N/A	25%	15%	8%	12%	5%	8%
Number of FTEs	91.4	70.3	73.5	87.0	85.7	87.9	105.2

¹⁰¹ Oshawa Power Reply Submission, p.48

¹⁰² Response to 4-AMPCO-139; Response to 4-CCC/VECC-142a

Oshawa Power's proposal for incentive pay for its executive, management and non-union employees is in excess of the ranges shown for those classes of employees in the MEARIE management survey. Oshawa Power's reliance on a larger set of companies beyond electricity distributors, as set out in the Korn Ferry report, does not justify the proposed levels of incentive pay.

Oshawa Power's proposed OM&A budget is too high based on the reasons set out above, and its OM&A budget must therefore be reduced. Intervenor and OEB staff argued for reductions to Oshawa Power's OM&A budget that ranged from \$2.3 million to \$5.0 million, or approximately 10% to 22%.

The OEB finds that a reduction from \$22.3 million to \$19.5 million is a sufficient reduction to support fiscal discipline on the part of Oshawa Power, which will require Oshawa Power to focus on what is necessary as opposed to what is nice to have. Oshawa Power will need to consider the scale and pace of its business transformation and modernization activities, recognizing that affordability is a leading cause of concern for ratepayers, and that the objective is reliable electricity service at a reasonable cost.

In addition, as noted in issue 7.3 above, the OEB agrees with Pollution Probe's recommendation that if Oshawa Power files for ICM treatment for the New Facility, that the application identify operational savings amounting from the New Facility.

Issue 2.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

Oshawa Power asserts that all of its affiliate transactions comply with the OEB's Affiliate Relationship Code (ARC) and are governed by formal agreements using market-based or fully allocated cost methodologies.¹⁰³ However, intervenors such as CCMBC raised concerns that increased outsourcing to unregulated affiliates may boost shareholder earnings while circumventing regulatory oversight.¹⁰⁴ Examples include outsourcing call center operations and collection work, which OEB staff questioned with regard to the benefit to ratepayers compared to in-house alternatives.¹⁰⁵ Oshawa Power responded that affiliate outsourcing provides flexibility and significantly reduces costs.¹⁰⁶

Further scrutiny focused on 2825407 Ontario Inc., an affiliate of Oshawa Power, collaborating with Lakefront Utilities.¹⁰⁷ This affiliate applies a markup for services

¹⁰³ Oshawa Power Argument-in-Chief, p.23

¹⁰⁴ CCMBC Submission, p.4

¹⁰⁵ CCMBC Submission, p.4; VECC Submission, p.16; OEB Staff Submission, pp.24-25

¹⁰⁶ Oshawa Power Reply Submission, p.69

¹⁰⁷ CCMBC Submission, p.4; OEB Staff Submission, p.25

delivered to Lakefront Utilities using Oshawa Power's staff at fully allocated cost.¹⁰⁸ CCMBC and OEB staff submitted that this arrangement lacks transparency and a clear benefit to ratepayers, while Oshawa Power defended it as an initial step toward potential utility synergies.¹⁰⁹ Additional concerns were raised by SEC and OEB staff about affiliate involvement in billing work and staff augmentation for the CIS project at a cost of \$250k.¹¹⁰ Oshawa Power maintained that these decisions were based on cost efficiency, resource availability, and ARC compliance.¹¹¹

CCC and SEC also challenged the full capitalization of Dayforce software costs, noting that the system is shared with affiliates.¹¹² Oshawa Power acknowledged the concern but argued that most users are within the regulated utility, making any cost reallocation immaterial.¹¹³ Pollution Probe recommended that Oshawa Power be prepared to provide detailed evidence in future proceedings to confirm that affiliate transactions remain consistent with ARC requirements.¹¹⁴

Findings

The OEB accepts the evidence that Oshawa Power is recovering the fully allocated cost associated with services provided to Lakefront Utilities through Oshawa Power's affiliate, in compliance with the ARC. However, Oshawa Power has not justified its decision to contract out its FTEs at a time when it is concerned about not having a sufficient workforce to do its own work. This is for Oshawa Power to manage in the interests of its ratepayers.

Issue 3: Cost of Capital, PILs, and Revenue Requirement

Issue 3.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

In the Settlement Proposal, the Parties fully settled the cost of capital and capital structure issue,¹¹⁵ and OEB staff took no issue with the settlement as described in its submission on the Settlement Proposal.¹¹⁶

¹⁰⁸ Oral Hearing Transcript, Vol. 2, pp.228-231

¹⁰⁹ Oshawa Power Reply Submission, p.70

¹¹⁰ SEC Submission, p.31; OEB Staff Submission, pp.24-25

¹¹¹ Oshawa Power Reply Submission, p.69

¹¹² CCC Submission, p.27; SEC Submission, p.31

¹¹³ Oshawa Power Reply Submission, p.70

¹¹⁴ Pollution Probe Submission, p.16

¹¹⁵ Settlement Proposal, p.18

¹¹⁶ Staff Submission on the Settlement Proposal, p. 5

On October 31, 2025, the OEB issued the 2026 Cost of Capital Parameters. OEB staff noted in its submission on the unsettled issues that it expects Oshawa Power to update the short-term debt rate and rate of equity during the draft rate order stage to the OEB deemed rates.¹¹⁷

Findings

The OEB directs Oshawa Power to use the OEB approved 2026 cost of capital parameters when preparing its draft rate order.

Issue 3.2 Is the proposed PILs (or Tax) amount appropriate?

In the Settlement Proposal, the Parties agreed to the methodology in calculating the forecast PILs amount, subject to adjustments stemming from the OEB's decision on the unsettled issues.¹¹⁸

OEB staff noted that it will review any resulting draft rate order to ensure that it is consistent with both the Settlement Proposal and this Decision.¹¹⁹ No intervenor proposed any adjustments.

Findings

The OEB directs Oshawa Power to make the adjustments that are necessary as a result of this Decision and Order.

Issue 3.5 Is the proposed calculation of the Revenue Requirement appropriate?

Oshawa Power is seeking approval for a 2026 base revenue requirement of \$39.5 million, which is a 44% increase from its 2021 OEB approved amount of \$26.7 million. Oshawa Power submitted that its calculation complies with the OEB's Filing Requirements for Electricity Distribution Applications.¹²⁰

OEB staff agreed that the calculation is appropriate, subject to determinations on unsettled issues.¹²¹ Pollution Probe did not propose adjustments but emphasized the need for balancing priorities within a reasonable revenue envelope.¹²²

¹¹⁷ OEB Letter: [2026 Cost of Capital Parameters](#), October 31, 2025

¹¹⁸ Oshawa Power Argument-in-Chief, p.25

¹¹⁹ OEB Staff Submission, p.25

¹²⁰ Oshawa Power Argument-in-Chief, p.25

¹²¹ OEB Staff Submission, p.26

¹²² Pollution Probe Submission, p.15 and p.17

AMPCO and CCC pointed to their recommended reductions in capital and OM&A budgets.¹²³ SEC proposed an ‘envelope approach’, submitting that the OEB should limit the combined distribution rate impact of this application and the expected New Facility-related rate rider to no more than a 19% increase based on a weighted average. Based on this approach, SEC recommended capping the 2026 revenue requirement at \$33.7 million to keep the average distribution rate increase from this application at approximately 4.7%.¹²⁴

Findings

The OEB approves Oshawa Power’s methodology and, accordingly, directs Oshawa Power to make the adjustments that are necessary as a result of this Decision and Order.

Issue 4: Load Forecast

Issue 4.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

Oshawa Power seeks approval of its 2026 test year load forecast, which reflects a 0.4% increase in peak demand to 1,112 MW and a 5% increase in energy consumption to 1,129,895 MWh compared to 2021 OEB-approved amounts, along with 79,622 customer/connections. Oshawa Power stated that the forecast was developed using the latest OEB guidance and accounts for growth from electric vehicles and electric heating, with changes since 2021 driven by a 5.2% increase in residential and small general service customers, offset by a slight decline in commercial and industrial customers.

The table below summarizes Oshawa Power’s proposed load forecast.¹²⁵

Table 7 – Oshawa Power’s proposed load forecast and customer count

2026	Customers/ Connections	Energy Forecast (MWh)	Billing Demand (MW)
Residential	59,464	550,419	
GS<50	4,545	130,408	
GS 50-999	530	332,203	842
GS 1,000-4,999	12	74,397	179
Large Use	1	34,966	78

¹²³ AMPCO Submission, p.6; CCC Submission, p.8

¹²⁴ SEC Submission, p.24

¹²⁵ Oshawa Power Argument-in-Chief, pp.25-26

Street Light	14,755	4,603	13
Sentinel Lights	19	25	0.078
USL	296	2,874	
Total	79,622	1,129,895	1,112

OEB staff did not oppose the forecast.¹²⁶ VECC recommended adjustments to the projected residential customer count, additional heating load, conservation and demand management and electricity demand side management (CDM/eDSM) factors for 2026. VECC's recommendations are summarized in the table below.¹²⁷

Table 8 – VECC's proposed load forecast and customer count

2026	Customers/ Connections	Energy Forecast (MWh)	Billing Demand (MW)
Residential	59,716	554,533	
GS<50	4,545	132,474	
GS 50-999	530	335,102	849
GS 1,000-4,999	12	79,231	190
Large Use	1	35,616	79
Street Light	14,755	4,603	13
Sentinel Lights	19	25	0.078
USL	296	2,874	
Total	79,874	1,144,458	1,132

In its reply submission, Oshawa Power disagreed with VECC's adjustment to residential customer counts and reiterated that customer counts based on historical growth remain appropriate. Oshawa Power also disagreed with VECC's argument that assumptions related to the local initiatives program are unrealistic, and its argument that Oshawa Power should remove the half-year adjustment for 2024 CDM. Conversely, Oshawa Power agreed with VECC on the application of the half-year rule for eDSM activities in 2026 for the General Service 1,000 to 4,999 kW and Large Use rate classes.¹²⁸

Findings

The OEB accepts Oshawa Power's proposed load and customer forecast.¹²⁹

¹²⁶ OEB Staff Submission, pp.26-27

¹²⁷ VECC Submission, pp.31-32

¹²⁸ Oshawa Power Reply Submission, pp.72-76

¹²⁹ Oshawa Power Argument-in-Chief, pp.25-26

Issue 5: Cost Allocation, Rate Design, and Other Charges

Issue 5.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

In the Settlement Proposal, and as agreed to by OEB staff in its submission on the Settlement Proposal, the Parties agreed to Oshawa Power's proposed cost allocation methodology, allocations, and revenue-to-cost ratios. The final results of the Cost Allocation model were not agreed upon as such results are subject to the OEB's determination on the unsettled issues. Parties also agreed that revenues would be adjusted to move revenue-to-cost ratios within the OEB-approved ranges and that additional revenue rebalancing to maintain revenue neutrality would be applied to the class(es) furthest away from unity unless otherwise approved for rate mitigation purposes.¹³⁰

Findings

The OEB directs Oshawa Power to make the adjustments that are necessary as a result of this Decision and Order.

Issue 5.2 Is the proposed rate design, including fixed/variable splits, appropriate?

In the Settlement Proposal, the Parties accepted Oshawa Power's proposed rate design, including fixed/variable splits, as appropriate, subject to adjustments stemming from the OEB's determination on unsettled issues. The final customer class rate design was not agreed to as the financial inputs were not settled.¹³¹

Findings

The OEB directs Oshawa Power to make the adjustments that are necessary as a result of this Decision and Order.

¹³⁰ Oshawa Power Argument-in-Chief, p.26

¹³¹ Oshawa Power Argument-in-Chief, pp.26-27

Issue 5.3 Are the proposed Retail Transmission Service Rates (RTSR) and Low Voltage (LV) Service rates appropriate?

As per the Settlement Proposal, the Parties fully settled the issue.¹³² On March 31, 2026, the OEB released its Decision and Rate Order on the Generic Hearing on Uniform Transmission Rates (UTRs) – Phase 2.¹³³

The OEB issued a report on the design of a new Electric Vehicle Charging Rate (EVC Rate) on March 31, 2025, *Electric Vehicle Charging Rate Overview – Final Report*. The EVC Rate reduces the RTSRs that participating electric vehicle charging stations pay. This report requires electricity distributors to begin offering the EVC Rate to eligible customers in 2026, once their OEB-approved 2026 distribution rates become effective. The EVC Rate would be effective as of the implementation date for Oshawa Power's other rates.¹³⁴

Findings

The OEB expects Oshawa PUC Networks to update its RTSRs to reflect the OEB's Decision and Rate Order dated March 31, 2026.

Additionally, in accordance with the OEB's March 31, 2025 EVC Rate report, Oshawa Power shall provide eligible electric vehicle charging station customers with the option to elect to be charged the RTSRs on the basis of the EVC Rate.

Issue 5.6 Are rate mitigation proposals required and appropriate?

Parties did not reach agreement on rate mitigation in the Settlement Proposal. Oshawa Power argued that only the Sentinel Lighting class would see a bill impact above 10% and therefore did not propose mitigation. However, it suggested that if the OEB requires mitigation, the revenue-to-cost ratio for Sentinel Lighting could be reduced to cap the bill increase at 10%, with a corresponding temporary increase to the Residential class to maintain revenue neutrality. This adjustment would be reversed in 2027 to avoid ongoing impacts on Residential rates.¹³⁵ OEB staff noted that rate mitigation may not be necessary depending on the OEB's decisions on unsettled issues, but if required, supported adjusting Sentinel Lighting's revenue-to-cost ratio to keep its bill impact at or below 10%.¹³⁶

¹³² Settlement Proposal, p.28

¹³³ EB-2022-0325 [Decision and Rate Order](#): Generic Hearing on Uniform Transmission Rates – Phase 2, March 31, 2026

¹³⁴ EB-2023-0071 [Electric Vehicle Charging Rate Overview – Final Report](#), March 31, 2025

¹³⁵ Oshawa Power Argument-in-Chief, p.27

¹³⁶ OEB Staff Submission, pp.28-29

Findings

Until the draft rate order reflecting the findings of this Decision and Order is filed, the OEB cannot make a finding on whether rate mitigation is required or appropriate.

Issue 6: Deferral and Variance Accounts

Issue 6.1 Are the proposals for DVAs, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

Under the Settlement Proposal, Parties agreed on the disposition of most Group 1 and Group 2 deferral accounts, except for Oshawa Power's proposed treatment of Account 1508 – Other Regulatory Assets, Sub-account GOCA (GOCA DVA), and two new distributor-specific DVAs related to OM&A variances for the New Facility.

GOCA DVA

Oshawa Power initially requested disposition of a total principal balance of \$431,038 for the GOCA DVA, asserting compliance with the OEB's prior decision and attributing cost increases to Bill 93.^{137 138}

CCC and OEB staff recommended reducing the balance to exclude costs not directly tied to Bill 93, with CCC proposing a \$45k reduction associated with the Ontario One Call and Planview;¹³⁹ AMPCO, CCMBC, SEC, and VECC supported this position.^{140 141} Pollution Probe noted that it was aware of CCC's submission on the topic and had no additional comments.¹⁴²

In its reply submission, Oshawa Power stated that the \$45k associated with the Ontario One Call and Planview is not part of the incremental claim because it is offset by revenue requirement amounts.

Oshawa Power outlined locate costs for each subcontractor, less total revenue requirement escalated by IRM inflation to arrive at the total GOCA DVA balance. Oshawa Power stated that the removal of costs considered non-incremental (i.e.

¹³⁷ [Bill 93](#), *Getting Ontario Connected Act, 2022*

¹³⁸ Oshawa Power Argument-in-Chief, pp.30-31

¹³⁹ CCC Submission, p.28; OEB Staff Submission, pp.30-31

¹⁴⁰ AMPCO Submission, p.16; SEC Submission, p.44; VECC Submission, p.32

¹⁴¹ CCMBC Submission, p.6; CCMBC noted that it supports SEC's position on capital and OM&A matters and supports VECC and CCC's submissions on other matters.

¹⁴² Pollution Probe Submission, p.17

Ontario One Call and Planview) from the GOCA DVA results in a net reduction of \$3k to \$428,155.¹⁴³

Distributor-Specific DVAs

The two new distributor-specific DVAs proposed by Oshawa Power include Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power Avoided Rent Deferral Account (OPARDA) and Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power New Facility OM&A Cost Variance Account (OPNFOCVA).¹⁴⁴ Oshawa Power believes these accounts are appropriate to ensure that savings and variances in costs arising from the anticipated New Facility are recognized as soon as possible to the benefit of customers.¹⁴⁵

VECC opposed the creation of these accounts, citing application deficiencies and its recommendation for a one-year rate term.¹⁴⁶ CCC and OEB staff supported OPARDA as meeting OEB criteria and benefiting ratepayers given that the account proposed is asymmetric in nature, but opposed the symmetrical OPNFOCVA. CCC argued that Oshawa Power should manage within its reduced operational budget for its facility at 100 Simcoe Street of \$0.31 million, whereas OEB staff suggested asymmetrical treatment if the account is approved.¹⁴⁷ AMPCO and SEC supported CCC's position¹⁴⁸ and Pollution Probe acknowledged comments made by CCC.^{149 150}

Other Recommendations

Additionally, CCMBC submitted that since Oshawa Power has not sought ICM funding for the New Facility as part of this application, the OEB should only address land costs by placing them in a deferral account for consideration when an ICM application is filed.¹⁵¹ The cost of the land currently resides in construction work-in-progress.

¹⁴³ Oshawa Power Reply Submissions, pp.78-79

¹⁴⁴ Oshawa Power Argument-in-Chief, pp.27-28

¹⁴⁵ Oshawa Power Reply Submissions, p.79

¹⁴⁶ VECC Submission, p.32

¹⁴⁷ CCC Submission, p.29; OEB Staff Submission, pp.32-34

¹⁴⁸ AMPCO Submission, p.16; SEC Submission, p.44

¹⁴⁹ Pollution Probe Submission, p.17

¹⁵⁰ CCMBC Submission, p.6; CCMBC noted that it supports SEC's position on capital and OM&A matters and supports VECC and CCC's submissions on other matters.

¹⁵¹ CCMBC Submission, p.5

Findings

GOCA DVA

For reasons that follow, the OEB will only approve disposition of half of the GOCA DVA balance, in the amount of \$214,078.

Oshawa Power stated that the balance of which it seeks disposition is entirely a result of the cost incurred from unit price increases from its contractor. Those increases appear to be the result of interim pricing changes made by the contractor under its contract with Oshawa Power.¹⁵² Oshawa Power has not sufficiently established that its contractual arrangements are prudent. The OEB recognizes that inflationary pressure may have contributed to those price increases. However, the OEB does not understand how that relates to the impact of Bill 93, particularly since Oshawa Power has not experienced an increase in the number of locates as a result of Bill 93.

In the absence of the GOCA DVA, under performance-based regulation, Oshawa Power would have to manage the locate costs along with all its other costs within its spending envelope. The GOCA DVA was not intended to provide an opportunity to recover costs that exceed what may have been budgeted for at rebasing. Rather, it is solely intended to recover costs attributable to Bill 93. In the absence of sufficient evidence to justify recovery of the proposed balance, the OEB will only approve recovery of half of the balance or \$214,078.

Proposed DVAs

The OEB approves the proposed OPARDA. Given that it is known that base rates will include an amount for rent and that Oshawa Power will cease paying rent during the IRM period, it is appropriate to record the avoided rent for the purpose of refunding it to rate payers as part of Oshawa Power's next rebasing application. As such, Oshawa Power's draft accounting order¹⁵³ attached at Schedule A is approved.

The OEB approves the proposed OPNFOCVA on an asymmetrical basis. In so approving, the OEB agrees with OEB staff's submission that asymmetric treatment of the OPNFOCVA will "mitigate potential windfall gains associated with clearly identifiable avoided costs."¹⁵⁴ This finding is further supported by Oshawa Power's reply submission that the OPNFOCVA is an appropriate mechanism to ensure that savings and variances in costs built into rates arising from the New Facility are recognized as

¹⁵² Oshawa Power Reply Submission, p.77

¹⁵³ Interrogatory Responses, Exhibit 1, Attachment 1-4

¹⁵⁴ OEB Staff Submission, p.33

soon as possible to the benefit or ratepayers.¹⁵⁵ The OEB notes that Oshawa Power did not object to asymmetric treatment for this DVA. Oshawa Power shall provide a new draft accounting order for the OPNFOCVA as part of its draft rate order that reflects asymmetric treatment.

The OEB disagrees with CCMBC's submission that a DVA should be implemented for the land purchased for the New Facility. Evidence was not provided on the three-part test for establishing a new DVA (causation, materiality and prudence). Further it would be inappropriate to establish a DVA for one capital component cost for the New Facility.

Issue 7: Other

Issue 7.1 Is the proposed effective date appropriate?

Oshawa Power seeks rates effective January 1, 2026. It requested that if a decision is not issued by January 9, 2026, the OEB declare 2025 rates interim as of January 1, 2026, approve recovery of forgone revenues through rate riders over 12 months, and direct Oshawa Power to file a draft rate order.¹⁵⁶

The OEB declared 2025 rates interim on December 8, 2025.¹⁵⁷

OEB staff supported a January 1, 2026 effective date but submitted that foregone revenues be provided from the implementation date until the effective date of Oshawa Power's next rate order.¹⁵⁸ Conversely, AMPCO, Pollution Probe, and SEC recommended rates take effect the first day of the month following the final rate order.¹⁵⁹ SEC argued that Oshawa Power's material deficiencies and adversarial approach contributed to delays, making an earlier effective date inappropriate.¹⁶⁰

In its reply submission, Oshawa Power agreed with OEB staff and disagreed with submissions of AMPCO, Pollution Probe, and SEC. Oshawa Power noted that it met all of the OEB filing deadlines besides requesting an extension of two business days to file its reply submission. Further, Oshawa Power objected to SEC's suggestions that it adopted an adversarial approach in the proceeding and that the application was deficient in material ways.¹⁶¹

¹⁵⁵ Oshawa Power Reply Submissions, p. 79

¹⁵⁶ Oshawa Power Argument-in-Chief, p.31

¹⁵⁷ EB-2025-0014 Interim Rate Order, December 8, 2025

¹⁵⁸ OEB Staff Submission, p.34

¹⁵⁹ AMPCO Submission, p.16; Pollution Probe Submission; p.18; SEC Submission, p.44

¹⁶⁰ SEC Submission, p.44

¹⁶¹ Oshawa Power Reply Submission, pp.80-81

Findings

The OEB finds that the proposed effective date of January 1, 2026, is appropriate. The OEB has reduced the proposed capital and OM&A budgets contemplating a January 1, 2026, effective date and applying a different effective date would simply amount to an additional reduction in 2026. Oshawa Power is directed to propose an approach to recover the foregone revenue as a result of the effective date of January 1, as part of the draft rate order process.

Issue 7.2 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

As part of its previous cost of service, the OEB ordered the following directions as agreed to in the Settlement Proposal from that proceeding:

- a) In the spirit of further continuous improvements, Oshawa Power would continue to improve its distribution system planning process over the 2021-2025 period in cost effective ways to further improve its condition-based asset replacement strategy including incorporating a more risk-based asset prioritization process, which considers the preferences and long-term needs of customers in its service territory.¹⁶²
- b) Improving its ability to efficiently track the number of assets that it installs in a given year by major asset category so that execution of the distribution system plan could be more appropriately measured.¹⁶³
- c) Will qualitatively report on areas of realized cost efficiencies and distribution system planning improvements associated with its coordination with Oshawa and Durham as part of its current cost of service application.¹⁶⁴
- d) Use the metrics and targets for 2021 as set out at Appendix F of the EB-2020-0048 Settlement Proposal. As these were new metrics for Oshawa Power, the targets included in Appendix F only related to 2021. Oshawa Power could update these targets after 2021 as it gained more experience. Oshawa Power agreed to file its performance on each of these metrics for 2021 to 2025 as part of its current cost of service rate application.¹⁶⁵

¹⁶² EB-2020-0048 Settlement Proposal, p.12

¹⁶³ *Ibid.*

¹⁶⁴ EB-2020-0048 Settlement Proposal, p.12

¹⁶⁵ EB-2020-0048 Settlement Proposal, p.39

Oshawa Power stated that it has complied with all relevant OEB directions from prior proceedings.¹⁶⁶

Pollution Probe acknowledged Oshawa Power's coordination with the City of Oshawa and the Regional Municipality of Durham on energy and emissions plans and requested confirmation in Oshawa Power's reply submission that this collaboration will continue or an explanation if it ceases.¹⁶⁷ Oshawa Power confirmed that it will continue with this approach.¹⁶⁸

OEB staff agreed that most prior directions were addressed but noted deficiencies in distribution system planning, reiterating that Oshawa Power should have included the New Facility expenditures in its Distribution System Plan and explained how other investments were planned around it,¹⁶⁹ a concern echoed by AMPCO, CCC, CCMBC, Pollution Probe, SEC, and VECC throughout their submissions. Oshawa Power disagreed based on the reasons it provided in its reply submission under Issue 1.1.¹⁷⁰

Findings

Oshawa Power has generally complied with OEB direction, however, its failure to address the implication of its New Facility as part of its Distribution System Plan, notwithstanding its stated intention to seek incremental capital funding for the New Facility at a later date, was not the best approach it could have taken. This approach added unnecessary complexity to the process and contributed to the delay in delivering a Decision and Order on its application.

¹⁶⁶ Oshawa Power Argument-in-Chief, p.31

¹⁶⁷ Pollution Probe Submission, p.18

¹⁶⁸ Oshawa Power Reply Submission, p.82

¹⁶⁹ OEB Staff Submission, pp.34-35

¹⁷⁰ Oshawa Power Reply Submission, p.81

5 IMPLEMENTATION

Oshawa Power shall file a draft rate order including an updated Revenue Requirement Workform and updated Tariff Schedule Bill Impact Model to reflect the findings in this Decision and Order. Oshawa Power should use the latest Time of Use pricing and Ontario Electricity Rebate when calculating its bill impacts.¹⁷¹ Oshawa Power should also update the Wholesale Market Services rate and the Rural or Remote Electricity Rate Protection charge.¹⁷²

The rates will be effective January 1, 2026. The OEB will determine the implementation date as part of the draft rate order stage.

All intervenors are eligible to apply for cost awards in this proceeding. The OEB has made provisions in this Decision and Order for intervenors to file their cost claims. The OEB will issue its cost awards decision after the steps outlined in the following Order section are completed.

¹⁷¹ [Ontario Energy Board Announces Changes to Electricity Prices for Households, Small Businesses and Farms](#), October 17, 2025

¹⁷² EB-2025-0299 [Decision and Order](#), December 11, 2025

6 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT

1. Oshawa PUC Networks Inc. shall file with the OEB and forward to intervenors and OEB staff a draft rate order with a proposed Tariff of Rates and Charges attached that reflects the OEB's findings in this Decision and Order, no later than **June 17, 2026**. Oshawa PUC Networks Inc. shall also include customer rate impacts and detailed information in support of the calculation of final rates in the draft rate order.
2. Intervenors and OEB staff shall file any comments on the draft rate order with the OEB, and forward to Oshawa PUC Networks Inc., no later than **June 24, 2026**.
3. Oshawa PUC Networks Inc. shall file with the OEB and forward to intervenors, responses to any comments on its draft rate order no later than **July 2, 2026**.
4. If Oshawa PUC Networks Inc. files an Incremental Capital Module application with the OEB pertaining to the New Facility during the IR term, it shall include an updated Distribution System Plan to demonstrate how it has reviewed and adjusted its capital spending priorities to minimize the need for incremental capital funding. In addition, Oshawa Power shall identify any operational savings associated with the New Facility.
5. Intervenors shall submit any cost claims to the OEB and forward them to Oshawa PUC Networks Inc. by **July 9, 2026**.
6. Oshawa PUC Networks Inc. shall file with the OEB and forward to intervenors any objections to the claimed costs by **July 16, 2026**.
7. Intervenors to which Oshawa PUC Networks Inc. filed an objection to the claimed costs shall file with the OEB and forward to Oshawa PUC Networks Inc. any responses to any objections for cost claims by **July 23, 2026**.
8. Oshawa PUC Networks Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.
9. Parties in receipt of confidential information shall destroy the information and execute a Certificate of Destruction, following the end of this proceeding. The Certificate must be filed with the Registrar and a copy sent to Oshawa PUC Networks Inc.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file numbers, **EB-2025-0014** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

For all electronic correspondence and materials relating to the cost of service application, parties must include Tyler Davids at Tyler.Davids@oeb.ca and OEB Counsel, Tobias Hobbins at Tobias.Hobbins@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto May 28, 2026

ONTARIO ENERGY BOARD

Ritchie Murray
Registrar

SCHEDULE A

**OSHAWA POWER AVOIDED RENT DEFERRAL
ACCOUNT (OPARDA) ACCOUNTING ORDER**

OSHAWA PUC NETWORKS INC.

EB-2025-0014

MAY 28, 2026

Oshawa PUC Networks Inc.

Draft Accounting Order

Account 1508 – Other Regulatory Assets, Sub-account Oshawa Power Avoided Rent Deferral

Account (“OPARDA”)

Oshawa PUC Networks Inc. (Oshawa Power) shall establish the new deferral account, “Oshawa Power Avoided Rent Deferral Account”, effective January 1, 2027, to record avoided rent costs resulting from its conclusion and/or reduction of lease arrangements as it transitions from existing operational spaces to occupy a New Facility in 2027. Amounts entered in the OPARDA will be credit entries to the benefit of ratepayers, calculated based on Oshawa Power’s most recent Cost of Service rent costs for facilities no longer leased, escalated by Oshawa Power’s Price Cap Index up to the year 2027, which will be further inflated by IRM increases until Oshawa Power’s next rebasing, and pro-rated for any partial years. Amounts will be credited to the OPARDA on an annual basis. Carrying charges will be applied to the OPARDA on a monthly basis at the Ontario Energy Board’s (OEB) prescribed rates.

Balances in the OPARDA sought for disposition are subject to an OEB prudence review, which will require the presentation of appropriate supporting documentation. Oshawa Power will make credit entries to the OPARDA from 2027 through to its next Cost of Service application, at which time Oshawa Power will recommend either the continuance or discontinuance of the Sub-Account, and the OEB will make a determination in that matter.

Annual Entries:

Cr: 1508	Sub-Account OPARDA
Dr: 4080	Distribution Services Revenue
To record the rent costs included in distribution rates which are no longer incurred on an actual basis	
Cr: 1508	Sub-Account OPARDA
Cr: 4405	Interest Income
To record Carrying Charges associated with amounts recorded in Sub-Account OPARDA	