



BY EMAIL AND WEB POSTING

September 3, 2026

To: All Rate-Regulated Electricity Distributors
Participants in EB-2025-0108 and EB-2026-0002

Re: **Spending Pattern Analysis (EB-2025-0108) and Next Generation Rate Framework (EB-2026-0002) Consultations**

What You Need to Know

- **The Ontario Energy Board (OEB) thanks stakeholders for their feedback on the Spending Pattern Analysis (SPA) report and has considered the key themes raised in the 13 written submissions received.**
- **Stakeholder feedback generally supports the view that spending patterns should be assessed in context and that any potential changes to rate-setting approaches should be considered through the Next Generation Rate Framework consultation.**
- **Feedback from the SPA consultation will inform the Next Generation Rate Framework consultation. The OEB will notify stakeholders when this consultation resumes in early 2027.**

The OEB initiated the SPA consultation in 2025 to engage stakeholders in a review of electricity distributors' spending patterns. The consultation aimed to support improvements to the OEB's approach to rate regulation.

The SPA report, issued January 8, 2026, examines Ontario's electricity distributors' spending patterns and capitalization policies under the current rate framework using an empirical research methodology. Drawing on stakeholder feedback, the report identifies common patterns in capital and operating expenditures during rate terms. Trends in the capitalization of certain operations, maintenance and administration expenses are also

discussed, with a particular focus on those for asset repair and fieldwork. Potential adjustments to ratemaking frameworks to better address spending patterns and capitalization issues are also examined.

The OEB invited stakeholders to provide input on the SPA report and received 13 written submissions. The OEB thanks stakeholders for their feedback and has considered the key themes raised in the submissions received. While perspectives differ, the submissions suggest most stakeholders largely agree on the following:

- Skewed spending patterns may reflect operational realities, regulatory design, policy responses and evolving sector needs.
- A skewed spending pattern on its own does not warrant targeted or across-the-board remedies; any consideration of new or refined approaches to rate-setting should occur within the Next Generation Rate Framework consultation.
- Regulatory oversight should allow flexibility and account for policy shifts, geopolitics, unforeseen events such as COVID-19 impacts, supply-chain constraints and rapid electrification.
- Data limitations and lack of access to working papers constrain stakeholders' ability to fully assess the empirical analysis. Two stakeholders noted that access to underlying data would support more comprehensive feedback and enhance transparency.

As recommended by stakeholders, the OEB will consider feedback related to the SPA report as it develops options and proposals for the Next Generation Rate Framework consultation, which is currently anticipated to resume in early 2027.

Materials related to the Next Generation Rate Framework consultation are available at [Next Generation Rate Framework | Engage with Us](#). Materials related to the now completed SPA consultation are available at [Spending Pattern Analysis | Engage with Us](#).

If you have any questions related to this letter, please email nextgenPBR@oeb.ca.

Yours truly,

Ritchie Murray
Registrar