



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

DECISION AND ORDER

EB-2019-0158

**In the matter of Distribution Rate Protection effective
July 1, 2019**

BY DELEGATION BEFORE: Theodore Antonopoulos

June 20, 2019

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1 INTRODUCTION AND SUMMARY

In 2017, through amendments to the *Ontario Energy Board Act, 1998* (OEB Act) and a new Regulation (the DRP Regulation),¹ the Government of Ontario established the Distribution Rate Protection (DRP) program for residential customers who live in areas with higher distribution costs, funded through provincial revenues.

This Decision and Order establishes the maximum monthly base distribution charge that utilities subject to the DRP program can charge an eligible residential customer for consumption on or after July 1, 2019. The maximum charge will remain at \$36.86 per month.

Amendments to utility-specific tariffs of rates and charges to reflect the above change are not required.

¹ Section 79.3 of the OEB Act and Ontario Regulation 198/17 (Distribution Rate-Protected Residential Consumers).

2 THE PROCESS

The calculation of the maximum monthly base distribution charge for DRP customers is largely a mechanistic exercise. Accordingly, this Decision and Order is being issued by a delegated decision-maker without a hearing pursuant to subsection 6(4) of OEB Act. The rate established in this Decision and Order will apply to electricity consumed on or after July 1, 2019.

3 ANALYSIS

Eligibility for the DRP is prescribed in the DRP Regulation. Eligible residential customers served by the following utilities qualify for the DRP:

Utility	Class
Algoma Power Inc.	Residential – R1
Atikokan Hydro Inc.	Residential
Chapleau Public Utilities Corporation	Residential
Hydro One Networks Inc.	Residential – R1 and R2
InnPower Corporation	Residential
Lakeland Power Distribution Ltd. (former Parry Sound Power service area)	Residential
Northern Ontario Wires Inc.	Residential
Sioux Lookout Hydro Inc.	Residential

The DRP program provides for a cap on the amount that can be charged for base distribution charges, which consist of the base monthly fixed service charge and, for those distributors that still have one, the base variable distribution charge as well. The OEB calculates the cap or maximum monthly base distribution charge based on the parameters outlined in the DRP Regulation. The first determination under the DRP Regulation was made on June 22, 2017 and applied to electricity consumed on or after July 1, 2017.² The DRP Regulation requires the OEB to establish the maximum charge at least once a year.

The DRP Regulation requires the OEB to set the maximum amount as the greater of: (a) the lowest of the monthly base distribution charges that were established in a rate order since the OEB's last determination of the maximum amount; and (b) the previously approved maximum amount. The last time the OEB approved a maximum

² Decision and Order, in the matter of the RRRP and DRP for July 1, 2017, EB-2017-0234, June 22, 2017.

amount was on June 21, 2018, for electricity consumption beginning on July 1, 2018. That maximum amount was \$36.86.³

All rate riders and adders, including those that are intended to recover a distributor's costs, are excluded from the calculation of the maximum base distribution charge and from the actual monthly base distribution charge to which the maximum charge will be compared in order to determine which one of the two charges will be billed to eligible customers.

All eight distributors named in the DPR Regulation have had rates approved by the OEB since the last OEB determination of the maximum monthly base distribution charge. The OEB has used the approved distribution charges of these distributors to set the maximum monthly base distribution charge that will be effective July 1, 2019.

The eight named distributors are at various stages of their transition to fully fixed residential distribution rates. For four of the eight named distributors (identified by an asterisk below), the monthly base distribution charge is based on a fully fixed charge. For the others, the monthly base distribution charge was calculated based on the 2019 approved monthly fixed charge divided by the percentage of revenue for the class collected through the fixed monthly service charge in the most recent application filed by each of the subject utilities. For example, if the approved 2019 monthly fixed charge is \$20.00 and 65% of the class revenue is currently collect by the monthly fixed service charge (with the remainder collected by the volumetric charge), the monthly base distribution charge would be $\$20.00 / .65 = \30.77 . This is used as a proxy for a fully fixed distribution charge.

³ Decision and Order, in the matter of Distribution Rate Protection effective July 1, 2018, EB-2018-0192, June 21, 2018.

2019 Monthly Base Distribution Charge for Named LDCs (Fully Fixed or Equivalent)

LDC	Fully Fixed (or Equivalent) Monthly Base Distribution Charge
Algoma Power Inc.**	\$57.46
Atikokan Hydro Inc.	\$47.59*
Chapleau Public Utilities Corporation	\$50.19
Hydro One Networks Inc.**	R1 - \$57.40, R2 - \$69.56
InnPower Corporation	\$43.70
Lakeland Power Distribution Ltd. (former Parry Sound Power service area)	\$34.09*
Northern Ontario Wires Inc.	\$37.44*
Sioux Lookout Hydro Inc.	\$47.88*

* Monthly base distribution charge based on a fully fixed charge

** Reflects funding from the Rural or Remote Electricity Rate Protection program

4 FINDINGS

The OEB has determined that of the eight utilities that had rates approved since the OEB's last determination of the DRP amount, the one with the lowest charge calculated on a fully fixed basis is Lakeland Power (former Parry Sound Power service area) at \$34.09 per month. This amount is lower than the currently approved amount of \$36.86 per month. Accordingly, \$36.86 will remain the maximum monthly base distribution charge for DRP-eligible customers.

This means that a distributor must charge a DRP-eligible customer the lower of the amount the customer would owe for base distribution charges for the month as determined by the distributor in the normal course and the maximum charge of \$36.86. To illustrate, for Lakeland Power (former Parry Sound Power service area), whose approved fully fixed base distribution charge of \$34.09 is currently lower than the \$36.86 cap, the \$34.09 would apply.

5 ORDER

IT IS ORDERED THAT:

1. Algoma Power Inc., Atikokan Hydro Inc., Chapleau Public Utilities Corporation, Hydro One Networks Inc., InnPower Corporation, Lakeland Power Distribution Inc., Northern Ontario Wires Inc. and Sioux Lookout Hydro Inc. shall not charge eligible Distribution Rate Protection customers more than \$36.86 for monthly base distribution charges for electricity consumed on or after July 1, 2019.

DATED at Toronto June 20, 2019

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

SCHEDULE A

DECISION AND ORDER

EB-2019-0158

**COMMUNICATION TO DISTRIBUTORS REGARDING THE
DISTRIBUTION RATE PROTECTION PROGRAM**

JUNE 20, 2019



Ontario Energy Board | Commission de l'énergie de l'Ontario

EB-2019-0158

BY EMAIL

June 20, 2019

To: Algoma Power Inc., Atikokan Hydro Inc., Chapleau Public Utilities Corporation, Hydro One Networks Inc., InnPower Corporation, Lakeland Power Distribution Inc., Northern Ontario Wires Inc. and Sioux Lookout Hydro Inc.

Re: Distribution Rate Protection

On June 20, 2019 the Ontario Energy Board (OEB) issued a Decision and Order establishing the maximum monthly base distribution charge for eligible residential customers under the Distribution Rate Protection program, pursuant to section 79.3 of the *Ontario Energy Board Act, 1998* (EB-2019-0158).

Effective for electricity consumed on or after July 1, 2019, the maximum monthly base distribution charge for eligible customers shall be \$36.86.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary