



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

DECISION AND RATE ORDER

EB-2023-0119

**IN THE MATTER OF DISTRIBUTION RATE PROTECTION
(DRP) EFFECTIVE JULY 1, 2023**

BY DELEGATION, BEFORE: Theodore Antonopoulos
Vice President, Applications Division

May 30, 2023



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1 INTRODUCTION AND SUMMARY

In 2017, through amendments to the *Ontario Energy Board Act, 1998* (OEB Act) and related 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, 2023. The maximum base distribution charge has increased by 3.7%, from \$38.08 per month in 2022 to \$39.49 effective July 1, 2023.

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 the OEB Act. The charge established in this Decision and Order will apply to electricity consumed on or after July 1, 2023.

3 ANALYSIS

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

Distributor	Rate Class
Algoma Power Inc.	Residential – R1
Atikokan Hydro Inc.	Residential
Chapleau Public Utilities Corp.	Residential
Hydro One Networks Inc.	Residential – R1 and R2
InnPower Corp.	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 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. The OEB calculates the cap or maximum monthly base distribution charge based on the parameters outlined in the DRP Regulation. The DRP Regulation requires the OEB to establish the maximum charge annually.

The DRP Regulation requires the OEB to set the maximum amount as the greater of: (a) the lowest of the monthly base distribution charges for the rate classes shown in the table above that were established in a rate order since the OEB's last determination of the maximum amount; and (b) the previously approved maximum amount, adjusted by the OEB's inflation factor for electricity distributors. The requirement to include an inflation adjustment in the calculation was introduced through amendments² to the DRP Regulation that came into force on April 5, 2022.

² O. Reg. 287/22

In the last DRP decision and order dated June 16, 2022, the OEB approved a maximum amount of \$38.08 for electricity consumption beginning on July 1, 2022. Adjusting that amount by the OEB's approved 2023 inflation factor for electricity distributors of 3.7%³ results in \$39.49.

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. These rate riders and adders are also excluded from the calculation of the actual monthly base distribution charge to which the maximum base distribution charge is compared.

All eight distributors named in the DPR Regulation have had rates approved by the OEB since the last OEB's determination of the maximum monthly base distribution charge. The OEB has used the approved distribution charges of these distributors to calculate the maximum monthly base distribution charge that will be effective July 1, 2023.⁴

³ 2023 Inflation Parameters, issued October 20, 2022

⁴ The first step in setting the maximum base distribution charge is to determine which of the eligible distributors has the lowest approved monthly base distribution charge, "calculated by the Board as a fixed amount using base distribution rates". In previous years, for those distributors that had not transitioned to fully fixed residential distribution rates, the OEB calculated a blended amount as a "proxy" for a fully fixed charge. Hydro One is the only one of the eight distributors that has not completed the transition to fully fixed rates. This year, it is not necessary to calculate the proxy amount for Hydro One, because the approved fixed portion of the Hydro One monthly charge is well above \$39.49, this year's maximum charge.

2023 Monthly Distribution Charge for Named Distributors

LDC	Fixed Charge	Variable Rate
Algoma Power Inc. †	\$62.11	n/a
Atikokan Hydro Inc.	\$52.45	n/a
Chapleau Public Utilities Corporation	\$57.01	n/a
Hydro One Networks Inc.†*	R1 - \$58.22 R2 - \$58.14	R1 - \$0.0053 R2 - \$0.00187
InnPower Corporation	\$48.13	n/a
Lakeland Power Distribution Ltd. (former Parry Sound Power service area)	\$37.85	n/a
Northern Ontario Wires Inc.	\$41.81	n/a
Sioux Lookout Hydro Inc.	\$53.16	n/a

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

* Does not include the Base Rate Adjustment to Recover Past Tax Amounts - effective until June 30, 2023.

4 FINDINGS

Of the eight utilities that had rates approved since the OEB's last determination of the DRP amount, Lakeland Power (former Parry Sound Power service area) has the lowest monthly charge on a fully fixed basis at \$37.85 per month. This amount is lower than the inflation-adjusted DRP amount of \$39.49 per month. Accordingly, \$39.49 will be 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 approved base distribution charge for the month as determined by the distributor in the normal course and the maximum charge of \$39.49. As Lakeland Power's (former Parry Sound Power service area) approved fully fixed base distribution charge of \$37.85 is lower than the \$39.49 cap, the charge of \$37.85 applies in Lakeland Power's case.

The DRP amount is not currently shown on utility-specific tariffs of rates and charges; updates to the tariffs are therefore not required. The OEB will however require applicable electricity distributors (other than Lakeland Power, which is not affected by the change to the maximum charge) to notify affected customers of the change to the maximum charge.

5 ORDER

IT IS ORDERED THAT:

1. The maximum monthly base distribution charge for eligible Distribution Rate Protection customers is \$39.49 for electricity consumed on or after July 1, 2023.
2. Algoma Power Inc., Atikokan Hydro Inc., Chapleau Public Utilities Corporation, Hydro One Networks Inc., InnPower Corporation, Northern Ontario Wires Inc. and Sioux Lookout Hydro Inc. shall notify their affected customers of the rate change no later than the delivery of the first bill reflecting the new rates.

DATED at Toronto May 30, 2023

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

SCHEDULE A

DECISION AND ORDER

EB-2023-0119

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

MAY 30, 2023



Ontario
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BY EMAIL

May 30, 2023

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

Re: Distribution Rate Protection – OEB file number EB-2023-0119

On May 30, 2023 the Ontario Energy Board (OEB) issued a Decision and Order (EB-2023-0119) establishing the maximum monthly base distribution charge for eligible residential customers under the Distribution Rate Protection program (DRP), pursuant to section 79.3 of the *Ontario Energy Board Act, 1998* (EB-2023-0119).

Effective for electricity consumed on or after July 1, 2023, the maximum monthly base distribution charge for eligible customers is \$39.49. The DRP amount is not currently shown on utility-specific tariffs of rates and charges; updates to the tariffs are therefore not required. The Decision and Order requires applicable electricity distributors (other than Lakeland Power Distribution Ltd., whose OEB-approved base distribution charge for the former Parry Sound Power service area is lower than the new maximum charge and is therefore not affected by the change) to notify affected customers of the change to the maximum charge no later than the delivery of the first bill reflecting the new rates.

Yours truly,

Nancy Marconi
Registrar