



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

DECISION AND ORDER

EB-2025-0133

**In the matter of Distribution Rate Protection,
effective July 1, 2025**

By Delegation Before: Theodore Antonopoulos
Vice President
Major Applications

June 17, 2025

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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 (DRP consumers).

This Decision and Order establishes the maximum monthly base distribution charge that distributors subject to the DRP program can charge an eligible residential customer for consumption on or after July 1, 2025. The maximum monthly base distribution charge has increased by 3.60%, from \$41.39 per month in 2024 to \$42.88 effective July 1, 2025.

¹ Section 79.3 of the OEB Act and O. Reg. 198/17, Distribution Rate-Protected Residential Consumers, made under the OEB Act (DRP Regulation).

2 THE PROCESS

The calculation of the maximum monthly base distribution charge for DRP consumers 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, 2025.

3 ANALYSIS

Eligibility for the DRP is prescribed in the DRP Regulation. Table 1 below identifies the distributors that are subject to the DRP and their DRP-eligible residential customers:

Table 1: Distributors Subject to the DRP

Distributor	Rate Class
Algoma Power Inc.	Residential – R1
Atikokan Hydro Inc.	Residential
Hydro One Networks Inc. ² (including Chapleau Public Utilities Corporation service area)	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

In a 2024 decision³, the OEB approved the acquisition of Chapleau Public Utilities Corporation by Hydro One Networks Inc. Since then, all former Chapleau Public Utilities Corporation customers are now mapped to corresponding Hydro One Networks Inc. rate classes. Any eligible customers who were previously subject to the DRP will continue to be eligible as Hydro One Networks Inc. customers going forward.

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.

² EB-2023-0328, Decision and Order, April 18, 2024

³ *Ibid.*

The DRP Regulation requires the OEB to set the maximum amount as the greater of: (a) the lowest of the actual 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 amendments⁴ to the DRP Regulation that came into force on April 5, 2022.

In the last DRP Decision and Order⁵, dated May 30, 2024, the OEB approved a maximum amount of \$41.39 for electricity consumption beginning on July 1, 2024. Adjusting that amount by the OEB's approved 2025 inflation factor for electricity distributors of 3.60%⁶ increases the amount to \$42.88. The OEB notes that the inflation factor for 2026 rates was issued on June 11, 2025, set at 3.70%. The OEB has applied the 2025 inflation factor, as this rate applies to the 2025 rate year. The updated DRP maximum charge, approved in this Decision and Order, is to take effect on July 1, 2025.

All rate riders and adders, including those that are intended to recover a distributor's costs, are excluded from the calculation of the maximum monthly 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 monthly base distribution charge is compared.

All distributors named in Table 1 above have had rates approved by the OEB since the OEB's last determination of the maximum monthly base distribution charge (including Chapleau Public Utilities Corporation, which all former customers have now been mapped to corresponding Hydro One Networks Inc. rate classes). The OEB has used the actual distribution charges of these distributors to determine the maximum monthly base distribution charge that will be effective July 1, 2025.

⁴ O. Reg. 287/22, Amending O. Reg. 198/17 (Distribution Rate-Protected Residential Customers), made under the OEB Act.

⁵ EB-2024-0133

⁶ 2025 Inflation Parameters, issued June 20, 2024

Table 2: 2025 Actual Monthly Base Distribution Charge for Named Distributors

Distributor	Charge
Algoma Power Inc. ⁷	\$67.36
Atikokan Hydro Inc.	\$55.28
Hydro One Networks Inc. ⁸ (including Chapleau Public Utilities Corporation service area)	R1 - \$71.05 R2 - \$83.46
InnPower Corporation	\$47.33
Lakeland Power Distribution Ltd. (former Parry Sound Power service area)	\$40.01
Northern Ontario Wires Inc.	\$54.22
Sioux Lookout Hydro Inc.	\$57.72

All seven distributors in Table 2 have transitioned to fully fixed distribution charges and do not have a variable rate. As a mitigation measure, Hydro One Networks Inc.'s formerly seasonal customers who have been moved into the R2 rate class will continue to have a volumetric distribution rate component until 2031. The DRP program applies only to year-round residential customers who maintain eight months of continuous occupation of a dwelling over the year.⁹

The DRP program for Algoma Power Inc. and Hydro One Networks Inc. includes the funding for Rural or Remote Electricity Rate Protection. The Independent Electricity System Operator collects this charge to pay certain electricity distributors who provide electricity service in rural and remote areas. It helps to offset the higher cost of providing service to consumers in those areas.¹⁰

⁷ Reflects funding from the Rural or Remote Electricity Rate Protection program

⁸ Reflects funding from the Rural or Remote Electricity Rate Protection program for the R2 rate class

⁹ O. Reg. 198/17 subsection 2(1)

¹⁰ EB-2024-0282, Decision and Order, December 10, 2024

4 FINDINGS

For electricity consumed on or after July 1, 2025, the maximum monthly base distribution charge for DRP-eligible consumers is \$42.88. A distributor named in the DRP Regulation must charge a DRP-eligible consumer the lower of the distributor's approved (i.e., actual) base distribution charge for the month as determined by the distributor in the normal course and the maximum monthly base distribution charge of \$42.88 (as calculated by the OEB).

Of the distributors that had rates approved since the OEB's last determination of the DRP amount, Lakeland Power Distribution Ltd. (for the former Parry Sound Power service area) has the lowest actual monthly base distribution charge on a fully fixed basis set at \$40.01. As this amount of \$40.01 is lower than the maximum monthly base distribution charge of \$42.88 for DRP-eligible consumers, Lakeland Power Distribution Ltd. (for the former Parry Sound Power service area) is not affected by the change. As such, the actual monthly base distribution charge of \$40.01 applies in Lakeland Power Distribution Ltd.'s case.

The DRP amount is not currently shown on distributor-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 Distribution Ltd., whose customers are not affected by this decision) 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 consumers is \$42.88 for electricity consumed on or after July 1, 2025.
2. Algoma Power Inc., Atikokan Hydro Inc., Hydro One Networks Inc. (including Chapleau Public Utilities former service area), 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, June 17, 2025

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar

SCHEDULE A
DECISION AND ORDER

EB-2025-0133

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

JUNE 17, 2025



Ontario
Energy
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de l'Ontario

BY EMAIL

June 17, 2025

To: Algoma Power Inc., Atikokan Hydro Inc., 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-2025-0133

On June 17, 2025, the Ontario Energy Board (OEB) issued a Decision and Order¹ establishing the maximum monthly base distribution charge for eligible residential customers under the Distribution Rate Protection (DRP) program. This Decision and Order was made pursuant to section 79.3 of the *Ontario Energy Board Act, 1998*.

Effective for electricity consumed on or after July 1, 2025, the maximum monthly base distribution charge for eligible customers is \$42.88. 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 to notify affected customers of the change to the maximum charge no later than the delivery of the first bill reflecting the new rates. 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, is not affected by the change.

Yours truly,

Ritchie Murray
Acting Registrar

¹ EB-2025-0133