

July 19, 2022

Ontario Energy Board Issues Decision on Cooperative Hydro Embrun's Application to Change its Electricity Distribution Rates

On July 19, 2022, the Ontario Energy Board (OEB) issued its [Decision and Order](#) regarding an application by Cooperative Hydro Embrun Inc. (Hydro Embrun) to change its electricity distribution rates effective January 1, 2023.

Hydro Embrun asked the OEB to approve its rates using the Price Cap Incentive rate-setting (IR) option. Following the OEB's decision on this application, Hydro Embrun's rates will be set for 2023 and it can apply to have its rates adjusted in each of the following four years (2024-2027) based on inflation and the OEB's assessment of Hydro Embrun's efficiency.

Hydro Embrun provides electricity distribution services to approximately 2,500 customers in the Town of Embrun. Structured as a cooperative, membership is open and voluntary. Profits are either reinvested for infrastructure or distributed to members in the form of dividends.

Hydro Embrun, the Vulnerable Energy Consumers Coalition (VECC) (the sole intervenor in the proceeding) and OEB staff participated in a two-day settlement conference on May 16 and 17, 2022. Through the interrogatory and settlement process, Hydro Embrun agreed to certain adjustments to its original application. The parties reached full settlement on all issues in the proceeding and a settlement proposal was filed on June 24, 2022. Nearly all OEB hearings on major rate applications include settlement conferences, with many reaching full settlement on all issues.

Decision

The OEB approved the [settlement proposal](#), noting that it provides an acceptable basis on which to establish just and reasonable rates for 2023. The approved effective date for new rates is January 1, 2023.

Based on the approved settlement proposal, the total bill impact for a typical residential customer with a monthly consumption of 750 kWh would be a decrease of approximately 1.2% per month. Actual bill impacts will not be known until OEB approval of Hydro Embrun's rate order.

Because Hydro Embrun's application was filed and resolved relatively early in the year, some of the OEB-approved values of elements that go into the calculation of a utility's rates (such as the cost of capital) have yet to be updated by the OEB for 2023.¹ The OEB has directed Hydro Embrun to file a draft rate order, including updated customer rate impacts and detailed information in support of the calculation of final rates no later than 10 days after the later of the date on which the OEB issues its cost of capital parameters for rates effective January 1, 2023 and the date on which updated Regulated Price Plan pricing is announced.

About the OEB

¹ Every year (typically in the fall) the OEB updates certain OEB-approved values that go into the calculation of a utility's rates. These include cost of capital parameters (return on equity, deemed long-term debt rate and deemed short-term debt rate) and updates (if any) to the Regulated Price Plan (electricity commodity prices for a 12-month period typically starting November 1), the latter of which is relevant to the working capital calculation.

The OEB is the independent regulator of Ontario's electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario's economic, social and environmental development.

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Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decisions and is not for use in legal or regulatory proceedings. It is not part of the OEB's reasons for the decision; those may be found in the Decision and Order issued today, which is the official OEB document.

