

Ontario Energy Board issues Decision on Milton Hydro's electricity distribution rate application

Today the Ontario Energy Board (OEB) issued its [Decision and Order](#) approving changes to Milton Hydro Distribution Inc. (Milton Hydro) electricity distribution rates effective January 1, 2023.

As a result of this Decision, the estimated total bill impact for a typical residential customer with a monthly consumption of 750 kWh will be an increase of approximately \$4.54 or 3.57% per month for 2023, before taxes and the Ontario Electricity Rebate.

BACKGROUND

Milton Hydro provides electricity distribution services to approximately 43,000 residential, commercial, and industrial customers in the Town of Milton.

On April 18, 2022, Milton Hydro filed for approval of its proposed electricity distribution rates for five years, using the Price Cap Incentive¹ rate-setting option. With cost-based rates for 2023, Milton Hydro would be able to apply to have its rates adjusted mechanistically in each of the years 2024-2027, based on inflation and the OEB's assessment of Milton Hydro's performance.

Intervenors (the Parties) in the proceeding were:

- Consumers Council of Canada
- School Energy Coalition
- Vulnerable Energy Consumers Coalition
- J.O.L. Shewchun

Following a written interrogatory process, a settlement conference took place on August 2, 3 and 5, 2022.

On August 26, 2022, Milton Hydro filed a settlement proposal that represented a complete settlement on all issues between Milton Hydro and the Parties.

OEB staff filed a submission supporting the settlement proposal on September 2, 2022.

The OEB accepted the proposal as filed, noting that it addressed all issues in the proceeding, appropriately serves the public interest, and will result in just and reasonable rates.

¹ The Price Cap Incentive rate-setting option consists of a cost of service (or rebasing) followed by four years of incentive rate-setting mechanism (IRM) adjustments, set by a simple price cap index formula (i.e., I-X), where the X-factor is based on a combination of industry conditions (productivity component) and distributor-specific performance (stretch factor component).

Key features of the approved settlement proposal include:

- **Reduction** of 2022 bridge year capital additions by \$1.0 million resulting in a revised budget of \$10.9 million
- **Reduction** of 2023 test year capital expenditures by \$1.0 million resulting in a revised budget of \$8.9 million
- **Reduction** of 2023 test year Operations, Maintenance & Administration (OM&A) by \$1.9 million resulting in a revised budget of \$13.3 million
- **Reduction** of 2023 test year base revenue requirement by \$1.8 million resulting in a revised revenue requirement of \$22.9 million
- **Agreement** to bring the previously disallowed capital and OM&A costs associated with the office building at 200 Chisholm Drive into the determination of the 2023 revenue requirement excluding the capital additions related to the proposed control room in determining the 2023 rate base.
- **A commitment** by Milton Hydro to undertake an independent third-party review of its methodology to allocate common costs among its affiliates and produce a report as part of its next rebasing application. The intent of the study is to ensure that Milton Hydro's methodology to allocate costs between its affiliates is reasonable and complies with relevant provisions of the OEB's *Affiliate Relationship Code for Electricity Distributors and Transmitters*

About the OEB

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.

Contact Us

Media Inquiries

Phone: 416-544-5171

Email: oebmedia@oeb.ca

Consumer Inquiries

416-314-2455/1-877-632-2727

Ce document est aussi disponible en français.

This Backgrounder was prepared by OEB staff to inform Ontario's energy consumers about the OEB's decision 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.