

Hydro Hawkesbury Inc.

**Application for Electricity Distribution Rates beginning
January 1, 2024**

**INTERIM RATE ORDER
December 21, 2023**

The Ontario Energy Board is declaring interim the rates currently charged by Hydro Hawkesbury Inc. (HHI) to distribute electricity to its customers, effective January 1, 2024.

HHI serves approximately 5,600 mostly residential and commercial electricity customers in the Town of Hawkesbury. HHI last rebased by way of a Cost of Service distribution rate application for 2018 distribution rates, and was scheduled to file its next Cost of Service application for 2023 distribution rates.

On Feb 1, 2022 HHI submitted a letter to the OEB requesting a deferral of its 2023 Cost of Service application for one year. The OEB reviewed the letter and based on HHI's financial and service quality performance, approved this request in a letter dated March 9, 2022. HHI was placed on its list of distributors whose rates were scheduled to be rebased for the 2024 rate year. In that letter, the OEB advised that if the rebasing application is not filed by the commencement of the 2024 rate year, the OEB would declare HHI's rates interim until HHI files a rebasing application.

HHI advised the OEB in May 2023 of a delay in filing its 2024 Cost of Service application from April 28, 2023 to on or before July 31, 2023. The OEB acknowledged HHI's May 2, 2023 letter on May 3, 2023, and advised that any delays to the filing of HHI's application could affect the timing of the OEB's final decision in this matter and the implementation of rates on January 1, 2024.

On November 23, 2023, HHI advised the OEB that it was unable to file a 2024 Cost of Service application and requested that it be scheduled to file a Cost of Service application in 2024 for rates effective January 1, 2025. HHI indicated in its letter that it believes its recent OEB distributor scorecard metrics support a deferral. In that letter, HHI specifically noted that its return on equity (ROE) exhibits volatility due to its size. The OEB has reviewed HHI's letter and financial and service quality performance. HHI's ROE was above the approved ROE of 9% in 2019 and 2022, and under the approved

ROE in 2018, 2020 and 2021.¹ The average achieved ROE from 2018 to 2022 is 6.8%, which falls within 300 basis points of the OEB-approved ROE. The OEB recognizes that fluctuations of ROE can occur for small LDC's. The OEB also recognizes that HHI remains in the top tier of the OEB's efficiency ranking. The OEB approves HHI's request to rebase for rates effective January 1, 2025 and will place HHI on the schedule of distributors scheduled to rebase for 2025.

Nevertheless, the OEB is concerned by the increase in number of power outages and the length of time of the outages in recent years, as indicated on HHI's [performance scorecard](#). HHI indicated that this is due to extreme weather and loss of supply. In its 2025 Cost of Service application, HHI should provide an update including 2023 reliability metrics; trends on drivers within its control; and any measures that can be taken to improve reliability.

In keeping with its letter of March 9, 2022, the OEB declares HHI's rates interim as of January 1, 2024. In its letter, HHI acknowledged that it is not eligible to apply for either a Price Cap IR or an Annual IR adjustment for 2024. The OEB confirms that HHI is permitted to file an application to dispose of Group 1 DVAs effective May 1, 2024 if it chooses to do so. As part of the 2025 rate application, the OEB will consider HHI's 2024 ROE and determine if the rates for 2024 should be declared final, or whether any adjustment should be made.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. HHI's current Tariff of Rates and Charges is declared interim as of January 1, 2024 and until such time as a final rate order is issued by the OEB.

DATED at Toronto, **December 21, 2023**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

¹ 2022 Electric [Utility Scorecard](#).