



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

BY EMAIL

April 11, 2025

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Nancy Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission on IRM Request
ERTH Power Corporation
Application for 2025 Rates
OEB File Number: EB-2024-0021**

Please find attached OEB staff's submission on the IRM request in the above referenced proceeding, pursuant to Procedural Order No. 6.

Yours truly,

Original Signed By

Margaret DeFazio, P.Eng.
Electricity Distribution II

Encl.

cc: All parties in EB-2024-0021



ONTARIO ENERGY BOARD

OEB Staff Submission on IRM Request

ERTH Power Corporation

Application for 2025 Rates

EB-2024-0021

April 11, 2025

OEB Staff Submission

On October 11, 2024, ERTH Power Corporation (ERTH Power)¹ filed an incentive rate-setting (IRM) application with the Ontario Energy Board (OEB) under section 78 of the *Ontario Energy Board Act, 1998* seeking approval for changes to its electricity distribution rates to be effective May 1, 2025. ERTH Power has also applied for approval of an Incremental Capital Module (ICM) to support the purchase of property, design, construction, and furnishing of a new administrative and operational facility.

As outlined in Procedural Order No. 6, the ICM portion of the application will proceed by way of a written hearing with a decision to follow. OEB staff are not making a submission on the ICM at this time.

Price Cap Adjustment

Consistent with Chapter 3 of the Filing Requirements for Electricity Distribution Rate Applications, ERTH Power applied the Price Cap IR adjustment factor to adjust the monthly service charges and distribution volumetric rates during the incentive rate-setting years for both the Main Rate Zone and Goderich Rate Zone. The annual adjustment follows an OEB-approved formula that includes components for inflation and the OEB's expectations of efficiency and productivity gains. The components in the formula are approved by the OEB annually. The formula prescribes a rate adjustment equal to the inflation factor minus the distributor's X-factor.²

An inflation factor of 3.60% applies to all IRM applications for the 2025 rate year.³ The stretch factor assigned to ERTH Power is 0.30%,⁴ resulting in a rate adjustment of 3.30% based on the Price Cap adjustment formula.

OEB staff has no concerns with ERTH Power's proposed price cap adjustment for the Main Rate Zone or Goderich Rate Zone.

Shared Tax Adjustments

For ERTH Power's Main Rate Zone, the application identifies a total tax decrease of \$6,471, resulting in a shared amount of \$3,370 to be refunded to ratepayers. For the Goderich Rate Zone, there is a total tax decrease of \$6,503, resulting in a shared amount of \$3,252 to be refunded to ratepayers. The allocated tax sharing amount for each rate zone is too small to produce a rate rider to the fourth decimal place in any rate class. As a result, ERTH Power is required to transfer the OEB-approved tax sharing

¹ On December 20, 2018, the OEB approved an application (EB-2018-0082) to amalgamate ERTH Power Corporation and West Coast Huron Energy Inc. into ERTH Power, which included a proposal to defer rebasing for nine years.

² Chapter 3 – Filing Requirements for Electricity Distribution Rate Applications, p. 6

³ [OEB Letter, 2025 Inflation Parameters, issued June 20, 2024.](#)

⁴ Empirical Research in Support of Incentive Rate-Setting: 2023 Benchmarking Update, Report to the Ontario Energy Board, July 2024 p. 23, Table 5.

amount into the Disposition and Recovery of Regulatory Balances Control Account (Account 1595) for disposition at a later time.

OEB staff does not have any concerns related to the shared tax adjustments in ERTH Power's application.

Retail Transmission Service Rates

ERTH Power's Main Rate Zone is partially embedded within Hydro One Networks Inc.'s distribution system while the Goderich Rate Zone is transmission connected. In its application, ERTH Power is requesting approval to adjust the Retail Transmission Service Rates (RTSRs) that it charges its customers in accordance with the preliminary Uniform Transmission Rates (UTRs) and host distributor RTSRs.

OEB staff has no concerns with ERTH Power's requested adjustments to its RTSRs.

Deferral and Variance Accounts Balance Disposition

OEB staff has reviewed the deferral and variance account balances proposed for disposition in both the Main Rate Zone and Goderich Rate Zone. OEB staff has no concerns with the proposed dispositions.

Low Voltage Service Rates

ERTH Power has requested, for the Main Rate Zone, that the Low Voltage Service Rates that it charges its customers be adjusted. OEB staff has no concerns with ERTH Power's proposed adjustment.

IRM Rate Generator Models

OEB staff has updated the IRM Rate Generator Models for both the Main Rate Zone and the Goderich Rate Zone to remove the adders for the ICM amount. The revised models, exclusive of the ICM request, are contained in Exhibits A and B respectively.

A typical residential customer with a monthly consumption of 750 kWh will see a total bill decrease of \$2.37 (1.71%) per month in the Goderich Rate Zone, and an increase of \$0.63 (0.46%) in the Main Rate Zone, before taxes and the Ontario Electricity Rebate.

~All of which is respectfully submitted~

SCHEDULE A

OEB Staff Submission on IRM Request

ERTH Power Corporation

IRM Rate Generator Model – Goderich Rate Zone

EB-2024-0021

SCHEDULE B

OEB Staff Submission on IRM Request

ERTH Power Corporation

IRM Rate Generator Model – Main Rate Zone

EB-2024-0021