

---

## The Ontario Energy Board issues decision on Synergy North Corporation's 2024 major rates application

### DECISION

Today, the Ontario Energy Board (OEB) issued its Decision and Rate Order on an application filed by Synergy North Corporation (Synergy North) for approval to change its electricity distribution rates effective May 1, 2024.

The estimated total bill impact of the approved change in rates for a typical residential customer with a monthly consumption of 750 kWh will be an increase of \$2.94 per month or 2.19% for the Thunder Bay rate zone, and a decrease of \$2.68 per month or 1.94% for the Kenora rate zone, before taxes and the Ontario Electricity Rebate.

### BACKGROUND

Synergy North distributes electricity to approximately 50,000 residential and 6,000 commercial customers in Thunder Bay and Kenora. Synergy North came into existence on January 1, 2019, following the amalgamation of Thunder Bay Hydro Electricity Distribution Inc. and Kenora Hydro Electric Corporation Ltd.

On August 16, 2023, Synergy North filed an application for approval of its proposed electricity distribution rates under the Price Cap Incentive Rate-setting option. Under this option, rates are set for the first year (in this case May 2024 to May 2025) based on an in-depth review of Synergy North's costs to serve its customers, following which Synergy North can apply to have its rates adjusted mechanistically in each of the following 4 years based on inflation and the OEB's assessment of the utility's efficiency.

The School Energy Coalition, Vulnerable Energy Consumers Coalition, Association of Major Power Consumers in Ontario and Consumers Council of Canada applied for and were granted intervenor status (collectively, with Synergy North, the Parties).

Following a written interrogatory process, a settlement conference was held November 20 and 21, 2023. Synergy North filed a settlement proposal on December 22, 2023 that reflected a comprehensive settlement by the Parties on all issues.

The OEB accepted the revised settlement proposal<sup>1</sup> as filed, having concluded that it should result in reasonable outcomes for both Synergy North and its customers. The OEB further noted that Synergy North had achieved key stated objectives of the merger of Thunder Bay Hydro and Kenora Hydro including operational efficiencies, cost savings and rate harmonization.

### KEY FINDINGS

Key aspects of the approved settlement proposal include:

- A \$600k reduction (2.8%) in the 2024 operating, maintenance and administration budget, resulting in a revised budget of \$20.8M

---

<sup>1</sup> Revised on February 18, 2024 to correct certain errors

- A \$500k reduction (3.4%) in the 2024 capital expenditures budget, resulting in a revised budget of \$14.4M
- Harmonization of rates for Thunder Bay rate zone and Kenora rate zone effective May 1, 2024

## REGULATORY TERMS

*The following is a list of some of the commonly used regulatory terms that appear in this Backgrounder, along with a plain language description for each.*

**Incentive regulation** (also referred to as an Incentive Regulation Mechanism or “IRM”) is a method of setting rates that encourages utilities to become more efficient in ways that will benefit their customers through better service and lower rate increases. The shareholders of the utilities also have the opportunity to benefit from higher earnings through efficiency improvements.

Electricity distributors typically file a cost-based application with the OEB to reset their rates every five years based on an in-depth review of their costs to serve their customers and to invest in and maintain their distribution systems. This is also referred to as “rebasement”.

In each year between cost-based applications, the utility's rates are typically adjusted through a pre-approved mechanism.

**Settlement Conference** – The purpose of a settlement conference is for the applicant and intervenors to try and settle (reach agreement on) as many issues as possible, other than any issues that the OEB has indicated should not be settled and should proceed to hearing.

Settlement negotiations are confidential.

Commissioners do not participate in a settlement conference and are not advised of the discussions that take place in the settlement conference.

Where the parties reach agreement, a settlement proposal is filed by the applicant for approval by the OEB.

## 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](mailto: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 decision; those may be found in the Decision and Order issued today, which is the official OEB document.