



PUBLIC INTEREST ADVOCACY CENTRE  
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**Alectra Utilities Corporation  
EB-2019-0018**

Submission  
of the  
Vulnerable Energy Consumers Coalition  
(VECC)

**CAPITALIZATION POLICY**

November 14, 2019

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**Vulnerable Energy Consumers Coalition**

**Public Interest Advocacy Centre**  
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## Submissions

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1. We have had the opportunity to review the submissions of the School Energy Coalition (SEC) and Board Staff. VECC endorses the main premise of both these arguments in that the Board should adopt the existing “1575/1576” methodology.
2. This framework has been adopted and utilized by a large number of Ontario LDCs. VECC has been a party in, if not all, almost every cost of service rebasing application since this policy was enacted. The circumstances in these application differed, but they did not address, as Alectra suggests, only with short-term transitions over the 2012-2013 time period. Utilities applying the 1575/1576 methodology have, depending upon the prior capitalization policy and the impact of applying IFRS accounting rules, refunded or collected significant amounts from ratepayers in the years following 2013. In this case there is a large refund to Enersource customers and an equally large debit to be collected in the Brampton rate zone. In our experience this is not unusual since the amounts are correlated to the capitalization policy applied prior to IFRS transition which in our experience has varied considerably among Ontario LDCs.
3. Were the Board to adopt the Applicant’s proposal then, by implication and in order to maintain policy consistency, a reconsideration of its decisions in a large number of prior cost of service proceedings would be in order.
4. Such a course of action is neither necessary nor warranted. Nothing in the amalgamation or the specific circumstances of the former utilities, or the deferred rate rebasing supports a change to the existing policy. We agree with Board Staff that no persuasive argument against the existing policy is raised which would support policy deviation or an exemption for Alectra.
5. Finally, we are compelled to reiterate the argument of SEC with respect to the suggestion that Alectra is unable to comply with the Board pre-existing policy because has not maintained records in accordance with Board requirements. This is not a position that should go unchallenged. The Board’s policy with respect to the accounting changes related to the change in capitalization brought about by the move to IFRS accounting were well established prior to the amalgamation of this Utility. Non-compliance to the Board’s requirements should not be ignored and certainly not rewarded in this case.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**