



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

FINAL RATE ORDER

EB-2019-0018

Alectra Utilities Corporation

**Application for rates and other charges to be effective
January 1, 2020**

**BEFORE: Emad Elsayed
Presiding Member**

**Lynne Anderson
Member**

**Michael Janigan
Member**

April 23, 2020

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1. INTRODUCTION AND SUMMARY

Alectra Utilities Corporation (Alectra Utilities) filed an incentive rate-setting mechanism (IRM) application with the Ontario Energy Board (OEB) on May 28, 2019 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) seeking approval for changes to its electricity distribution rates to be effective January 1, 2020. This application covered each of the former rate zones (RZs) of Enersource Hydro Mississauga Inc. (Enersource), PowerStream Inc. (PowerStream), Hydro One Brampton Networks Inc. (Brampton), Horizon Utilities Corporation (Horizon), and Guelph Hydro Electric System Inc. (Guelph).

As part of the OEB's Partial Decision and Order (Partial Decision), issued on January 30, 2020, the OEB provided Alectra Utilities with three suggested options if it wished to pursue incremental capital funding beyond what is in its current base rates. One of the three options was amending the current application to request incremental capital funding through an Incremental Capital Module (ICM). On February 27, 2020, Alectra Utilities responded that it will amend its current application to request an ICM. In light of Alectra Utilities' plan to file an amendment to the current application, on February 28, 2020, the OEB issued an Interim Rate Order that approved the Tariff of Rates and Charges for Alectra Utilities on an interim basis.

On April 14, 2020, Alectra Utilities filed a letter with the OEB which noted that the government of Ontario has declared a state of emergency in response to the COVID-19 global pandemic. Alectra Utilities stated that it no longer plans to seek incremental capital funding for 2020 as it has re-prioritized projects for 2020. As a result, Alectra Utilities requested that its current 2020 rate order be made final.

The OEB agrees with Alectra Utilities' request that the current interim rates be made final. This is the Final Rate Order for Alectra Utilities' distribution rates effective January 1, 2020.

2. RATE ORDER

The OEB approves on a final basis the Tariff of Rates and Charges that was issued with the Interim Rate Order on February 28, 2020. The approved Final Tariff of Rates and Charges is attached as Schedule A of this Final Rate Order.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Final Rate Order is approved.
2. The Accounting Order for the Guelph rate zone set out in Schedule B of this Final Rate Order is approved effective January 1, 2020.

DATED at Toronto, April 23, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary

Schedule A

To Final Rate Order

Tariff of Rates and Charges

OEB File Number: EB-2019-0018

Date: April 23, 2020

Schedule B

To Final Rate Order

Accounting Order for the Guelph Rate Zone

OEB File Number: EB-2019-0018

Date: April 23, 2020

ACCOUNTING ORDER

ACCOUNT 1508 OTHER REGULATORY ASSETS, SUB-ACCOUNT IMPACT OF POSTMERGER CAPITALIZATION POLICY CHANGES - GUELPH RATE ZONE

The purpose of the deferral account will be to record the financial differences arising as a result of the change to the capitalization policy for the Guelph Rate Zone ("GRZ"), effective January 1, 2020, as follows:

1. Alectra Utilities will record in this deferral account the cumulative difference between the property, plant and equipment ("PP&E") under the pre-merger capitalization policy and the PP&E under the post-merger capitalization policy. A journal entry to record the variance will be booked at the end of the fiscal year of each year, until the next cost of service rebasing year;
2. The amount of the cumulative variance recorded in this account will be recovered from, or refunded to, ratepayers in the next cost of service rebasing year;
3. Upon disposition of the balance in the deferral account, a rate of return component will be applied to the balance based on the disposition period to determine the amount to be used to calculate rate riders. The weighted average cost of capital to be used and rate of return component will be determined at the time the accounts are disposed; and
4. Interest carrying charges will not be applied to the deferral account.

A sample journal entry is provided below:

To record the financial differences arising from the change to the capitalization policy in GRZ:

Dr. 4080 Distribution Services Revenue GRZ

Cr. 1508 Sub-Account Impact of Post-Merger Capitalization Policy Changes GRZ