

November 18, 2020

**VIA RESS and EMAIL**

Ms. Christine E. Long  
Registrar  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4  
Email: registrar@oeb.ca

Dear Ms. Long;

**RE: ALECTRA UTILITIES CORPORATION (“ALECTRA UTILITIES”) INCENTIVE  
REGULATION MECHANISM (“IRM”) APPLICATION FOR 2021 ELECTRICITY  
DISTRIBUTION RATES AND CHARGES (EB-2020-0002) – 2021 INFLATION PARAMETERS**

On November 9, 2020, the Ontario Energy Board (“OEB”) issued a letter regarding the *2021 Inflation Parameters* (the “Letter”), that establishes the process for the implementation of the inflation factor for use in 2021 rate adjustment applications.

The OEB has calculated the 2021 inflation factor for electricity distributors to be 2.2%. Further, in light of the continued uncertainty regarding the severity and duration of the COVID-19 emergency, and its impact on electricity utilities and customers alike, the OEB is allowing utilities the discretion of: electing the calculated Input Price Index (“IPI”) level per the OEB-approved methodology (offset by the applicable stretch factor and other adjustments for some plans); a lower IPI value; or foregoing the inflationary increase entirely.

The Letter directs utilities that have filed applications for electricity distribution rates (“EDR”) effective January 1, 2021 to make their election by November 19, 2020, by filing a letter on the record of their 2021 rates proceeding.

Alectra Utilities elects to use the OEB’s calculated 2021 inflation factor of 2.2%, offset by Alectra Utilities’ assigned stretch factor of 0.3%, for a Price Cap Index (“PCI”) adjustment of 1.9% for 2021 EDR.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read 'Indy J. Butany-DeSouza'.

Indy J. Butany-DeSouza, MBA  
Vice President, Regulatory Affairs  
[indy.butany@alectrautilities.com](mailto:indy.butany@alectrautilities.com)

cc: Charles Keizer, Torys LLP