Rating Report
Alectra Inc.

DBRS Morningstar
July 9, 2020

Contents

Commercial Paper Limit
$500 million

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Ratings

Debt	Rating	Rating Action	Trend
Issuer Rating	A	Confirmed	Stable
Senior Unsecured Debentures	A	Confirmed	Stable
Commercial Paper	R-1 (low)	Confirmed	Stable

Rating Update

On June 29, 2020, DBRS Limited (DBRS Morningstar) confirmed Alectra Inc.'s (Alectra or the Company) Issuer Rating and Senior Unsecured Debentures rating at "A" and Commercial Paper (CP) rating at R-1 (low), all with Stable trends. The ratings of Alectra are based on the Company's regulated electricity-distribution operations, which provide the Company with very stable earnings and cash flow.

Alectra's business risk assessment remained stable in 2019, supported by the reasonable regulatory framework under the Ontario Energy Board (OEB). The Company has been allowed to defer rebasing until 2027, with rates to increase with inflation, less productivity and stretch factors, in between (1.7% for 2020). Alectra's financial risk assessment has also remained supportive of the current ratings. Given the regulated nature of the Company's operations, DBRS Morningstar expects the Company's key credit metrics to remain commensurate with the "A" rating range.

DBRS Morningstar had originally expected Alectra's earnings and cash flow to see a modest increase in 2020, in line with growth in the rate base. However, as a result of the ongoing Coronavirus Disease (COVID-19) pandemic, DBRS Morningstar now expects a modest decrease for the Company. This impact is partly mitigated by (1) a high proportion of Alectra's revenues being fixed (65% of 2019 revenues), including for all residential customers, and (2) deferral accounts approved by the OEB for all Ontario utilities to accrue any costs or lost revenues arising from the coronavirus, with recovery subject to OEB approval. Overall, DBRS Morningstar expects key credit metrics for the Company to remain stable in 2020 and in line with the "A" ratings. A positive rating action is unlikely in the near term given the uncertainty caused by the coronavirus. A negative rating action could occur if Alectra's key credits metrics weaken to a level no longer commensurate with the current ratings.

Financial Information

	12 months ending March 31	For the year ended December 31		
	2020	2019	2018	2017
Total debt in capital structure[1, 2]	62.3%	60.9%	60.9%	61.2%
Cash flow/Total debt[2]	13.9%	14.4%	15.3%	13.2%
EBIT gross interest coverage (times)[2]	2.45	2.59	2.93	3.08

1 Equity excludes goodwill resulting from the amalgamation of PowerStream, Horizon and Enersource, and the acquisition of Guelph Hydro.
2 Adjusted for operating leases.

Issuer Description

Alectra is the largest municipally owned electricity distribution company in Ontario, with over 1 million customers. Its service franchise areas include Mississauga, Markham, Richmond Hill, Vaughan, Barrie, St. Catharines, Hamilton, Brampton, and Guelph.

Rating Considerations

Strengths

1. Stability from regulated business

Approximately 96.3% of the Company's assets is in the regulated distribution business, which generates stable cash flow. The regulated electricity distribution business operates under a reasonable regulatory framework in Ontario.

2. Strong franchise area with good growth

Alectra's franchise area is one of the strongest in Ontario, with above-average customer growth that has helped to offset energy conservation pressure on consumption volumes. The customer mix is also favourable, with residential customers accounting for approximately 90% of total customers. Residential customers reduce the Company's exposure to cyclicality.

3. Solid financial profile

Alectra's key credit metrics are reasonable for the current rating category. For the last 12 months ending March 31, 2020 (LTM 2020), all three of the Company's key credit metrics of cash flow-to-debt, debt-to-capital and EBIT-interest coverage (13.9%, 62.3%, and 2.45 times (x), respectively) were in the "A" rating category.

Challenges

1. Operational challenges and performance pressure under IR

Under performance-based regulation, Alectra must forecast its operating, maintenance, and administrative expenses as well as its capital investment for a specified time period. As a result, earnings and cash flows could be negatively affected by large unforeseen discrepancies between forecast and actual costs. Additionally, under the Price Cap Incentive Rate-Setting (IR) method, annual rate increases are based on a regulatory formula that includes inflation, a productivity factor, and a stretch factor. Alectra Utilities Corporation (AUC), the regulated utility, must achieve productivity at least equal to the regulatory productivity and stretch factor in order to achieve the allowed return on equity (ROE). However, DBRS Morningstar views earnings pressure as manageable given that the rate adjustment parameters for the productivity and stretch factors for 2019 and 2020 were reasonable, at 0.0% and 0.3% in both years, respectively.

2. Exposure to higher-risk nonregulated business

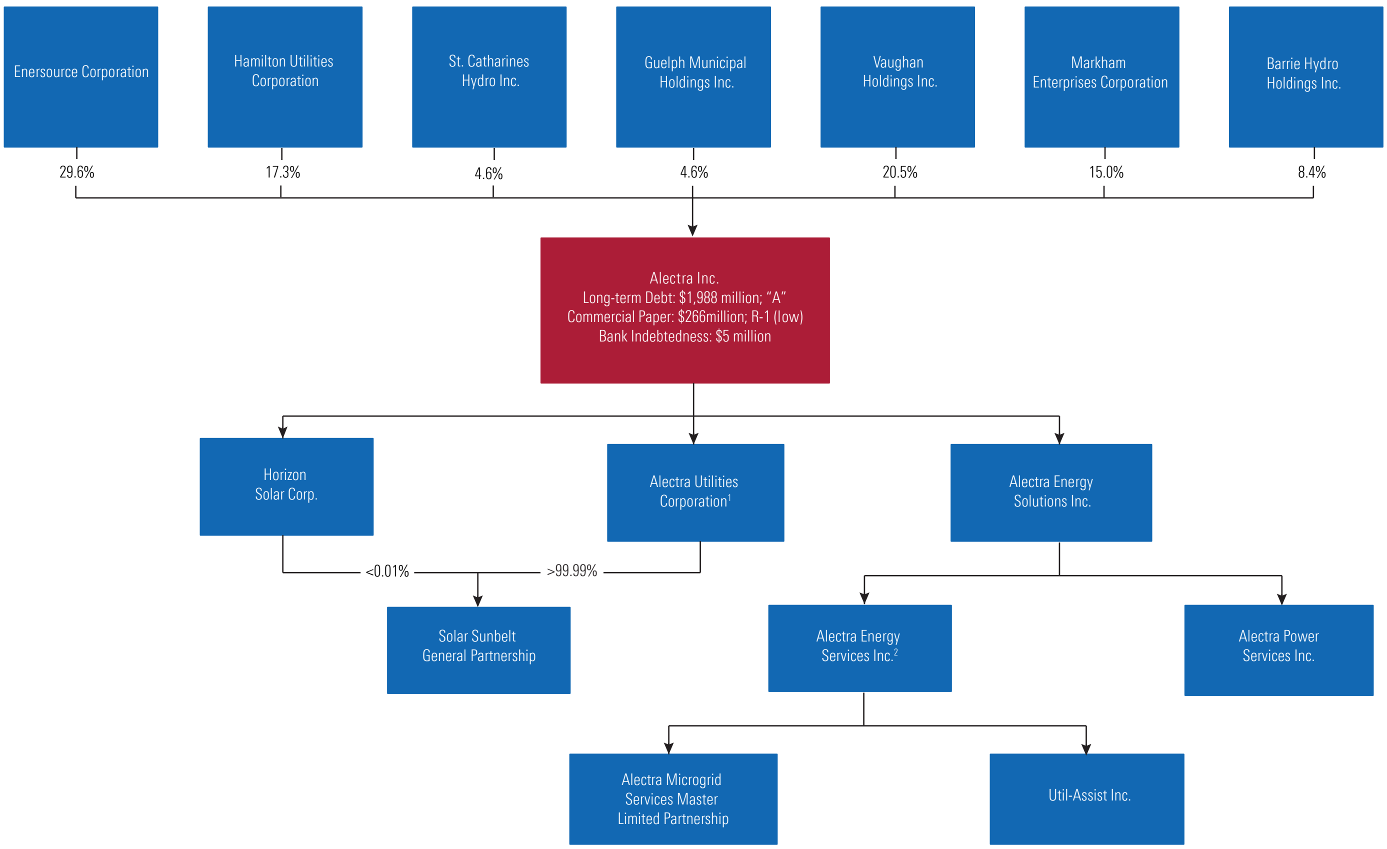
DBRS Morningstar considers the nonregulated business to be higher risk than Alectra's core regulated electricity distribution business. This is largely because of the greater volume risk associated with nonregulated operations. Nonregulated operations for the Company include solar generation and a submetering business. DBRS Morningstar notes that although commodity price risk for the generation business has been mitigated through long-term contracts with the Independent Electricity System Operator (IESO; rated A (high) with a Stable trend by DBRS Morningstar), increasing exposure to the nonregulated segment could result in greater volatility in Alectra's earnings and cash flows. In 2019, nonregulated operations accounted for approximately 5% of total EBITDA. Should earnings from the nonregulated business exceed the 20% threshold on a sustained basis, the Company's business risk assessment could be negatively affected.

3. Limited access to equity capital market

Alectra's ownership structure (owned largely by several municipalities) limits its ability to directly access the equity market. As a result, free cash flow deficits have been largely financed through revolving credit facilities and debt issuances.

Corporate Structure

Simplified Organizational Structure



As at March 31, 2020.
1 Alectra Real Estate Holdings Inc. is not shown. It is the registered (but not beneficial) holder, as nominee and bare trustee for AUC of real estate formerly owned by HOBNI.
2 Ownership of nonparticipating, nonvoting preferred shares by PowerStream Energy Holdings Trust not shown. Alectra Energy Solutions Inc. ownership of Util-Assist Corporation (operating company in the U.S.) is not shown.
Source: Alectra.

- Alectra was created through the amalgamation of Enersource Holdings Inc., Horizon Holdings Inc. and PowerStream Holdings Inc. on January 31, 2017.
    - Alectra is indirectly owned by municipalities; the only nonmunicipal owner is Enersource Corporation, which is 90% owned by the City of Mississauga and 10% owned by BPC Energy Corporation, a wholly owned indirect subsidiary of the Ontario Municipal Employees' Retirement System.
- AUC was created through the amalgamation of the predecessor local distribution companies (LDCs): PowerStream Inc., Enersource Hydro Mississauga Inc., and Horizon Utilities Corporation on January 31, 2017. On February 28, 2017, AUC acquired all shares of Hydro One Brampton Networks Inc. (HOBNI).
    - On January 1, 2019, Guelph Hydro Electric Systems Inc. (Guelph Hydro) merged with AUC. The City of Guelph, through its wholly owned subsidiary Guelph Municipal Holdings Inc., holds approximately 4.6% of shares in Alectra.

- AUC is the second-largest municipally owned electric utility by customer base in North America and the largest municipally owned LDC in Ontario, serving over 1.0 million customers.

- Alectra Energy Solutions Inc. holds the large majority of the nonregulated business, managing total assets of approximately $185 million, mainly consisting of solar-generation assets under long-term contracts with the IESO and a submetering business.

Earnings and Outlook

	12 months ending March 31	For the year ended December 31		
(CAD millions where applicable)	**2020**	**2019**	**2018**	**2017**
Net Sales	653	653	596	546
EBITDA	349	356	339	304
EBIT	201	210	208	184
Gross interest expense	82	81	70	59
Net income before nonrecurring items	128	133	127	110
Reported net income	70	64	109	74
Return on equity	9.3%	9.9%	10.2%	9.9%
Rate base[1]	3,407	3,212	2,886	2,731
Deemed common equity	40.0%	40.0%	40.0%	40.0%
Allowed ROE[2]	8.95%	8.95%	8.95%	8.91%
Achieved regulatory ROE	N/A	7.21%	7.69%	8.49%

1 2017 to 2019 rate base amounts are based on actual RRR filings while 2020 rate base amount is management estimate; 2019 and 2020 amounts include Guelph Hydro.
2 Based on weighted-average of last OEB-approved rate base.

2019 Summary

- Earnings for Alectra remained relatively stable in 2019, supported by the Company's regulated operations.
  - Regulated activities accounted for 95% of EBITDA for the year.
  - Earnings from the nonregulated segment largely consist of solar generation assets under long-term Feed-In Tariff contracts with the IESO.
- Net income increased modestly because of (1) rate increases for the four rate zones and (2) the amalgamation with Guelph Hydro effective January 1, 2019.
  - This was partly offset by (1) wage and benefit inflation, (2) higher deprecation from the growing asset base, and (3) higher interest expense from the assumption of Guelph Hydro debt and a $200 million debenture issued during the year.
- Reported net income included DBRS Morningstar regulatory adjustments of $69 million.

2020 Summary and Outlook

- Earnings for LTM 2020 decreased modestly because of higher provisions for expected credit losses from the ongoing coronavirus pandemic.
- DBRS Morningstar had expected earnings to increase modestly for 2020, benefitting from the rate increases for the five rate zones effective January 1, 2020. However, because of the coronavirus pandemic, earnings for the year are likely to be weaker than expected.
    - Around 65% of Alectra's revenues are fixed, including all revenues from residential customers, which are fully decoupled. As such, revenues from this segment should remain stable.
    - Revenues from commercial and industrial customers, however, will likely be weaker because of lower throughputs.
    - DBRS Morningstar notes the OEB has approved for all LDCs to establish deferral accounts for the coronavirus pandemic, including one for lost revenues arising from the pandemic. However, recovery of any amounts deferred will be subject to OEB approval.

Financial Profile

	12 months ending March 31	For the year ended December 31		
(CAD millions where applicable)	**2020**	**2019**	**2018**	**2017**
Net income before nonrecurring items	128	133	127	110
Depreciation & amortization	160	158	140	124
Deferred income taxes and other	31	26	38	(5)
Cash flow from operations	**319**	**317**	**305**	**229**
Dividends	(93)	(85)	(69)	(36)
Capital expenditures	(331)	(334)	(289)	(234)
Free cash flow (bef. working cap. changes)	**(105)**	**(102)**	**(53)**	(41)
Changes in noncash work. cap. items	(32)	33	(108)	193
Regulatory assets/Liabilities	(58)	(69)	(30)	(1)
Net free cash flow	**(195)**	**(138)**	**(191)**	**151**
Acquisitions & long-term investments	0	0	0	(615)
Proceeds on asset sales	18	17	17	0
Net equity change	(4)	(4)	(5)	46
Net debt change	203	127	73	385
Other investing and financing	(4)	11	0	0
Change in cash	**17**	**13**	**(106)**	**(33)**
Total debt	2,292	2,202	1,984	1,892
Total debt in capital structure[1, 2]	62.3%	60.9%	60.9%	61.2%
Cash flow/Total debt[2]	13.9%	14.4%	15.3%	13.2%
EBIT gross interest coverage (times)[2]	2.45	2.59	2.93	3.08
Dividend payout ratio	73.0%	63.9%	54.2%	32.7%

1 Equity excludes goodwill resulting from the amalgamation of PowerStream, Horizon and Enersource, and the acquisition of Guelph Hydro.
2 Adjusted for operating leases.

2019 Summary

- Alectra's key credit metrics for 2019 weakened modestly but remained in line with the "A" rating.
  - While the debt-to-capital ratio was unchanged, both the cash flow-to-debt and EBIT-interest coverage ratios decreased modestly because of the higher debt load. However, both metrics remained in the "A" rating category.
- Cash flow from operations increased modestly, tracking the higher earnings for the year.
- Capital expenditures (capex) of $380 million increased largely because of land purchased for a new operations centre ($44 million).
- Dividends of $85 million were in line with the Company's dividend policy.
- Alectra had a net free cash flow deficit of $138 million in 2019 because of its large capex program. The Company funded this through a $200 million debenture issuance.
  - Proceeds from the issuance were also used to repay $70 million of outstanding CP.

2020 Summary and Outlook

- Alectra's key credit metrics declined modestly for LTM 2020 because of the timing of CP issuances.
  - Overall, the Company's key credit metrics are expected to remain stable for the year and be commensurate with the "A" rating.
- While DBRS Morningstar had expected operating cash flows to increase modestly for 2020, as a result of the ongoing coronavirus pandemic, cash flows are now expected to be more in line with 2019 results.
  - While collections from customers may be affected and lead to higher bad debts for the year, DBRS Morningstar expects that the deferred amounts may either be recovered from customers subsequently, or might be recovered through the OEB.
- Alectra had originally forecast gross capex of around $400 million for 2020, with the increase largely for new customer connections, overhead line rebuilds and underground cable replacement projects.
  - However, the Company has indicated that during the coronavirus pandemic, it has postponed some capex projects and is focusing on essential critical work for safety and reliability first.
- DBRS Morningstar expects any net free cash flow deficits from the ongoing capex program to be funded through debt issuances.
  - DBRS Morningstar expects the Company to manage its capex and dividends in a prudent manner to maintain its key credit metrics in line with the "A" rating category.

Debt and Liquidity

Liquidity

(CAD millions - as at March 31, 2020)	Amount	Drawn/CPs/LOCs	Available	Expiry
Cash & cash equivalents	17	0	**17**	
364-day committed revolving credit facility	500	266	**234**	Oct. 2020
Uncommitted credit facility	100	0	**100**	Demand
Total	**617**	**266**	**351**	

- In May 2020, Alectra increased its 364-day committed revolving credit facility to $700 million, from the previous $500 million, and extended the maturity date to October 2021.

- This facility is used to backstop the Company's $500 million CP program, which was increased from $300 million in May 2020 ($266 million outstanding as at March 31, 2020).
- Additionally, this facility has an uncommitted accordion provision, which allows Alectra to request for a $100 million increase in the revolving facility amount.

- The Company also has an uncommitted credit facility of $100 million (undrawn as at March 31, 2020).
- Additionally, Alectra had $5 million of bank indebtedness outstanding as at March 31, 2020.

Long-term Debt

Debentures

(CAD millions - as at March 31, 2020)	**Amount**	**Rate**	**Maturity**
Senior Unsecured Debentures Series A	40	4.770%	Jul. 2020
Series A Senior Unsecured Debentures	110	4.521%	Apr. 2021
Senior Unsecured Debentures Series B	150	3.033%	Apr. 2022
Series B Senior Unsecured Debentures	150	3.239%	Nov. 2024
Series A Senior Unsecured Debentures	675	2.488%	May. 2027
Series A Senior Unsecured Debentures	65	5.264%	Dec. 2030
Series B Senior Unsecured Debentures	210	5.297%	Apr. 2041
Series A Senior Unsecured Debentures	200	3.958%	Jul. 2042
Series B Senior Unsecured Debentures	30	4.121%	Sep. 2045
Series 2019-1 Senior Unsecured Debentures	200	3.458%	Apr. 2049
Promissory note issued to the City of Vaughan	78	4.410%	May. 2024
Promissory note issued to the City of Markham	68	4.410%	May. 2024
Promissory note issued to the City of Barrie	20	4.410%	May. 2024
Total	**1,996**		
Unamortized debt issuance costs	(8)		
Total long-term debt	**1,988**		

- Alectra's long-term debt maturity is relatively well spread out, with a modest amount of debt maturing within the next five years.
- The Company's long-term debt consists of the following:
  - Senior Unsecured Debentures totalling $1,830 million and
  - Subordinate debt to shareholders (promissory notes) totalling $166 million. The three promissory notes are repayable as of 366 days following demand from its owners. The owners have an option to extend the term of the notes based on market conditions at the original maturity date.
- In April 2019, the Company issued $200 million of 3.458% Series 2019-1 Senior Unsecured Debentures due April 2049.
- Covenants on Alectra's trust indenture and credit facilities include restrictions of the ability of the Company to issue priority debt and merge or dispose of assets as well as to maintain a ratio of funded debt-to-capitalization ratio of not greater than 75% (in compliance as at March 31, 2020).

Regulation

- AUC, a subsidiary of Alectra, is regulated by the OEB under the *Ontario Electricity Act, 1998*.
- In April 2016, the predecessor utilities filed a Mergers, Acquisitions, Amalgamations, and Divestitures (MAADs) application with the OEB. The OEB approved the application in December 2016 with the following:
    - AUC can defer rebasing for 10 years following the closing of the Merger. This will allow AUC to keep all efficiency gains for five years before being subject to an earnings-sharing mechanism (ESM) of any returns in excess of 300 basis points (bps) above the allowed ROE for the latter five years.
    - During the deferral period, the predecessor utilities' distribution rates and franchise areas will remain as separate rate zones. As well, rate zones that were operating under Price Cap IR (Brampton, Enersource, and PowerStream) would continue to have their rates adjusted annually by the Price Cap adjustment mechanism. Rate zones that operate under Custom IR (Horizon Utilities) will transition to a Price Cap IR following the expiry of its Custom IR term.
- In October 2018, the OEB approved AUC's MAADs application to merge with Guelph Hydro.
    - Similar to the other rate zones, AUC is allowed to defer rebasing for the Guelph Hydro rate zone for 10 years, with an ESM of any returns in excess of 300 bps above the allowed ROE for the latter five years.

Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream Rate Zones

- The Brampton rate zone (formerly HOBNI) comprises the City of Brampton.
- The Enersource rate zone (formerly Enersource Hydro Mississauga Inc.) comprises the City of Mississauga.
- The PowerStream rate zone (formerly PowerStream Inc.) comprises the Cities of Barrie, Markham, and Vaughan, as well as the Towns of Aurora, Richmond Hill, Alliston, Beeton, Bradford, West Gwillimbury, Penetanguishene, Thornton, and Tottenham.
- The Guelph rate zone (formerly Guelph Hydro Electric Systems Inc.) comprises the City of Guelph and the Village of Rockwood.
- The Horizon Utilities rate zone (formerly Horizon Utilities Corporation) comprises the Cities of Hamilton and St. Catharines.
- The Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream rate zones operate under a Price Cap IR, where rates are subject to a formula price cap that allows for an annual increase in distribution rates based on inflation less productivity and a utility specific stretch factor that can be reset annually.
- Under Price Cap IR, AUC could file an incremental capital module (ICM) for each rate zone to request funding for incremental capital investment needs during the IR term.
- In its 2019 Electricity Distribution Rate (EDR) application, AUC requested a Price Cap adjustment of 1.2% (based on an inflation factor of 1.5%, productivity factor of 0.0%, and stretch factor of 0.3%) for each of the Brampton, Enersource, and PowerStream rate zones.
    - In December 2018, the OEB approved the 1.2% rate increases effective January 1, 2019.
    - In January 2019, the OEB approved $26.3 million of the requested $31.6 million in ICM funding.

- In December 2018, the OEB approved Guelph Hydro's application to increase rates by 1.2% effective January 1, 2019.
- In December 2018, the OEB approved the year-five update of the Horizon Utilities rate plan under Custom IR.
    - The OEB approved the 2019 revenue requirement of approximately $124.2 million, based on an allowed ROE of 8.98%.
    - For rates effective 2020, the Horizon Utilities rate zone will transition to a Price Cap IR.
- In its 2020 EDR application, AUC requested a Price Cap adjustment of 1.7% (based on an inflation factor of 2.0%, productivity factor of 0.0% and stretch factor of 0.3%) for each of the Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream rate zones.
    - In December 2019, the OEB approved the 1.7% rate increases effective January 1, 2019.
    - Additionally, the OEB approved AUC's proposed ESM based on a weighted-average allowed ROE for the consolidated entity rather than using the ROE for each individual rate zone.
- In January 2020, the OEB denied AUC's proposal for a MAADs factor (M-factor) to fund incremental capex of $265 million over the latter five years of the deferral period.
    - The OEB indicated that AUC could instead file a cost-based application and terminate the deferral period or continue to request incremental funding under ICM.
    - In January 2020, AUC indicated that it would amend its 2020 EDR application to request ICM funding. However, AUC confirmed in April 2020 that because of the ongoing coronavirus pandemic, it would re-evaluate capex requirements and not seek ICM funding for the year.

Assessment of Regulatory Framework

Criteria	Score	Analysis
1. Deemed Equity	Excellent Good **Satisfactory** Below Average Poor	AUC has deemed equity component of capital structure of 40% in 2020, which is consistent with the other electricity distribution companies in Ontario.
2. Allowed ROE	Excellent Good **Satisfactory** Below Average Poor	AUC's deemed ROE for 2020 ranges from 8.78% to 9.30% (Enersource rate zone 8.93%, Horizon Utilities rate zone 8.98%, Brampton rate zone 9.30%, PowerStream rate zone 8.78%, and Guelph rate zone 9.19%).
3. Energy Cost Recovery	**Excellent** Good Satisfactory Below Average Poor	There is no power price risk for AUC, as it is not responsible for purchasing power from generation facilities or the wholesale market. Power costs are passed on to ratepayers at rates set by the OEB and AUC collects the payments from its customers on a monthly basis.
4. Capital and Operating Cost Recovery	Excellent **Good** Satisfactory Below Average Poor	Major capital and operating costs are preapproved by the OEB and recovered through distribution rates. Future test years are used, reducing regulatory lag. As well, residential customers are charged a fully fixed monthly fee for distribution services, significantly reducing volume risk.
5. COS versus IRM	Excellent Good **Satisfactory** Below Average Poor	The Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream rate zones operate under Price Cap IR, which typically has four years in between rebasing years. In between rebasing years, AUC can file ICM or advanced capital modules for significant and prudent capital needs. AUC can initiate a regulatory review if actual ROE falls 300 bps below the approved ROE. DBRS Morningstar notes that AUC's efficiency targets (0.30%) have been reasonable.
6. Political Interference	Excellent Good Satisfactory **Below Average** Poor	The government of Ontario plays a significant role in the electricity sector in Ontario, given that the majority of the utilities are government-owned (AUC is 97% owned by municipalities). Further, stakeholders, such as the IESO, are also government owned. As a result, the government has direct and indirect influence on Ontario's electricity industry.
7. Stranded Cost Recovery	Excellent **Good** Satisfactory Below Average Poor	LDCs in Ontario have a limited history of stranded costs. Most prudently incurred or budgeted capex are approved by the OEB.
8. Rate Freeze	Excellent Good **Satisfactory** Below Average Poor	From 2002 to 2005, as a result of rising rates during Ontario's utility deregulation phase, a province-wide distribution rate freeze was imposed. There have been no subsequent province-wide rate freezes.

Balance Sheet							
(CAD millions)	**Mar. 31**	**Dec. 31**	**Dec. 31**		**Mar. 31**	**Dec. 31**	**Dec. 31**
Assets	**2020**	**2019**	**2018**	**Liabilities & Equity**	**2020**	**2019**	**2018**
Cash & equivalents	17	29	16	Short-term debt	272	182	274
Accounts receivable	342	284	323	Accounts payable	336	374	368
Inventories	31	29	21	Current portion L.T.D.	42	42	1
Prepaid expenses & other	246	283	303	Other current liabilities.	155	152	136
Total Current Assets	**636**	**625**	**663**	**Total Current Liabilities.**	**805**	**750**	**779**
Net fixed assets	3,417	3,402	3,052	Long-term debt	1,978	1,978	1,709
Future income tax assets	3	3	3	Deferred income taxes	51	48	45
Goodwill & Intangibles	761	761	720	Other long-term liabilities	541	533	433
Investments & others	270	265	217	Shareholders' equity	1,712	1,747	1,689
Total Assets	**5,086**	**5,056**	**4,655**	**Total Liabilities. & Equity**	**5,086**	**5,056**	**4,655**

Ratios	**12 months ending March 31**	**For the year ended December 31**		
Balance Sheet & Liquidity & Capital Ratios	**2020**	**2019**	**2018**	**2017**
Current ratio	0.79	0.83	0.85	0.95
Total debt in capital structure	57.3%	55.8%	54.0%	53.4%
Total debt in capital structure[1, 2]	62.3%	60.9%	60.9%	61.2%
Cash flow/Total debt	13.9%	14.4%	15.4%	13.2%
Cash flow/Total debt[2]	13.9%	14.4%	15.3%	13.2%
(Cash flow - dividends)/Capex	0.68	0.69	0.82	0.82
Dividend payout ratio	73.0%	63.9%	54.2%	32.7%
Coverage Ratios (times)				
EBIT gross interest coverage	2.45	2.59	2.97	3.12
EBIT gross interest coverage[2]	2.45	2.59	2.93	3.08
EBITDA gross interest coverage	4.26	4.40	4.84	5.15
Fixed-charges coverage	2.45	2.59	2.93	3.08
Profitability Ratios				
EBITDA margin	53.5%	54.5%	56.8%	55.7%
EBIT margin	30.8%	32.2%	34.9%	33.7%
Profit margin	19.5%	20.4%	21.4%	20.1%
Return on equity	9.3%	9.9%	10.2%	9.9%
Return on capital	4.1%	4.5%	4.8%	4.7%

1 Equity excludes goodwill resulting from the amalgamation of PowerStream, Horizon and Enersource, and the acquisition of Guelph Hydro.
2 Adjusted for operating leases.

Rating History

	Current	2019	2018	2017	2016	2015
Issuer Rating	A	A	A	A	NR	NR
Senior Unsecured Debentures	A	A	A	A	NR	NR
Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	NR	NR	NR

Previous Actions

- "DBRS Morningstar Notes Alectra Inc.'s Commercial Paper Limit Increase", May 28, 2020
- "DBRS Confirms Alectra Inc. at "A" and R-1 (low), Stable Trends", June 27, 2019.

Previous Report

- Alectra Inc.: Rating Report, July 4, 2019.

Notes:
All figures are in Canadian dollars unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on www.dbrsmorningstar.com.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

About DBRS Morningstar

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