Rating Report
Alectra Inc.

DBRS Morningstar
June 24, 2022

Contents

Commercial Paper Limit
$700 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 21, 2022, DBRS Limited (DBRS Morningstar) confirmed the Issuer Rating and Senior Unsecured Debentures rating of Alectra Inc. (Alectra or the Company) at "A" and the Commercial Paper (CP) rating at R-1 (low). All trends are Stable. The ratings of Alectra are based on its regulated electricity distribution business, which provides a predictable stream of earnings and cash flows. The confirmations and trends are based on the Company's reasonable financial risk profile, with all key credit metrics in the "A" rating category.

Alectra's business risk assessment remained stable, supported by the reasonable regulatory framework under the Ontario Energy Board (OEB). The Company's distribution business continues to operate under a 10-year rates deferral period until 2027, with productivity gains from the merger and acquisition of the predecessor utilities largely accruing to the shareholders. DBRS Morningstar notes, however, Alectra has been growing its nonregulated operations and intends to increase this segment to account for up to 15% of EBITDA over the medium term (8% in 2021). While the Company's nonregulated operations are largely complementary to the incumbent regulated business (such as solar generation, submetering, and power restoration services), DBRS Morningstar considers nonregulated operations to be of higher risk because earnings and cash flows are less predictable; this is partly mitigated by the generation portfolio's long-term contracts with the Independent Electricity System Operator (IESO). DBRS Morningstar will continue to monitor the growth in Alectra's nonregulated segment. Should earnings from the nonregulated business exceed the 20% threshold on a sustained basis, the Company's business risk assessment could be negatively affected.

Alectra's financial risk assessment remains supportive of the current ratings, with all key credit metrics in line with the "A" rating category. Given that most of the earnings and cash flows are from regulated activities, DBRS Morningstar expects the Company's key metrics to remain stable for the medium term. However, should key credit metrics weaken further to a level no longer commensurate with the current ratings, a negative rating action could occur.

Financial Information

	12 mos. ended March 31	For the year ended December 31			
	2022	2021	2020	2019	2018
Total debt in capital structure (%)[1, 2]	61.1	60.5	62.2	60.9	60.9
Cash flow/Total debt (%)[2]	12.7	13.8	12.5	14.4	15.3
EBIT gross interest coverage (x)[2]	3.04	2.97	2.69	2.59	2.93

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 more than one 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 94% 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. Reasonable financial profile

Alectra's key credit metrics have been reasonable for the current rating category. For the last 12 months ended March 31, 2022 (LTM 2022), all three of the Company's key credit metrics of cash flow-to-debt, debt-to-capital, and EBIT-interest coverage (12.7%, 61.1%, and 3.04 times (x), respectively) were in the "A" rating range.

Challenges

1. Operational challenges and performance pressure under Incentive Rate-Setting (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 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 2021 and 2022 were reasonable at 0.0% and 0.3%, respectively, in both years.

2. Exposure to higher-risk nonregulated business

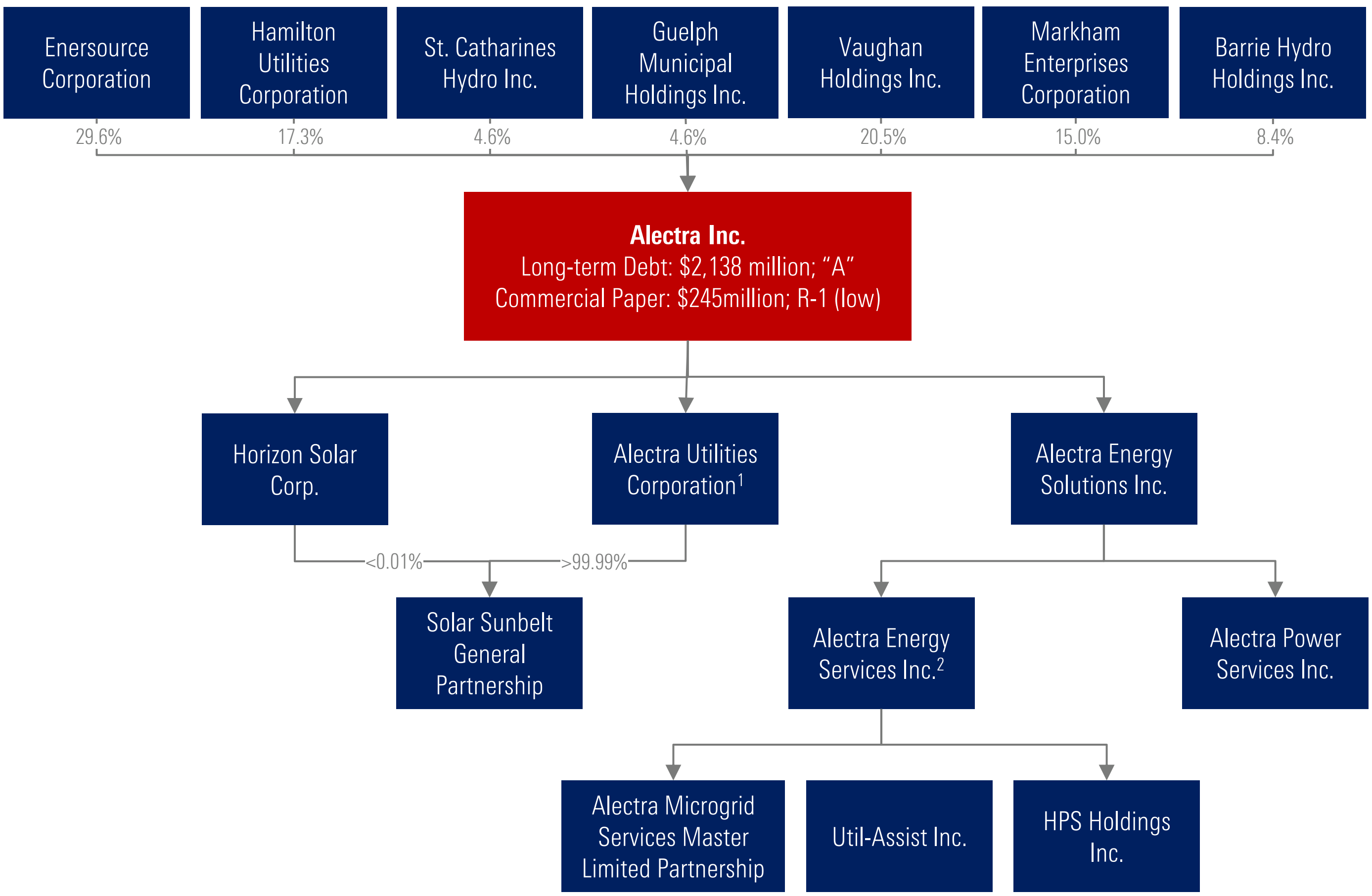
DBRS Morningstar considers the nonregulated business to be higher risk than Alectra's core regulated electricity distribution business. This is largely because of the greater volume risk associated with nonregulated operations. Nonregulated operations for the Company include solar generation, a submetering business, and a power restoration services business. DBRS Morningstar notes that, although commodity price risk for the generation business has been mitigated through long-term contracts with the IESO, increasing exposure to the nonregulated segment could result in greater volatility in Alectra's earnings and cash flows. In 2021, nonregulated operations accounted for approximately 8% of total EBITDA, and the Company has indicated this will likely increase to 10% to 15% over the medium term. 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, 2022.
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. HPS Holdings owns 100% of Holland Power Services Inc.; ownership of Holland New England and NorthEast Line & Electrical Restoration are 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 more than one million customers.
- Alectra Energy Solutions Inc. holds the large majority of the nonregulated business, managing total assets of approximately $312 million, mainly consisting of solar-generation assets under long-term contracts with the IESO and a submetering business.
  - In January 2021, Alectra acquired Holland Power Services Inc. (Holland Power), which provides power restoration services along the eastern seaboard of the U.S. and Canada, for share consideration of approximately $52 million plus working capital considerations.

Earnings and Outlook

	12 mos. March 31	For the year ended December 31			
(CAD millions where applicable)	**2022**	**2021**	**2020**	**2019**	**2018**
Net Sales	767	754	671	653	596
EBITDA	401	399	371	356	339
EBIT	231	232	218	210	208
Gross interest expense	76	78	81	81	70
Net income before nonrecurring items	137	136	144	133	127
Reported net income	92	105	79	64	109
Return on equity (%)	9.2	9.0	10.0	9.9	10.2
Rate base[1]	N/A	3,403	3,371	3,212	2,886
Deemed common equity (%)	40.0	40.0	40.0	40.0	40.0
Allowed ROE (%)[2]	8.95	8.95	8.95	8.95	8.95
Achieved regulatory ROE (%)	N/A	7.50	4.80	7.21	7.69

1 Rate base amounts are based on actual Reporting and Record Keeping Requirements filings.
2 Based on weighted-average of last OEB-approved rate base.

2021 Summary

- Alectra's earnings have been predictable, supported by the Company's regulated activities (92% of 2021 EBITDA).
  - EBITDA and EBIT increased because of higher approved distribution rates and contribution from Holland Power.
  - Net income before nonrecurring items decreased modestly, however, because of higher payments in lieu of income taxes for the year.
  - Earnings from the nonregulated segment largely consist of solar generation assets under long-term Feed-In Tariff contracts with the IESO.
- Reported net income included DBRS Morningstar regulatory adjustments of $42 million, derecognition gain of $11 million, and $4 million of additional cleaning costs related to the pandemic.

- DBRS Morningstar notes that Alectra's achieved regulatory ROE has been lower than the allowed ROE because the Company (per OEB direction) excludes merger savings in this calculation.

2022 Summary and Outlook

- Earnings for LTM 2022 were largely in line with 2021.
- DBRS Morningstar expects Alectra's earnings to be steady in 2022.
    - Distribution revenues should continue to benefit from annual increases through the IR mechanism.
    - Overall, DBRS Morningstar expects Alectra's earnings to generally increase modestly year over year in line with growth in the rate base.

Financial Profile

	12 mos. ended March 31	For the year ended December 31			
(CAD millions where applicable)	**2022**	**2021**	**2020**	**2019**	**2018**
Net income before nonrecurring items	137	136	144	133	127
Depreciation & amortization	185	182	165	158	140
Deferred income taxes and other	(15)	9	(10)	26	38
Cash flow from operations	**307**	**327**	**299**	**317**	**305**
Dividends paid	(89)	(77)	(82)	(85)	(69)
Capital expenditures	(337)	(303)	(278)	(334)	(289)
Free cash flow (before working capital changes)	**(119)**	**(53)**	**(61)**	**(102)**	**(53)**
Changes in noncash working capital items	49	186	(120)	33	(108)
Regulatory assets/liabilities	(58)	(42)	(44)	(69)	(30)
Net free cash flow	**(128)**	**91**	**(225)**	**(138)**	**(191)**
Acquisitions & long-term investments	0	(98)	(7)	0	0
Proceeds on asset sales	31	31	33	17	17
Net equity change	(2)	(2)	(4)	(4)	(5)
Net debt change	76	(36)	193	127	73
Other investing & financing	14	20	7	11	0
Change in cash	**(9)**	**6**	**(3)**	**13**	**(106)**
Total debt	2,416	2,368	2,399	2,202	1,984
Total debt in capital structure (%)[1,2]	61.1	60.5	62.2	60.9	60.9
Cash flow/Total debt (%)[2]	12.7	13.8	12.5	14.4	15.3
EBIT gross interest coverage (x)[2]	3.04	2.97	2.69	2.59	2.93
Dividend payout ratio (%)	65.2	56.6	57.0	63.9	54.2

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

2021 Summary

- Alectra's key credit metrics strengthened in 2021 and returned to more historical levels; the weakness in 2020 was largely because of $80 million of CP issued in December 2020 to fund the acquisition of Holland Power (completed in January 2021).
    - Overall, the Company's key credit metrics remained in line with the "A" rating category.
- Cash flow from operations increased because of timing of cash collection.
- Net capital expenditures (capex) increased as Alectra continued to spend on renewing its infrastructure and connecting new customers.
- Dividends of $77 million were in line with the Company’s dividend policy.
- Acquisitions for the year include Holland Power ($52 million plus working capital considerations) and a portfolio of Distribution Energy Resources infrastructure assets ($24 million).
- Alectra issued $300 million of debentures in February 2021, with proceeds used to partly repay the outstanding CP balance.

2022 Summary and Outlook

- Alectra's key credit metrics weakened modestly in LTM 2022 because of the lower cash flow and higher debt load for the period.
    - Cash flow from operations decreased because of higher cash tax payments.
    - Overall, 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.
- Alectra has forecast capex of around $325 million for the year, with the increase largely for new customer connections and for transit projects.
- DBRS Morningstar expects any net free cash flow deficits from the ongoing capex program to be funded through debt issuances.

Debt and Liquidity

Liquidity

(CAD millions as at March 31, 2022)	Amount	Drawn/CP/Letter of Credit	Available	Expiry
Cash & cash equivalents	22	0	**22**	N/A
Committed revolving credit facility	700	245	**455**	Aug. 2026
Uncommitted credit facility	100	0	**100**	Demand
Letter of credit facility	100	34	**66**	Demand
Total	**922**	**279**	**643**	

- Alectra has a $700 million committed revolving credit facility.
    - This facility is used to backstop the Company's $700 million CP program, which was increased from $500 million in June 2022 ($245 million outstanding as at March 31, 2022).
    - 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, 2022).

Long-term Debt

(CAD millions as at March 31, 2022)	Amount	Rate (%)	Maturity
Senior Unsecured Debentures Series B	150	3.033	Jul. 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
Series 2021-1 Senior Unsecured Debentures	300	1.751	Feb. 2031
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	**2,146**		
Unamortized debt issuance costs	(8)		
Total long-term debt	**2,138**		

- Alectra's long-term debt maturity is relatively well spread out.
- The Company's long-term debt consists of the following:
    - Senior Unsecured Debentures totalling $1,980 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 February 2021, the Company issued $300 million of 1.751% Series 2021-1 Senior Unsecured Debentures due February 2031.
- Covenants on Alectra's trust indenture and credit facilities include restrictions on 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 not more than 75% (in compliance as at March 31, 2022).

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 a Custom IR (Horizon Utilities) will transition to the Price Cap IR following the expiry of its Custom IR term (in 2020).
- In October 2018, the OEB approved AUC's MAADs application to merge with Guelph Hydro.
  - As with 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 whereby 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 the Price Cap IR, AUC could file an ICM for each rate zone to request funding for incremental capital investment needs during the IR term.
- In its 2021 electricity distribution rate (EDR) application, AUC requested a Price Cap adjustment of 1.9% (based on an inflation factor of 2.2%, a productivity factor of 0.0%, and a stretch factor of 0.3%) for each of the Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream rate zones.
  - In December 2020, the OEB approved the 1.9% rate increases effective January 1, 2021.
  - Additionally, the OEB approved AUC's ICM funding for three projects totalling $11 million.
- In its 2022 EDR application, AUC requested a Price Cap adjustment of 3.0% (based on an inflation factor of 3.3%, a productivity factor of 0.0%, and a stretch factor of 0.3%) for each of the Brampton, Enersource, Guelph, Horizon Utilities, and PowerStream rate zones.
  - In December 2021, the OEB approved the 3.0% rate increases effective January 1, 2022.

Assessment of Regulatory Framework

Criteria	Score	Analysis
1. Deemed Equity	Excellent Good **Satisfactory** Below Average Poor	AUC has deemed an equity component of capital structure of 40% in 2022, 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 2022 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. Cost of Service versus Incentive Rate Mechanism	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). Furthermore, 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 provincewide distribution rate freeze was imposed. There have been no subsequent provincewide rate freezes.

ESG Checklist

There were no environmental, social, or governance factors affecting the ratings for this credit.

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	N	N
	Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuerÆs financial, operational, and/or reputational standing?	N	N
	Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long term credit profile?	N	N
	Resource and Energy Management	Does the scarcity of sourcing key resources hinder the production or operations of the issuer, resulting in lower productivity and therefore revenues?	N	N
	Land Impact and Biodiversity	Is there a financial risk to the issuer for failing to effectively manage land conversion, rehabilitation, land impact, or biodiversity activities?	N	N
	Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact? In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2C rise in temperature?	N	N
Social		**Overall:**	N	N
	Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
	Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	N	N
		Do violations of rights create a potential liability that can negatively affect the issue's financial wellbeing or reputation?	N	N
		Human Capital and Human Rights:	N	N
	Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
	Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could it result, in financial penalties or client attrition to the issuer?	N	N
	Occupational Health and Safety	Would the failure to address workplace hazards have a negative financial impact on the issuer?	N	N
	Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
	Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Governance		**Overall:**	N	N
	Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
		Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
		Bribery, Corruption, and Political Risks:	N	N
	Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
	Corporate / Transaction Governance	Does the issuer's corporate structure allow for appropriate board and audit independence?	N	N
		Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	N	N
		Does the Board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
		Corporate / Transaction Governance:	N	N
	Institutional Strength, Governance, and Transparency (Governments Only)	Compared with other governments, do institutional arrangements provide a similar degree of accountability, transparency, and effectiveness?	N	N
		Are regulatory and oversight bodies protected from inappropriate political influence?	N	N
		Are government officials exposed to public scrutiny and held to high ethical standards of conduct?	N	N
		Institutional Strength, Governance, and Transparency (Governments Only):	N	N
		Consolidated ESG Criteria Output:	N	N

Balance Sheet

(CAD millions)	Mar. 31	Dec. 31	Dec. 31		Mar. 31	Dec. 31	Dec. 31
Assets	**2022**	**2021**	**2020**	**Liabilities & Equity**	**2022**	**2021**	**2020**
Cash & equivalents	22	32	26	Short-term borrowings	245	195	415
Accounts receivable	345	338	334	Accounts payable	450	466	433
Inventories	36	34	31	Current portion L.T.D.	155	156	114
Prepaid expenses & other	246	253	359	Other current liabilities	135	145	117
Total current assets	**649**	**657**	**750**	**Total current liabilities**	**985**	**962**	**1,079**
Net fixed assets	3,824	3,807	3,600	Long-term debt	2,016	2,017	1,870
Future income tax assets	2	2	3	Deferred income taxes	102	97	68
Goodwill & intangibles	0	0	0	Other long-term liabilities	665	663	602
Investments & others	1,038	1,042	1,002	Shareholders' equity	1,745	1,769	1,736
Total assets	**5,513**	**5,508**	**5,355**	**Total liabilities & equity**	**5,513**	**5,508**	**5,355**

Ratios

	12 mos. ended March 31	For the year ended December 31			
Balance Sheet & Liquidity & Capital Ratios	**2022**	**2021**	**2020**	**2019**	**2018**
Current ratio (x)	0.66	0.68	0.70	0.83	0.85
Total debt in capital structure (%)	58.1	57.2	58.0	55.8	54.0
Total debt in capital structure (%)[1, 2]	61.1	60.5	62.2	60.9	60.9
Cash flow/Total debt (%)	12.7	13.8	12.5	14.4	15.4
Cash flow/Total debt (%)[2]	12.7	13.8	12.5	14.4	15.3
(Cash flow-dividends)/Capex (x)	0.65	0.76	0.78	0.69	0.82
Dividend payout ratio (%)	65.2	56.6	57.0	63.9	54.2
Coverage Ratios (x)					
EBIT gross interest coverage	3.04	2.97	2.69	2.59	2.97
EBIT gross interest coverage[2]	3.04	2.97	2.69	2.59	2.93
EBITDA gross interest coverage	5.27	5.12	4.58	4.40	4.84
Fixed-charge coverage	3.04	2.97	2.69	2.59	2.93
Profitability Ratios (%)					
EBITDA margin	52.3	52.9	55.3	54.5	56.8
EBIT margin	30.2	30.8	32.5	32.2	34.9
Profit margin	17.8	18.0	21.5	20.4	21.4
Return on equity[1,2]	9.2	9.0	10.0	9.9	10.2
Return on capital[1,2]	4.3	4.4	4.3	4.5	4.8

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	2021	2020	2019	2018	2017
Issuer Rating	A	A	A	A	A	A
Senior Unsecured Debentures	A	A	A	A	A	A
Commercial Paper	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	NR

Previous Actions

- "DBRS Morningstar Notes Alectra Inc.’s Commercial Paper Limit Increase," June 1, 2022.
- "DBRS Morningstar Confirms Alectra Inc. at “A” and R-1 (low), Stable Trends," June 21, 2021.
- "DBRS Morningstar Assigns Rating of "A" with a Stable Trend to Alectra Inc.'s $300 Million Senior Unsecured Debentures," February 11, 2021.

Previous Report

- Alectra Inc.: Rating Report, June 22, 2021.

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.

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