



BY EMAIL and RESS

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2300 Yonge Street
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October 30, 2025
Our File: EB20250055

Attn: Ritchie Murray, Acting Registrar

Dear Mr. Murray:

Re: EB-2025-0055 – Alectra Utilities Corporation 2026 Rate Application – SEC Submission

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No. 1, this is SEC’s submission regarding Alectra Utilities Corporation’s (“Alectra”) Incentive Regulation Mechanism (“IRM”) application for 2026 electricity distribution rates and charges.

SEC’s submission is limited to Alectra’s request for two new utility specific Deferral and Variance Accounts (“DVAs”)¹ effective January 1, 2025, and Alectra’s determination of whether the Earnings Sharing Mechanism (“ESM”) for 2024 is triggered.

Alectra has stated that in preparation for the filing of its 2027 rebasing application, the company has undertaken a third-party depreciation study and a third-party study to evaluate and update Alectra’s direct labour capitalization rate methodology used to allocate directly attributable capital costs to capital projects, for those individuals that do not utilize timesheets. Implementation of the outcomes of both studies will affect the valuation of the net Plant, Property and Equipment (“PP&E”).

Alectra has provided evidence that preliminary results of the two studies indicate that the impact of adoption of these new policies will result in material credits for rate payers.² Given that the two DVAs would be in favour of customers, SEC is not opposed to the OEB approving Alectra’s request. SEC does note that the wording ‘in favour of customers’ was included in the proposed Accounting Order for Useful Life Changes³ but was not used in the draft Accounting Order for Direct Labour Capitalization Change⁴ and submits that it should be included for completeness.

SEC also submits that the OEB should make clear that any approval of the proposed variance accounts is not approval of changes to depreciation rates or capitalization policies. These matters

¹ Exhibit 2-1-12

² 2-SEC-3 and 2-SEC-4

³ Exhibit 2-1-12, Appendix A

⁴ Exhibit 2-1-12, Appendix B



should be addressed on a full record with broad intervenor participation at the company's next rebasing application scheduled for 2027 rates.

SEC has reviewed Alectra's calculated Return on Equity for 2024 and notes that, based on the evidence provided by Alectra, it appears to have followed the methodology approved in the 2025 distribution rate application⁵, and thus does not trigger the ESM for 2024.

All of which is respectfully submitted.

Yours very truly,

Shepherd Rubenstein Professional Corporation

A handwritten signature in black ink, appearing to read "Jay Shepherd", written over a light blue grid background.

Jay Shepherd

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)
Jane Scott, SEC Consultant (by email)

⁵ EB-2024-0006, Decision and Rate Order, December 12, 2024