

November 13, 2025

VIA RESS

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4
Email: registrar@oeb.ca

Dear Mr. Murray;

Re: EB-2025-0055 – Alectra Utilities Corporation (“Alectra Utilities”) 2026 Electricity Distribution (“EDR”) Rate Application – Alectra Utilities’ Reply Submission

Alectra Utilities Corporation (“Alectra”) is the Applicant in the above-referenced proceeding. In accordance with Procedural Order No. 1 issued by the Ontario Energy Board on September 24, 2025, please find enclosed Alectra’s Reply Submission.

The Reply Submission has been filed on RESS, a copy has also been served on all parties via email.

Yours truly,

Original signed by



Natalie Yeates
Director, Rate Applications
natalie.yeates@alectrautilities.com

cc: Charles Keizer, Torys LLP
All parties in EB-2025-0055

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Alectra Utilities Corporation to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2026.

REPLY SUBMISSION

ALECTRA UTILITIES CORPORATION

November 13, 2025

1 **A. INTRODUCTION**

2 Alectra Utilities Corporation (“Alectra Utilities” or the “Applicant”) filed an application with the
3 Ontario Energy Board (“OEB” or the “Board”) on August 14, 2025, under section 78 of the *Ontario*
4 *Energy Board Act, 1998*, seeking approval for changes to its electricity distribution rates for each
5 of its Horizon Utilities, Brampton, PowerStream, Enersource and Guelph Hydro rate zones (“RZs”)
6 to be effective January 1, 2026 (the “Application”). The Application was prepared in accordance
7 with the OEB’s *Filing Requirements for Electricity Distribution Rate Applications* (the “Filing
8 Requirements”), and other relevant OEB guidance. The OEB accepted School Energy Coalition
9 (“SEC”) as an Intervenor.

10 Alectra Utilities received written submissions from OEB staff and SEC (collectively, the “Parties”)
11 on October 30, 2025.

12 This is Alectra Utilities’ reply submission. For the reasons that follow, it is Alectra Utilities’
13 submission that the Application should be approved as filed, and as updated by the Applicant
14 during the proceeding.

15 **B. OVERVIEW**

16 All of Alectra Utilities’ RZs are on Price Cap IR for the purpose of setting 2026 rates. In this
17 Application, Alectra Utilities has applied for:

- 1 a. Electricity distribution rates and charges in the Horizon Utilities, Brampton,
2 PowerStream, Enersource and Guelph Hydro RZs effective January 1, 2026, based
3 on 2025 rates adjusted by the OEB's Price Cap Index Adjustment Mechanism formula;
- 4 b. An adjustment to the retail transmission service rates effective January 1, 2026, and
5 establishment of new retail transmission service rates for EV charging stations in
6 General Service 50 to 4,999 KW classes effective January 1, 2026;
- 7 c. Clearance of the balances recorded in Alectra Utilities' Group 1 deferral and variance
8 accounts, by means of class-specific rate riders effective January 1, 2026 to December
9 31, 2026;
- 10 d. Recovery of Renewable Generation Connection Rate Protection ("RGCRP") funding;
11 and
- 12 e. Recovery of the previously approved LRAM-eligible amounts for 2026 adjusted by the
13 OEB's Price Cap Index Adjustment Mechanism formula.

14 In this Application, Alectra Utilities also reports on the balance in the capitalization policy deferral
15 accounts as of December 31, 2024 for the Enersource, Brampton, Horizon Utilities and Guelph
16 Hydro RZs and the calculation of Alectra Utilities' 2024 Return on Equity ("ROE") for the purposes
17 of earnings sharing.

18 Alectra Utilities also requested Accounting Orders to establish two new deferral and variance
19 accounts to track depreciation impacts related to expected changes to useful lives and changes
20 to direct labour capitalization.

21 **C. INCENTIVE REGULATION MECHANISM**

22 **1. Capitalization Policy**

23 Alectra Utilities reports on the actual balance in the capitalization deferral accounts as of
24 December 31, 2024 for the Brampton, Enersource, Horizon Utilities, and Guelph Hydro RZs, as
25 provided in Exhibit 2, Tab 1, Schedule 2, pp.4-5. Alectra Utilities applied the allocation

1 methodology accepted by the OEB¹ to determine the balances in the deferral accounts. No
2 approvals are being sought in this Application for the capitalization policy balances.

3 *Submissions of the Parties*

4 No party made submissions on this matter.

5 *Alectra Utilities' Submission*

6 In this Application, Alectra Utilities reports on the balances in the capitalization policy deferral
7 accounts for the Brampton, Enersource, Horizon Utilities, and Guelph Hydro RZs, using the
8 allocation methodology accepted by the OEB in its 2020 Decision.

9 Alectra Utilities submits that it will continue to report on the actual balance in the capitalization
10 deferral accounts in its annual rate applications and will continue to use the allocation
11 methodology accepted by the OEB in its 2020 Decision.

12 **2. Annual Price Cap Adjustment Mechanism**

13 Alectra Utilities has completed the OEB's Rate Generator Model ("RGM") and Commodity
14 Accounts Workforms, where applicable. This aspect of the Application has been prepared in
15 accordance with the Filing Requirements, including the key OEB reference documents listed
16 therein. The specific relief sought for the Horizon Utilities, Brampton, PowerStream, Enersource,
17 and Guelph Hydro RZs is set out in Exhibit 2, Tab 1, Schedule 1.

18 *Stretch Factor*

19 The Stretch Factor assignment for Alectra Utilities for the 2026 IRM rate-setting is 0.3%, in
20 accordance with the most recent PEG report, issued on August 18, 2025. The August 2025 Report
21 placed Alectra Utilities in Group III for the purpose of calculating stretch factors for 2026.

22 *Inflation Factor*

23 On June 11, 2025, the OEB issued a Letter re: *2026 Inflation Parameters*, that establishes the
24 process for the implementation of the inflation factor for use in 2026 rate adjustment applications.
25 The OEB has calculated the 2026 inflation factor for electricity distributors to be 3.70%.

¹ Partial Decision and Order, EB-2019-0018, January 30, 2020, pp. 35-39

1 *Submissions of the Parties*

2 OEB staff submits it has no concerns with Alectra Utilities' proposed price cap adjustment. OEB
3 staff provided updated 2026 RGMs for all RZs reflecting the time-of-use pricing and Ontario
4 Electricity Rebate values set on October 17, 2025, and requests Alectra Utilities to review and
5 validate these updates.

6 No other party made submissions on this matter.

7 *Alectra Utilities' Submission*

8 Alectra Utilities submits that the RGMs for all RZs include an inflation factor of 3.70%, offset by
9 Alectra Utilities' assigned stretch factor of 0.30%, for a Price Cap Index adjustment of 3.40% for
10 2026 rates.

11 Alectra Utilities also submits it has reviewed the 2026 RGMs for all RZs and confirms the time-of-
12 use pricing and Ontario Electricity Rebate values in the 2026 RGMs reflect the values
13 communicated by the OEB on October 17, 2025.

14 **3. *Electricity Distribution Retail Transmission Service Rates***

15 On October 9, 2025, the OEB issued a letter regarding *2026 Preliminary Uniform Transmission*
16 *Rates and Hydro One Sub-Transmission Rates* (EB-2025-0232). The Letter provides the
17 calculation for 2026 preliminary Uniform Transmission Rates ("UTRs") to facilitate implementation
18 of the UTRs in applicable 2026 electricity distributor rate applications. In the Letter, the OEB
19 directs distributors to update their 2026 rate application to reflect the preliminary UTRs.

20 Alectra Utilities updated the 2026 Rate Generator Models for all RZs to reflect the preliminary
21 UTRs and proposed Hydro One Sub-Transmission Rates in the interrogatory process.

22 *Submissions of the Parties*

23 OEB staff submits it acknowledges Alectra Utilities has updated the 2026 RGMs for all RZs to
24 reflect the preliminary Uniform Transmission Rates and proposed Hydro One Sub-Transmission
25 Rates, as communicated by the OEB on October 9, 2025.

26 No other party made submissions on this matter.

1 *Alectra Utilities' Submission*

2 Alectra Utilities submits that the RTSRs should be approved as updated in the interrogatory
3 process (IRR Staff-6).

4 **4. *Disposition of Group 1 Deferral and Variance Accounts***

5 In this Annual Filing, Alectra Utilities requests disposition of Group 1 account balances for all rate
6 zones as of December 31, 2024, including interest projected to December 31, 2025 on a final
7 basis. Alectra Utilities confirms the 2026 RGMs for all RZs reflect the Q4 2025 OEB-prescribed
8 interest rate of 2.91%.

9 *Submissions of the Parties*

10 OEB staff submits it has reviewed Alectra Utilities' request to dispose of its Group 1 DVA balances
11 and has identified no issues.

12 No other party made submissions on this matter.

13 *Alectra Utilities' Submission*

14 Alectra Utilities submits that its 2024 Group 1 account balances for the Horizon Utilities,
15 Brampton, PowerStream, Enersource, and Guelph Hydro RZs should be disposed of on a final
16 basis.

17 Table 1 below provides a summary of the Group 1 account balances requested for disposition.

18 **Table 1 - Group 1 Balances by RZ**

Rate Zone	Group 1 Balances
Horizon Utilities	\$6,126,623
Brampton	\$2,546,542
PowerStream	\$16,261,356
Enersource	\$17,304,502
Guelph Hydro	\$1,716,791

19 **5. *Renewable Generation Connection Rate Protection***

20 Alectra Utilities provides a summary of its Renewable Generation Connection Rate Protection
21 ("RGCRP") amounts by rate zone in Table 2 below. In response to OEB staff interrogatories in

1 Alectra Utilities 2021 EDR Application (EB-2020-0002), OEB staff and Alectra Utilities updated
2 the RGCRP models to extend the calculations for the RGCRP payment amounts for each year
3 between 2022 to 2026.² Alectra Utilities is not requesting renewable generation funding for the
4 Horizon Utilities and Guelph Hydro RZs.³

5 **Table 2 - 2026 RGCRP Amounts by RZ**

Rate Zone	Annual \$	Monthly \$
Brampton	\$121,121	\$10,093
Enersource	\$125,528	\$10,461
PowerStream	\$229,052	\$19,088

6 *Submissions of the Parties*

7 OEB staff submits that it has no concerns regarding Alectra Utilities' RGCRP funding request.

8 No other party made submissions on this matter.

9 *Alectra Utilities' Submission*

10 Alectra Utilities submits that the 2026 RGCRP funding amounts for the Brampton, PowerStream
11 and Enersource RZs should be approved as filed.

12 **6. Disposition of LRAM Variance Account**

13 The OEB approved LRAM-eligible amounts for the years 2024 to 2026 for all rate zones in Alectra
14 Utilities' 2024 EDR Application (EB-2023-2041), arising from persisting savings from completed
15 CDM programs. These amounts are adjusted mechanistically by the OEB-approved inflation
16 minus X factor applicable to IRM applications in effect for a given year and recovered through a
17 rate rider in the corresponding rate year.

18 Alectra Utilities requests disposition of its LRAMVA balances, as summarized in Table 3 below:

² EB-2020-0002, IRR BRZ-Staff-16, PRZ-Staff-42, ERZ-Staff-30

³ EB-2019-0018, Partial Decision and Interim Rate Order, dated December 12, 2019, pp.37-40

1 **Table 3 - 2026 LRAMVA Balance by RZ**

Rate Zone	2026 LRAMVA Balance
Brampton	\$1,541,115
Enersource	\$1,781,802
Guelph Hydro	\$1,028,369
Horizon Utilities	\$559,826
PowerStream	\$3,416,945
Total	\$8,328,057

2 *Submissions of the Parties*

3 OEB staff submits that it has no concerns regarding Alectra Utilities' request for the recovery of
4 the LRAMVA-related amount.

5 No other party made submissions on this matter.

6 *Alectra Utilities' Submission*

7 Alectra Utilities submits that the LRAMVA balances for all five RZs should be approved as filed.

8 **D. EARNINGS SHARING MECHANISM**

9 The ESM considers the earnings of Alectra Utilities in years six to ten of the deferred rebasing
10 period as a consolidated entity. As the ESM is only effective beyond the initial five-year deferral
11 period, Alectra Utilities included merger-related costs/savings adjustments in the ROE calculation
12 filed as part of Alectra Utilities' annual RRR 2.1.5.6 submission. Starting in year 6 and continuing
13 through to year 10, the ROE calculation excludes these adjustments. This approach ensures that
14 the ROE calculation in years 6 to 10 **includes the savings** Alectra Utilities achieved as a result
15 of the consolidation, which is the basis for the ESM calculation. ESM is triggered when earnings
16 are more than 300 basis points above the consolidated entity's annual ROE. Alectra Utilities' 2024
17 ROE filed on a consolidated basis (excluding merger-related costs/savings adjustments) was
18 calculated to be 7.16%, 179 basis points below the deemed ROE of 8.95%.

19 In this rate proceeding, Alectra Utilities reported the ESM for year 8 (2024) of the deferred
20 rebasing period for the Enersource, Brampton, PowerStream and Horizon Utilities RZs. Alectra
21 Utilities applied 2017 and 2018 weighting factors (excluding Guelph Hydro RZ) to the 2024
22 Consolidated Adjusted Regulated Net Income, Rate Base and Regulated Deemed Equity
23 amounts to derive the 2024 ROE for the four RZs. This results in an ROE that is either 184 basis

1 points (using 2017 weighting factors) or 181 basis points (using 2018 weighting factors) below a
2 deemed ROE of 8.94%, meaning the ESM is not triggered.

3 Alectra Utilities reported for the first time the ESM for year 6 (2024) of the deferred rebasing period
4 for the Guelph Hydro RZ. Similar to the ESM for the four RZs, Alectra Utilities applied 2017 and
5 2018 weighting factors (Guelph Hydro RZ only) to the 2024 Consolidated Adjusted Regulated Net
6 Income, Rate Base and Regulated Deemed Equity amounts to derive the 2024 ROE for the
7 Guelph Hydro RZ. Alectra Utilities compared the results to Guelph Hydro's deemed ROE of 9.19%
8 approved in its last rebasing application. This results in an ROE that is either 102 basis points
9 (using 2017 weighting factors) or 157 basis points (using 2018 weighting factors) below a deemed
10 ROE of 9.19%, meaning the ESM is not triggered.

11 *Submissions of the Parties*

12 OEB staff submits the 2024 ROE calculations are consistent with the methodologies used in
13 Alectra Utilities' 2025 EDR. The consolidated 2024 achieved ROE of 7.16% for Alectra Utilities'
14 five RZs falls below the deemed ROE of 8.95%, and as a result, the ESM is not triggered.

15 Additionally, OEB staff submits that the methodology used for the purpose of the ESM calculation
16 for Alectra Utilities' four RZs and Guelph Hydro RZ is consistent with the OEB-approved Alectra
17 Utilities' ESM proposal filed in the 2020 EDR application.

18 SEC submits Alectra Utilities has consistently followed the methodology approved in Alectra
19 Utilities' 2025 EDR, and thus does not trigger the ESM for 2024.

20 *Alectra Utilities' Submission*

21 Alectra Utilities submits that its calculation of 2024 ROE is consistent with the OEB-approved
22 methodology for the purpose of assessing earnings sharing and that the ESM is not triggered.

23 **E. ESTABLISHMENT OF NEW DEFERRAL AND VARIANCE ACCOUNTS**

24 **1. Proposed DVA for Useful Life Changes**

25 Alectra Utilities is requesting approval to establish a new DVA to track the impact of updated asset
26 useful lives that will be reflected in a third-party depreciation study prepared for Alectra Utilities'
27 2027 rebasing application. Alectra Utilities proposes the new account to be effective from January
28 1, 2025 until the effective date of Alectra Utilities' rebasing application decision, and to record the

1 impact using the Account 1576 approach. Under this approach, Alectra Utilities would record the
2 cumulative difference between its net property, plant and equipment (“PP&E”) values under its
3 former depreciation policies and its net PP&E values under the revised depreciation policies.

4 Alectra Utilities’ request for the proposed DVA for Useful Life Changes satisfies the OEB’s
5 eligibility criteria of causation, materiality and prudence. Forecast results indicate the impact of
6 the changes to the financial useful lives of assets will result in a credit recorded in the deferral
7 and variance account of \$16.62MM for 2025 and \$21.24MM for 2026. Applying a proposed 2027
8 weighted average cost of capital (WACC) of 6.1% to the forecasted balances in the deferral
9 account for disposition results in a return on the account of \$2.31MM.

10 *Submissions of the Parties*

11 OEB staff does not take issue with Alectra Utilities’ proposal to establish Account 1508, Other
12 Regulatory Assets, sub-account Useful Life Changes to track and record the impact of the
13 updated depreciation rates from January 1, 2025 until the effective date of Alectra Utilities’
14 rebasing application decision.

15 OEB staff also submits that Alectra Utilities has satisfied the causation, materiality, and prudence
16 criteria required to establish a new DVA. OEB staff agrees that prudence in establishing this DVA
17 is addressed by a third-party study, however, submits that the study has not yet been reviewed
18 by the OEB, but the review is expected to occur as part of Alectra Utilities’ 2027 rebasing
19 application.

20 OEB staff does not have initial concerns with Alectra Utilities’ proposal to track the impacts using
21 an Account 1576 approach, however, a review to determine the appropriate methodology and
22 test actual impacts is in Alectra Utilities’ 2027 rebasing application, which is currently before the
23 OEB. In the 2027 rebasing application, Alectra Utilities should explicitly show the proposed
24 balance in the new DVA, and explain the numbers and assumptions used.

25 SEC submits that given the DVA would be in favour of customers, SEC is not opposed to the OEB
26 approving Alectra’s request. SEC also submits the OEB should make clear that any approval of
27 the proposed DVA account is not approval of changes to depreciation rates and that this matter
28 should be addressed in Alectra Utilities’ 2027 rebasing application.

29 *Alectra Utilities’ Submission*

1 Alectra Utilities submits its request to establish Account 1508, Other Regulatory Assets, sub-
2 account Useful Life Changes to track and record the impact of updated depreciation rates from
3 January 1, 2025 until the effective date of Alectra Utilities' rebasing application decision should
4 be approved as filed.

5 Alectra Utilities submits that its proposal to record the impact using the Account 1576 approach
6 is appropriate and consistent with the OEB's Decision in Alectra Utilities' 2020 EDR application
7 (EB-2019-0018) related to the impact of changes in capitalization policy. Alectra Utilities has filed
8 its 2027 rebasing application with the OEB, in which a formal prudence review of the appropriate
9 methodology and amounts recorded in the new Account 1508 Useful Life Changes will be tested.

10 **2. Proposed DVA for Direct Labour Capitalization Changes**

11 Alectra Utilities is requesting approval to establish a new DVA to track the impact of an updated
12 Direct Labour Capitalization ("DLC") methodology derived from a time study for employees who
13 do not use timesheets. Alectra Utilities proposes the new account to be effective from January 1,
14 2025 until the effective date of Alectra Utilities' rebasing application decision, and to record the
15 impact using the Account 1576 approach.

16 Alectra Utilities' request for the proposed DVA for DLC satisfies the OEB's eligibility criteria of
17 causation, materiality and prudence. Study results indicate an increase in labour capitalization
18 and a corresponding decrease to OM&A costs in 2025 and 2026. Alectra Utilities forecasts the
19 impact in incremental direct labour capitalization will result in a credit recorded in the deferral and
20 variance account of \$5.71MM for 2025 and \$5.33MM for 2026. Applying a proposed 2027
21 weighted average cost of capital (WACC) of 6.1% to the forecasted balances in the deferral
22 account for disposition results in a return on the account of \$0.67MM.

23 In response to interrogatories, Alectra Utilities proposed that, when applying the existing ratio to
24 the 2025 and 2026 distribution system capital, the incremental direct labour burden costs resulting
25 from the 2025 updates be excluded from the capital amount. Alectra Utilities proposes to reduce
26 its 2025 and 2026 distribution system capital amounts by \$5.71MM and \$5.33MM, respectively,
27 to ensure there is no double counting, for the purposes of calculating its existing capital policy
28 impact.

29 *Submissions of the Parties*

1 OEB staff submits that OEB staff does not take issue with Alectra Utilities' proposal to establish
2 Account 1508, Other Regulatory Assets, sub-account Direct Labour Capitalization, to track and
3 record the impact from the direct labour capitalization changes from January 1, 2025 until the
4 effective date of Alectra Utilities' rebasing application decision.

5 OEB staff understands an increase in labour capitalized due to the adoption of the DLC study
6 would result in an overcollection of OM&A embedded in rates for 2025 and 2026. This account
7 allows the potential overcollection to be refunded to customers, suggesting the account is
8 asymmetrical in nature.

9 OEB staff also submits that Alectra Utilities has satisfied the causation, materiality, and prudence
10 criteria required to establish a new DVA. OEB staff agrees that prudence in establishing this DVA
11 is addressed by a third-party study, however, the study has not yet been reviewed by the OEB,
12 but the review is expected to occur as part of Alectra Utilities' 2027 rebasing application.

13 OEB staff submits the nature of the DLC DVA is similar to Alectra Utilities' capitalization policy
14 impact DVAs and has no concerns with Alectra Utilities' proposal to track the impacts using an
15 Account 1576 approach. Alectra Utilities also proposes to reduce 2025 and 2026 distribution
16 system plan capital to ensure no double counting with the existing capitalization policy impact
17 DVAs. OEB staff take no position on this adjustment, but recommends a prudence review in
18 Alectra Utilities' 2027 rebasing application to demonstrate a clear mapping of any excluded
19 amounts to the DLC DVA.

20 SEC submits that given the DVA would be in favour of customers, SEC is not opposed to the OEB
21 approving Alectra's request. SEC submits the wording 'in favour of customers' should be included
22 in the proposed Accounting Order for Direct Labour Capitalization Changes, similar to the wording
23 used in the proposed Accounting Order for Useful Life Changes. SEC also submits the OEB
24 should make clear that any approval of the proposed DVA account is not approval of changes to
25 capitalization policies and this matter should be addressed in Alectra Utilities' 2027 rebasing
26 application.

27 *Alectra Utilities' Submission*

28 Alectra Utilities submits its request to establish Account 1508, Other Regulatory Assets, sub-
29 account Direct Labour Capitalization, to track and record the impact of an updated DLC

1 methodology derived from a time study, from January 1, 2025 until the effective date of Alectra
2 Utilities' rebasing application decision should be approved.

3 Alectra Utilities submits that its proposal to record the impact using the Account 1576 approach
4 is appropriate and consistent with the OEB's Decision in Alectra Utilities' 2020 EDR application
5 (EB-2019-0018) related to the impact of changes in capitalization policy. Alectra Utilities proposes
6 to reduce 2025 and 2026 distribution system plant capital to ensure no double counting of
7 amounts recorded to the existing 1508 Capitalization Policy Impact DVAs. Alectra Utilities has
8 filed its 2027 rebasing application with the OEB, in which a formal prudence review of the
9 appropriate methodology and amounts recorded in the new Account 1508 Direct Labour
10 Capitalization Changes will be tested.

11 Alectra Utilities has updated the draft Accounting Order for Direct Labour Capitalization Changes
12 to include the wording 'in favour of customers' in Appendix A of this submission.

13 **3. Rates Retroactivity**

14 During the interrogatory process, Alectra Utilities addressed concerns from OEB staff regarding
15 whether the proposed DVAs constitute retroactive ratemaking. Alectra Utilities explained that due
16 to the significant financial impact and the implementation of changes for financial reporting starting
17 January 1, 2025, it was prudent to seek approval in its 2026 IRM application for future refund to
18 customers as part of Alectra Utilities' 2027 rebasing application.

19 *Submissions of the Parties*

20 OEB staff submits that there is no reason to deny Alectra Utilities' request for two new DVAs
21 effective January 1, 2025. OEB staff submits the effective date of January 1, 2025 does not create
22 harm to any party and is not concerned with the two primary rationales for the rule against
23 retroactive ratemaking (rate certainty and intergenerational inequity).

24 No other party made submissions on this matter.

25 *Alectra Utilities' Submission*

26 Alectra Utilities submits that the proposed January 1, 2025 effective date of both new DVA
27 accounts should be approved as filed.

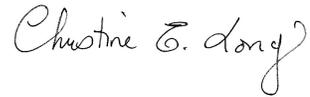
1 **F. CONCLUSION**

- 2 For the reasons identified above, Alectra Utilities submits that its electricity distribution rates
3 should be approved as filed, or as revised.

All of which is respectfully submitted this 13th day of November 2025.

ALECTRA UTILITIES CORPORATION

Original signed by

A handwritten signature in cursive script that reads "Christine E. Long".

Christine E. Long, LL.B
Vice President, Regulatory Affairs and Privacy Officer

APPENDIX A

PROPOSED ACCOUNTING ORDER DIRECT LABOUR CAPITALIZATION CHANGES

PROPOSED ACCOUNTING ORDER

NEW VARIANCE ACCOUNT – DIRECT LABOUR CAPITALIZATION CHANGES

The purpose of the new Direct Labour Capitalization Changes account is to track the cumulative difference between the former and revised Direct Labour Capitalization rates as determined by the DLC study and using the Account 1576 approach. The Account 1576 approach requires a rate of return component to be applied to the balance in the account before disposition which will be determined at rebasing. The account will be effective from January 1, 2025 until the effective date of Alectra Utilities' rebasing decision, unless otherwise directed by the OEB. The revised DLC rates will increase labour capitalization (i.e., higher capital costs) thus correspondingly decrease OM&A costs. The account will be cumulative and in favour of customers. The calculation of any entries made to the Direct Labour Capitalization Changes account and the prudence of any account balances will be subject to review and OEB approval at rebasing.

Interest carrying charges will not be applied to the account balances.

Alectra Utilities will use the following sub-account to record the amounts:

- Account 1508, Other Regulatory Assets, Sub-account Direct Labour Capitalization Changes

The sample accounting entry for the variance account:

- A. To record entries in the Direct Labour Capitalization Changes variance account:
 - CR 1508 Other Regulatory Assets, Sub-account Direct Labour Capitalization Changes
 - DR 4305 Regulatory Debits