

May 22, 2026

via RESS

Mr. Ritchie Murray, Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4
Registrar@oeb.ca

**Re: Newmarket-Tay Power Distribution Ltd.
2028 Cost of Service Rate Application Deferral Request**

Dear Mr. Murray,

On December 15, 2025, the Ontario Energy Board (“OEB”) issued a letter regarding *Applications for 2027 Electricity Distribution Rates*, which outlined a preliminary schedule of electricity distributors that are scheduled to file a Cost of Service (“COS”) rate application for the rate years 2027 to 2030. Newmarket-Tay Power Distribution Ltd. (NT Power) is currently scheduled to file a COS rate application for January 1, 2028 rates. NT Power requests a one-year deferral to reschedule its COS application for rates effective January 1, 2029. In lieu of a COS filed for rates effective January 1, 2028, NT Power would seek an adjustment under the OEB’s Price Cap IR formula for 2028.

Background

In the Decision and Order in NT Power’s Mergers, Acquisitions, Amalgamations and Divestitures (“MAADs”) Application (EB-2017-0269), dated August 23, 2018, the OEB granted approval for the former Newmarket-Tay Power Distribution Ltd. to purchase and amalgamate with the former Midland Power Utility Corporation (MPUC) and continue operations as a single electricity distribution company (NT Power). The amalgamation was effective September 7, 2018. NT Power was granted a 10-year deferred rebasing period.

In December 2024, it was announced that NT Power’s shareholders (Town of Newmarket and Township of Tay) were exploring a potential merger or sale of the company. On March 2, 2026, NT Power’s shareholders formally approved the sale of NT Power to Alectra Inc., subject to regulatory approval. NT Power requests a deferral of its 2028 COS application due to the timing of the events and implications related to the potential acquisition. NT Power currently expects Alectra Inc. to file a MAADs application, seeking approval for Alectra Inc.’s acquisition of NT Power. If the MAADs application is approved, NT Power expects to continue operating as a stand-alone utility for a period of time and to file a COS

application, as originally planned. Alectra Utilities and NT Power intend to subsequently seek approval to amalgamate at a later date.

Request for Deferral

NT Power anticipates Alectra Inc. to file the MAADs application related to the acquisition in the coming months. Based on the OEB's performance standards, NT Power forecasts that the OEB may issue a decision in Q1 2027.¹ The closing of the transaction would occur shortly thereafter, if approved, as well as a change in the board of directors and ownership structure of NT Power. Should NT Power continue on its scheduled path of filing a COS by April 30, 2027, for rates effective January 1, 2028, then it would be developing, refining, and seeking board approval of a COS application under a fluid ownership and governance structure (effectively, the board of directors that approves the application would no longer be the board at the time of filing). This is neither efficient, nor practicable. Accordingly, NT Power is proposing deferring its application by one year, allowing a potential change in ownership and governance to take place, and sequentially, filing its COS under its new structure.

Financial and Non-Financial Performance

In a letter dated December 1, 2021, regarding Applications for 2023 Electricity Distribution Rates, the OEB communicated its revised approach to COS deferral requests.² Amongst other items, the OEB noted that when considering a deferral request, the OEB would look at both financial and non-financial performance, which would include consideration of information about return on equity and recent capital expenditures, as well as the distributor's OEB scorecard performance. If a utility is under earning, the OEB assesses whether financial viability of the distributor is at risk. NT Power addresses these areas below in support of its deferral request.

1) Financial Performance

NT Power's regulatory return on equity for the past three years is as follows:

Table 1 – Regulatory Return on Equity

	2023	2024	2025
Achieved ROE	7.60%	7.97%	1.05%
Approved ROE	9.51%	9.51%	9.51%
Variance	-1.91%	-1.54%	-8.46%

NT Power under-earned by more than 300 basis points in 2025 mainly as a result of a greater increase in OM&A as compared to the increase in distribution revenues, and an

¹ OEB March 25, 2025 letter Re: Updates to Performance Standards for Consolidation Applications

² OEB December 1, 2021 letter, Re: Applications for 2023 Electricity Distribution Rates

increasing rate base. Despite the under-earning, NT Power asserts that its financial viability is not at risk. NT Power provides its financial ratios for the past three years below, and notes that the ratios do not signal financial distress.

Table 2 – Financial Ratios³

	2023	2024	2025
Liquidity Ratio	0.96	0.98	0.73
Debt to Equity Ratio	1.23	1.24	1.23
Financial Statement Return on Equity	3.94%	4.84%	2.20%

2) Recent Capital Expenditures

NT Power provides its Distribution System Plan (DSP) Implementation Progress measure as reported on the OEB's Scorecard below. The measure is calculated as the ratio of actual capital expenditures made in a calendar year over the total planned capital expenditures per its DSP for that calendar year. The variance between actual and planned expenditures in 2023 and 2024 can be attributed, in part, to the rise in material costs, as well as to delays encountered during the COVID-19 pandemic in prior years, which resulted in expenditures being deferred from those periods to 2023 and 2024. The 2024 variance was also due to a large system access project put into service and a number of large system access customer additions in 2024 that was not originally forecasted in the 2020-2024 DSP.

Table 3 – Distribution System Plan Implementation Progress

	2023	2024	2025
DSP Implementation Progress	174%	311%	91%

3) Total Cost Benchmarking

In the Pacific Economics Group ("PEG") annual total cost benchmarking report, NT Power was benchmarked on a consolidated basis starting in 2018. Since 2018, NT Power has maintained its Group 2 efficiency ranking, except for 2019 where it was in the Group 3 efficiency ranking. In the most recent report for 2024, NT Power's actual costs were 16% below predicted costs.

4) Non-Financial Performance

NT Power's 2024 Scorecard and MD&A are attached in Appendix A. NT Power has exceeded most of the targets. For the Serious Electrical Incident Index, there was unfortunately one reportable serious electrical incident in 2024, which did not result in any

³ Liquidity ratio = current assets/current liabilities; Debt to equity = Debt/equity; Return on Equity = Net income/equity

injuries. No such incidents have occurred since then. With respect to reliability, although NT Power did not meet its SAIDI and SAIFI targets, 2024 reliability measures improved from 2023. NT Power continues to strive to improve reliability measures.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Donna Kwan', with a stylized flourish at the end.

Donna Kwan, CPA
Regulatory Finance Manager
Newmarket-Tay Power Distribution Ltd.
(289) 470-0326
dkwan@ntpower.ca

									Target	
Performance Outcomes	Performance Categories	Measures	2020	2021	2022	2023	2024	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	98.12%	96.28%	95.32%	97.45%	97.90%	⬆️	90.00%	
		Scheduled Appointments Met On Time	98.87%	98.71%	96.37%	96.85%	98.53%	⬇️	90.00%	
		Telephone Calls Answered On Time	73.64%	54.76%	47.21%	77.03%	87.28%	⬆️	65.00%	
	Customer Satisfaction	First Contact Resolution	99.6%	100	100	100	99.3			
		Billing Accuracy	99.94%	99.73%	99.84%	99.94%	99.98%	⬆️	98.00%	
		Customer Satisfaction Survey Results	96%	84	84	86	86			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness	83.00%	83.00%	77.00%	77.00%	88.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	➡️		C
		Serious Electrical Incident Index	0	0	0	0	1	➡️		0
			0.000	0.000	0.000	0.000	0.971	➡️		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.98	0.63	1.56	1.39	1.30	⬆️		0.56
		Average Number of Times that Power to a Customer is Interrupted ²	0.53	0.53	0.68	0.88	0.75	⬆️		0.63
	Asset Management	Distribution System Plan Implementation Progress	88%	103.97	117.02	174.44	311.31			
	Cost Control	Efficiency Assessment	2	2	2	2	2			
		Total Cost per Customer ³	\$644	\$649	\$705	\$783	\$877			
		Total Cost per Km of Line ³	\$27,641	\$28,216	\$30,740	\$34,829	\$38,369			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➡️	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	1.38	1.42	1.09	0.96	0.98			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	1.12	1.24	1.05	1.23	1.24			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.66%	9.51%	9.51%	9.51%	9.51%		
			Achieved	6.33%	9.51%	7.29%	7.60%	7.97%		

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend

⬆️ up ⬇️ down ➡️ flat

Current year

🟢 target met 🟡 target not met

2024 Scorecard Management Discussion and Analysis (“2024 Scorecard MD&A”)

The link below provides a document titled “Scorecard - Performance Measure Descriptions” that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard’s measures in the 2024 Scorecard MD&A:

[http://www.ontarioenergyboard.ca/OEB/ Documents/scorecard/Scorecard Performance Measure Descriptions.pdf](http://www.ontarioenergyboard.ca/OEB/Documents/scorecard/Scorecard%20Performance%20Measure%20Descriptions.pdf)

Scorecard MD&A - General Overview

In September 2018, Newmarket-Tay Power Distribution Ltd. (NT Power) amalgamated with the former Midland Power Utility Corporation. The results contained within this scorecard reflect the consolidated operations of both former entities. NT Power provides electricity service to over 45,000 customers, covering over 94 square kilometers spanning the communities of the Town of Newmarket, Township of Tay, and Town of Midland.

Overall, NT Power’s 2024 scorecard results demonstrate its continued strong performance across each category, including the following highlights:

- NT Power’s focus on customer needs, as evidenced through the service quality and customer satisfaction metrics that exceed OEB targets. NT Power’s commitment to continuous improvement in service quality is evident in the significant improvement made in relation to Calls Answered on Time.
- Safety is of the utmost importance at NT Power. NT Power remains compliant with Ontario Regulation 22/04.
- While reliability metrics were below the OEB’s distributor target in 2024, the metrics have improved from prior year and the frequency and duration of NT Power’s outages remains well below industry averages. NT Power’s continued implementation of its Distribution System Plan in 2024 is expected to move reliability measures in a favourable direction moving forward.
- While inflationary pressures and increased capital work increased per customer and per kilometer unit costs in 2024, NT Power has maintained its above-average cost efficiency ranking.
- NT Power maintained reasonable financial ratios as at the end of 2024, while earning regulatory returns in 2024 within the OEB’s +/- 3% threshold, relative to approved values.

Management is pleased to share its scorecard results and the following discussion and analysis with all interested stakeholders.

Service Quality

- **New Residential/Small Business Services Connected on Time**

97.90% of new service customers were connected within the five-day timeframe mandated by the Distribution System Code. NT Power has consistently achieved over 95% during the past 5 years, exceeding the OEB's industry target of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources are in place to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

NT Power met 98.53% of its scheduled appointments on time in 2024, exceeding the OEB's industry target of 90% in each of the past 5 years.

- **Telephone Calls Answered On Time**

NT Power responded to 87.28% of eligible customer calls within the 30 seconds required by the Distribution System Code, significantly exceeding the OEB's industry target of 65%. NT Power has significantly improved on this measure when compared to prior years. NT Power closely monitored call volumes in 2024 and undertook several initiatives to ensure timely, effective support that aligned with customer expectations. This includes investing in a skilled support team, enhancing customer and staff education, and expanding engagement initiatives, all with a continued focus on reducing call response times. NT Power remains dedicated to strengthening its customer service capabilities.

Customer Satisfaction

- **First Contact Resolution**

The OEB does not prescribe a specific methodology for the First Contact Resolution Metric. Instead, it offers distributors discretion in determining this measure. NT Power bases this measure on statistics from phone records after each interaction. NT Power achieved a First Contact Resolution rate of 99.3%, reflecting its dedication to resolving customer inquiries efficiently and effectively. NT Power remains committed to delivering exceptional service tailored to the needs of its customers.

- **Billing Accuracy**

NT Power achieved a 99.98% accuracy rate in issuing customer bills, surpassing the OEB's industry target of 98%. NT Power's high billing accuracy rate is largely attributed to its pre-billing internal review process. NT Power remains committed to continuously improving its billing processes.

- **Customer Satisfaction Survey Results**

NT Power is required to conduct a customer satisfaction survey on a biennial basis. In partnership with a third-party provider, NT Power conducted a customer satisfaction survey in 2023 to better understand customer needs and expectations. The survey yielded a strong satisfaction score of 86%, highlighting both areas of success and opportunities for improvement. Insights from the survey are actively used to guide NT Power's planning and decision-making, with a focus on the issues that matter most to customers. Survey topics included overall satisfaction, reliability, billing, and customer service. Feedback emphasized the importance of supporting low-income customers, enhancing safety awareness education, and reducing outage response times. Feedback from the survey has been integrated into NT Power's strategic goals, reinforcing the company's commitment to continuous improvement and customer-focused service. NT Power's next customer satisfaction survey is planned for 2025.

Safety

- **Public Safety**

- **Component A – Public Awareness of Electrical Safety**

An OEB mandated biennial survey was conducted in 2024 to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

- Likelihood to “call before you dig”
- Impact of touching a power line
- Proximity of an overhead power line
- Danger of tampering with electrical equipment
- Proximity to downed power line
- Actions taken in vehicle in contact with wires

A third-party agent was engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents in NT Power's service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power achieved a score of 88% on the Public Safety Awareness Index Score with results

indicating that a majority of the public have a good awareness of key public electrical safety issues.

NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

- **Component B – Compliance with Ontario Regulation 22/04**

Ontario Regulation 22/04 - *Electrical Distribution Safety* (“O. Reg.22/04”) establishes objective-based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. An audit is performed to determine the status of compliance. NT Power achieved full compliance with O.Reg.22/04.

- **Component C – Serious Electrical Incident Index**

The Serious Electrical Incident Index measures the number of serious electrical incidents affecting the public, including fatalities, which occur within a utility’s territory. As assessed by the Electrical Safety Authority (ESA), there was one reportable serious electrical incident in 2024. This incident did not result in any injuries.

NT Power remains strongly committed to the safety of staff, contractors, and the general public. NT Power regularly provides its customers with electrical safety information via its website and social media. Additionally, NT Power continues to make significant maintenance and capital infrastructure investments to enhance system safety and reliability.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that an NT Power customer was interrupted, or its System Average Interruption Duration Index (SAIDI), was 1.3. NT Power did not meet the OEB’s distributor target of 0.56, however, the achieved result was still significantly better than the recent industry average for this measure and is an improvement from prior year¹.

Approximately 47% of the customer interruptions hours were related to four large-scale foreign interference outages (vehicle accidents). Due to the nature and timing of the outages, it took longer than average for crews to resolve these incidents. When excluding these events, Loss of Supply, and Major Event Days, SAIDI was 0.62, which is 10% higher than the distributor target.

¹ The average for 2020 to 2023 was 2.776, as calculated from the OEB’s annual Electricity Distributor Yearbook

- **Average Number of Times that Power to a Customer is Interrupted**

The average number of times power to NT Power customers was interrupted, or its System Average Interruption Frequency Index (SAIFI) was 0.75. NT Power did not meet the OEB's distributor target of 0.63, however, the achieved result is still significantly better than the recent industry average for this measure and is an improvement from prior year².

Similar to customer interruption hours, approximately 67% of the customer interruptions in 2024 were related to the four large-scale vehicle accident outages. When excluding these events, Loss of Supply, and Major Event Days, the SAIFI measure was 0.5, which is 21% lower than the distributor target.

Asset Management

- **Distribution System Plan Implementation Progress**

NT Power measures its performance in Distribution System Plan ("DSP") Implementation Progress as the ratio of actual capital expenditures made in a calendar year over the total planned capital expenditures per its DSP for that calendar year. For 2024, NT Power implemented 311.31% of its planned DSP capital expenditure. The variance between actual and planned expenditures in 2024 can be attributed, in part, to the rise in material costs, as well as to delays encountered during the COVID-19 pandemic in prior years, which resulted in expenditures being deferred from those periods to 2024. The impact from these factors were magnified, resulting in a large actual vs. planned expenditure variance due to a large system access project that was put into service in 2024. Furthermore, there was an increased number of large system access customer additions in 2024 that was not originally forecasted in the 2020-2024 DSP.

Cost Control

- **Efficiency Assessment**

On an annual basis, the cost-efficiency of each Ontario electricity distributor is assessed by an independent organization, on behalf of the OEB. Based on the differential between their actual and anticipated costs (calculated by econometric modelling) over the previous three-year average, each distributor is assigned a ranking, placing them into one of five cohort groups (Group 1 being the most cost efficient). NT Power maintained an efficiency assessment of Group 2 in 2024, indicating that it has performed above industry average in regards to cost-efficiency.

² The average for 2020 to 2023 was 1.612, as calculated from the OEB's annual Electricity Distributor Yearbook

- **Total Cost per Customer**

Total cost per customer is calculated as the sum of NT Power's capital and operating costs divided by the total number of customers that NT Power serves. In 2024, NT Power's total cost per customer was \$877 (2023 was \$783), an increase of 12% over the prior year, largely attributable to inflationary pressures and increased spending on capital work that have not been offset by proportional customer growth in NT Power's service territory.

- **Total Cost per Km of Line**

Total cost per kilometer of line is calculated as the sum of NT Power's capital and operating costs divided by the circuit-kilometers of powerlines that NT Power operates. In 2024, NT Power's cost per kilometer of line was \$38,369 (2023 was \$34,829), an increase of 10% over the prior year. Similar to the increase in cost per customer, this change is largely attributable to inflationary pressures and increased capital work experienced in 2024.

Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected On Time**

NT Power connected 16 new micro-embedded generation facilities on time, which represented 100% of new micro-embedded generation facilities. This exceeds the OEB's industry target of 90%.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

The current ratio is an indicator of financial health, with a ratio greater than one indicating that the company is in an acceptable position to pay its short-term debts and financial obligations. The higher the value, the more liquid the company is, operating with a larger margin of safety to cover its short-term debts and financial obligations. NT Power's 2024 current ratio was 0.98 (2023 was 0.96). NT Power maintains a strong liquidity position with respect to meeting its short-term obligations.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

The total debt-to-equity ratio is an indicator of a company's financial leverage. The OEB applies a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital structure is equal to a debt-to-equity ratio of 1.5

(60/40). In 2024, NT Power maintained a total debt to equity ratio of 1.24 (2023 was 1.23), below the OEB-deemed ratio of 1.5. NT Power manages its optimal capital structure on an ongoing basis, ensuring it has financing resources in place to meet its current and future capital investment needs.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

The OEB approves NT Power's distribution rates and allows for a deemed regulated return on equity. NT Power's approved deemed regulated return on equity is 9.51%. If a distributor's achieved regulatory return on equity falls outside of a +/- 3% range, a regulatory review of the distributor's revenue and cost structure may be triggered.

- **Profitability: Regulatory Return on Equity – Achieved**

NT Power's achieved regulatory return on equity for 2024 was 7.97% (2023 was 7.60%), which falls within the OEB's +/- 3% range relative to NT Power's deemed return on equity of 9.51%.

Note to Readers of 2024 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.