

Settlement Proposal Presentation

EB-2025-0252

Alectra Utilities' 2027-2031 Custom IR Application

September 15, 2026



Parties to the Settlement Conference

Alectra Utilities and the following 11 intervenors (the “Intervenors”) participated in the Settlement Conference:

- Association of Major Power Consumers in Ontario (“AMPCO”)
- Building Owners and Managers Association Toronto (“BOMA”)
- Coalition of Concerned Manufacturers and Businesses of Canada (“CCMBC”)
- Consumers Council of Canada (“CCC”)
- Distributed Resource Coalition (“DRC”)
- Energy Probe Research Foundation (“EP”)
- Environmental Defence (“ED”)
- Ontario Association of Physical Plant Administrators (“OAPPA”)
- Power Workers’ Union (“PWU”)
- School Energy Coalition (“SEC”)
- Vulnerable Energy Consumers Coalition (“VECC”)

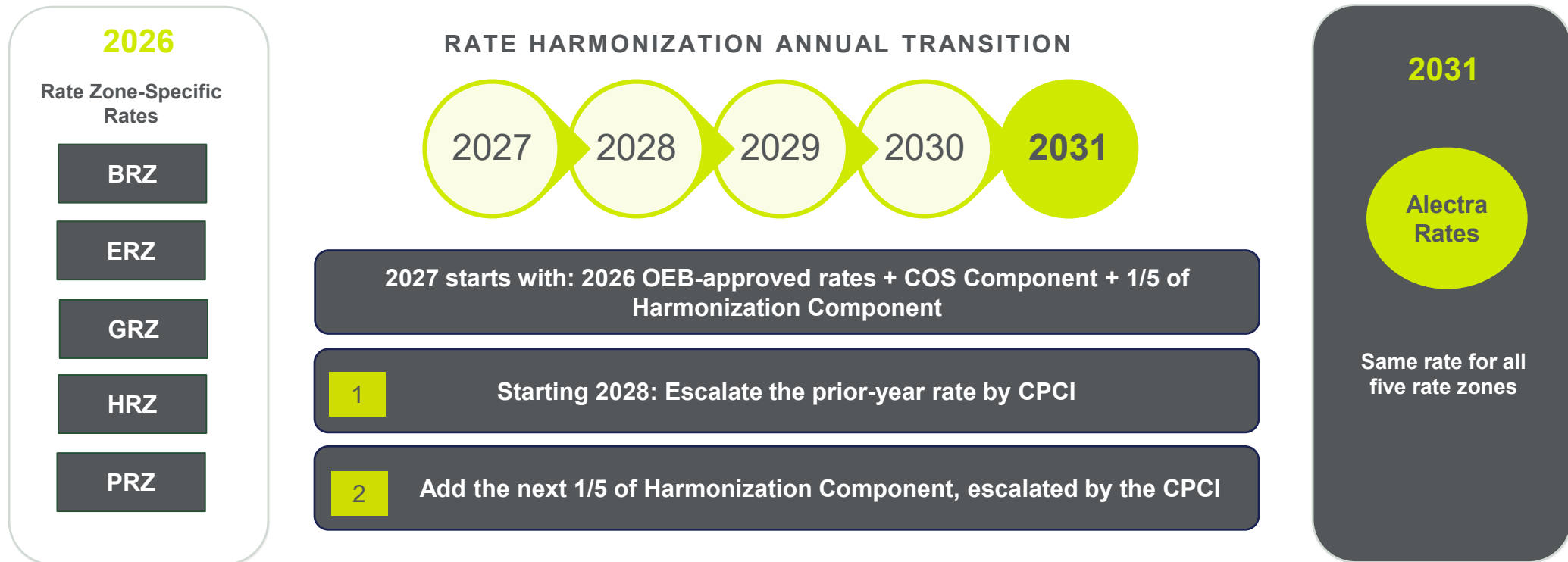
Key Components of Settlement – Custom IR Framework

Item	Custom Rate Framework
2027	Cost of Service Rebasing – full review of service revenue requirement and other revenue, yielding base revenue requirement to establish distribution rates
2028-2031	Custom Price Cap Index (“CPCI”) % CPCI = Inflation (“I”) + Revenue Growth Factor (“RGF”)
Inflation	Based on the OEB’s annually published inflation factor for electricity distributors
Revenue Growth Factor	The RGF provides for incremental funding to meet capital and operational needs • Capital-Related Revenue Requirement (“CRRR”) – based on in-service additions, subject to a 0.15% stretch factor and 0.15% incremental capital stretch factor and working capital adjustment; • Non-CRRR – comprised of Operating, Maintenance, and Administration (“OM&A”) (escalated in 2028-2031 by inflation and a fixed billing determinant growth factor), offset by Other Revenue (generally escalated in 2028-2031 by inflation), and subject to a 0.15% stretch factor; • A forecast of “I” is removed from the RGF to allow for updated OEB inflation figures in 2028-2031; and • Forecast revenue growth from billing determinant growth is removed from the RGF in 2028-2031.

Key Components of Settlement – Annual Rate Design

Annual Rate Design consists of two (2) components: **Cost of Service Rate Component** and **Harmonization Rate Component**

- Harmonization Rate Component: Impact of harmonization across the 5 rate zones, which is phased over 5 years
- Cost of Service Rate Component: Based on the 2027 revenue requirement



Alectra Utilities Service Territory



> 1 million
customers



149 municipal
stations



128,362
distribution
transformers



23,694 km
underground wires



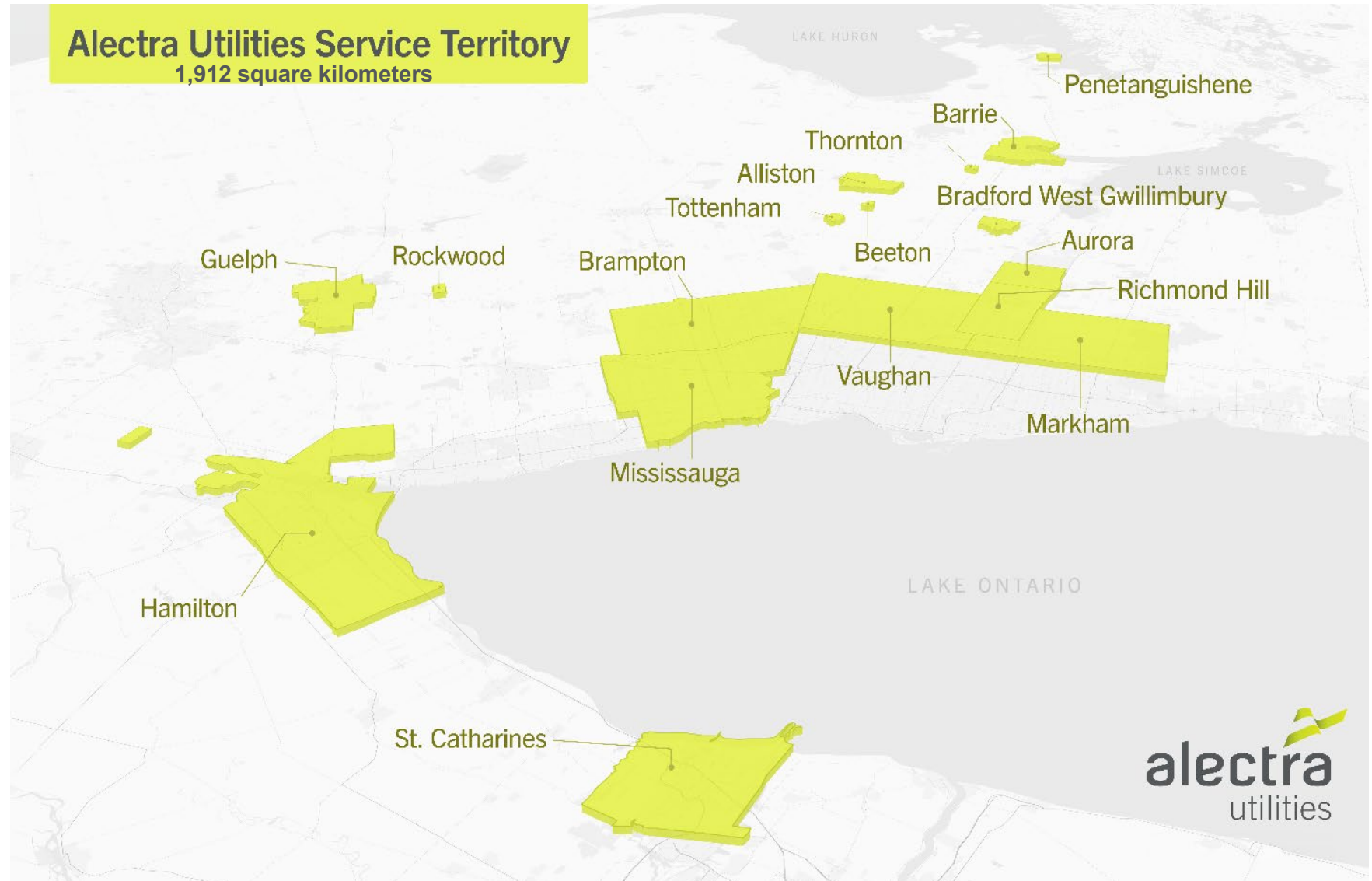
18,463 km
overhead wires



134,372 poles

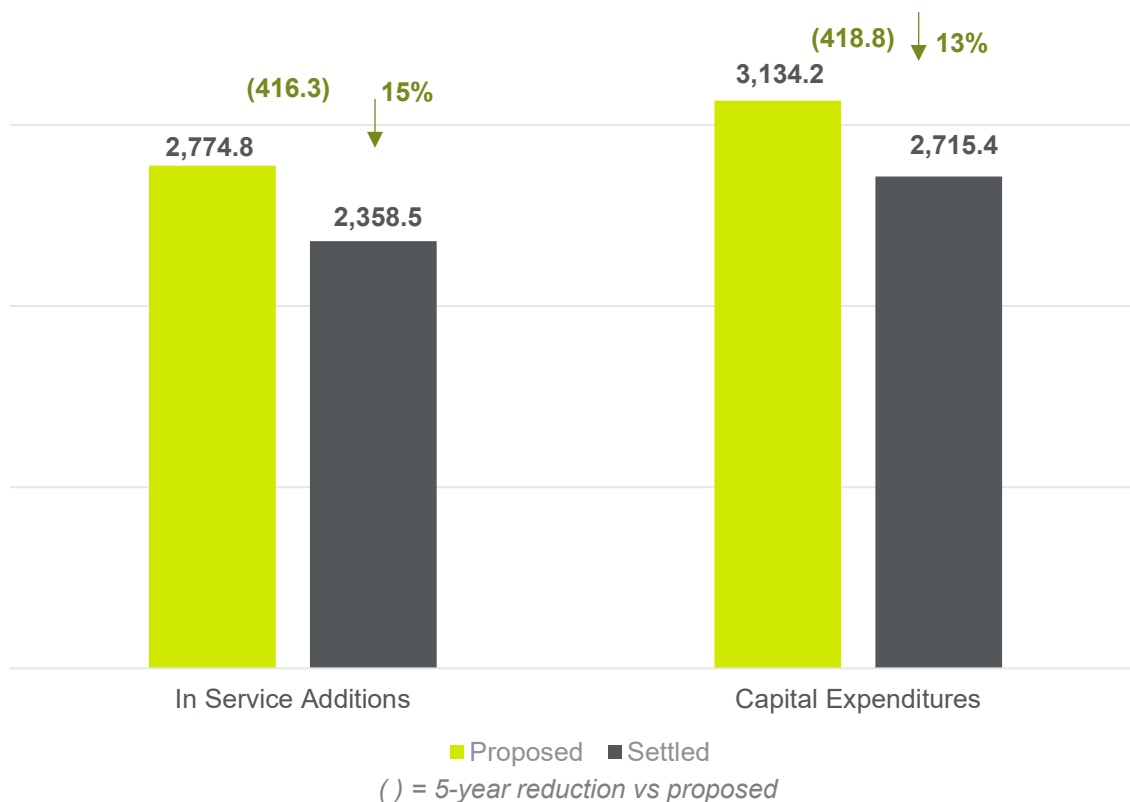


6,636 primary
switches



Key Components of Settlement - Capital

5-year Capital Expenditures and In-Service Additions (\$MM)



In-Service Additions	Proposed	Settled	Change \$	Change %
System Access	1,438.4	1,370.6	(67.8)	-5%
System Renewal	1,344.0	1,058.9	(285.1)	-21%
System Service	342.1	302.3	(39.8)	-12%
General Plant	344.9	281.1	(63.8)	-18%
TOTAL GROSS EXPENDITURES	3,469.4	3,012.9	(456.5)	-13%
TOTAL CONTRIBUTIONS	(694.6)	(654.4)	40.2	-6%
NET EXPENDITURES	2,774.8	2,358.5	(416.3)	-15%

Capital Expenditures	Proposed	Settled	Change \$	Change %
System Access	1,486.5	1,400.0	(86.5)	-6%
System Renewal	1,368.5	1,082.5	(286.0)	-21%
System Service	598.0	558.1	(39.9)	-7%
General Plant	400.6	336.5	(64.1)	-16%
TOTAL GROSS EXPENDITURES	3,853.6	3,377.1	(476.5)	-12%
TOTAL CONTRIBUTIONS	(719.4)	(661.7)	57.7	-8%
NET EXPENDITURES	3,134.2	2,715.4	(418.8)	-13%

2027-2031 Custom Performance Scorecard

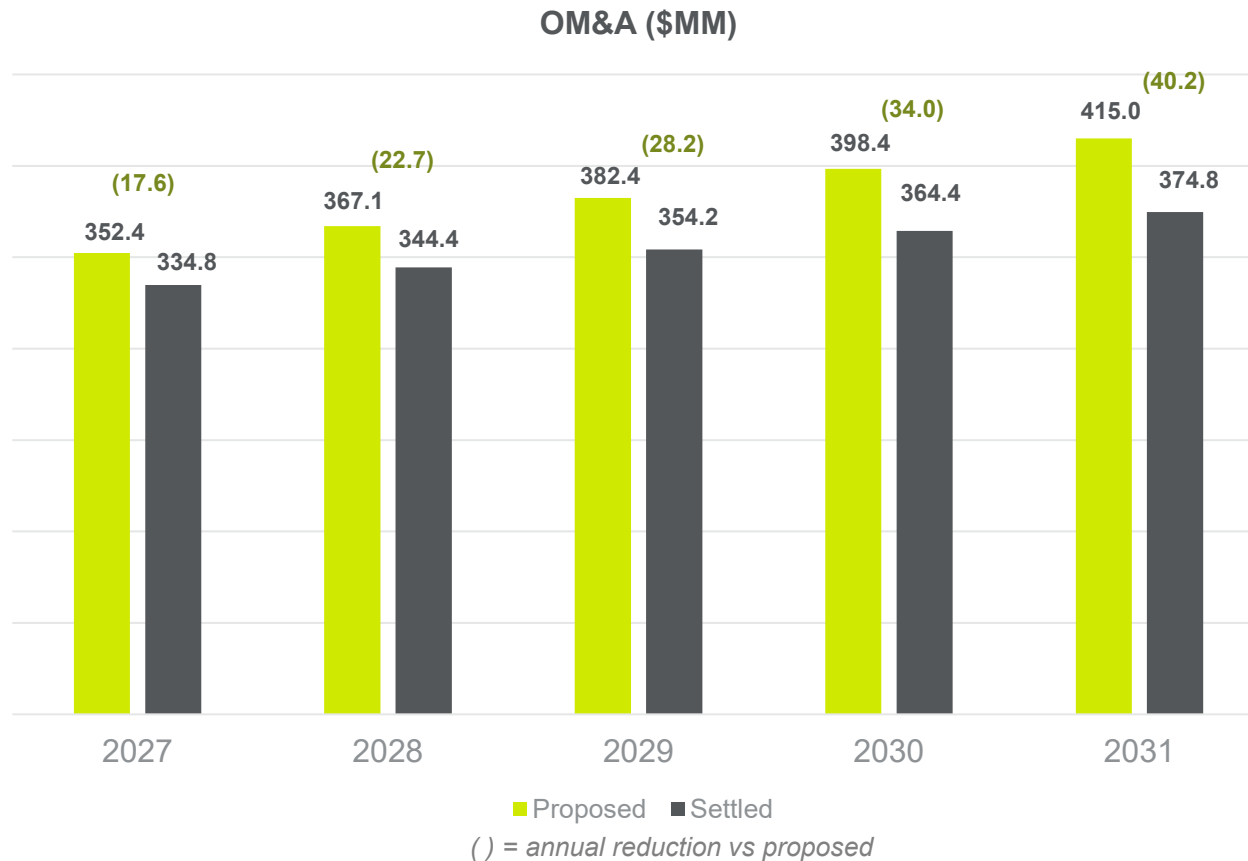
The custom performance scorecard commits Alectra Utilities to measurable targets across 5 reporting categories

Reporting Category	Performance Measure	Target by 2031 (Proposed)	Target by 2031 (Settled)
Reliability	SAIDI*	0.74 hours	0.878 hours
	Failed Equipment – CHI**	354,481 hours	434,239 hours
Cost Control	Planned Capital – Actual vs. Planned	100% (+/-5%)	100% (+/-5%)
	Fleet Availability	> 90%	> 85%
Infrastructure Renewal	Assets Replaced – Poles	5,256	4,447
	Assets Replaced – Transformers	4,771	3,882
	Assets Replaced – Switches	255	150
	Assets Replaced – Switchgear	344	300
	Assets Replaced – Cable	381 km	307 km
	AMI 2.0 Meters Installed	950,000	950,000
Automation	Automated devices on the distribution system (2027–2031)	100/100/110/110/110	85 / 55 / 75 / 90 / 90
Meeting Capacity Needs	Added Station Capacity	685 MVA	625 MVA

*Excluding Major Event Days and Loss of Supply. The settled SAIDI target equals the OEB's reliability performance improvement target.

**Excluding Major Event Days.

Key Components of Settlement - OM&A



- ❑ **2027 Test Year OM&A of \$334.8MM** - a reduction of \$17.6MM or 5%
- ❑ **2028-2031 OM&A** is derived using an index-based approach comprised of the **OEB's inflation factor** and a 5-year fixed billing determinant **growth factor of 0.86% (vs 2.17% as proposed)**
- ❑ Total 5-year OM&A reduction of \$142.8MM or 7.4%

Bill Impacts - Rate Harmonization & Rate Smoothing

Customer rate impacts are phased in through longer Deferral and Variance Account (“DVA”) disposition periods by rate zone and a 5-year harmonization of base distribution rates (2027–2031)

Category	2027	2028	2029	2030	2031
DVA Disposition – Group 1	2027				
DVA Disposition – Group 2: ERZ, HRZ, PRZ	2027-2031				
DVA Disposition – Group 2: BRZ		2028-2031			
DVA Disposition – Group 2: GRZ	Price Cap Adjustment Credit Rate Riders		2029-2031		
Rate Harmonization – Base Distribution Rates	2027-2031				

2027 Distribution Bill Impacts

Rate Class	BRZ		ERZ		GRZ		HRZ		PRZ	
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled
Residential	\$13.08 43.1%	\$4.29 14.1%	\$4.56 14.8%	\$2.70 8.8%	\$0.98 2.7%	\$1.03 2.9%	(\$1.92) -5.8%	\$2.26 6.9%	\$2.85 8.1%	\$2.72 7.8%
General Service < 50 kW	\$24.19 31.4%	\$3.11 4.0%	(\$8.41) -9.4%	(\$1.51) -1.7%	\$27.99 49.4%	\$0.60 1.1%	(\$11.81) -14.8%	(\$0.91) -1.1%	\$2.84 3.3%	\$1.21 1.4%
General Service > 50 kW, Regular	\$1,176.68 107.9%	\$185.66 17.0%	(\$288.41) -17.3%	(\$90.02) -5.4%	\$392.72 34.8%	(\$9.35) -0.8%	(\$480.96) -37.6%	(\$21.86) -1.7%	\$137.90 8.7%	\$35.24 2.2%
General Service > 50 kW, Intermediate	(\$160.61) -6.4%	(\$113.12) -4.5%	(\$1,778.25) -57.9%	(\$415.77) -13.5%	(\$259.41) -15.0%	(\$103.19) -6.0%				
Large Use	\$52,242.67 132.0%	\$6,236.63 15.8%	(\$21,087.60) -37.1%	(\$5,093.93) -9.0%	\$5,510.94 12.4%	(\$7,687.79) -17.3%	(\$31,007.96) -64.5%	(\$4,121.95) -8.6%	\$18,776.20 50.1%	\$5,236.87 14.0%

Note: Based on the settlement proposal, the 5-year annual average increase in the distribution portion of the bill is approximately 5%.

Changes to the distribution portion of the bill (Sub-Total A) is driven by the impact of:

1. Rate harmonization (impact differs by RZ)
2. Cost of Service (impact is the same for all RZs)
3. Group 2 Deferral and Variance Account disposition (impact differs by RZ)

2027 Total Bill Impacts

Rate Class	BRZ		ERZ		GRZ		HRZ		PRZ	
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled
Residential	\$11.24 8.4%	\$3.58 2.7%	\$0.44 0.3%	(\$0.35) -0.3%	\$2.08 1.5%	\$2.33 1.7%	(\$4.16) -3.0%	(\$0.21) -0.2%	\$2.89 2.1%	\$2.98 2.2%
General Service < 50 kW	\$22.26 6.4%	\$3.21 0.9%	(\$16.64) -4.5%	(\$8.86) -2.4%	\$28.60 8.7%	\$3.90 1.2%	(\$15.57) -4.4%	(\$5.82) -1.6%	\$3.82 1.1%	\$2.18 0.6%
General Service > 50 kW, Regular	\$199.70 1.1%	(\$962.02) -5.5%	(\$2,205.27) -11.7%	(\$1,923.66) -10.2%	(\$207.81) -1.2%	(\$704.05) -3.9%	(\$2,134.93) -11.8%	(\$1,657.97) -9.1%	(\$1,162.49) -6.4%	(\$1,320.30) -7.3%
General Service > 50 kW, Intermediate	(\$1,538.12) -7.9%	(\$1,526.32) -7.9%	(\$3,891.32) -19.0%	(\$2,262.74) -11.1%	(\$1,058.31) -5.6%	(\$923.70) -4.9%				
Large Use	\$44,680.96 5.4%	(\$2,229.91) -0.3%	(\$49,946.68) -5.9%	(\$20,064.20) -2.4%	(\$9,508.79) -1.1%	(\$19,349.66) -2.3%	(\$53,795.30) -6.4%	(\$18,335.89) -2.2%	\$19,106.27 2.4%	\$10,300.93 1.3%

Note: Based on the settlement proposal, the 5-year annual average increase in the total bill is approximately 1%.

New Deferral and Variance Accounts

Capital Related Revenue Requirement Variance Account

- Records the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term
- Asymmetrical in favor of ratepayers

Earning Sharing Mechanism

- 150 bps deadband
- 50/50 sharing
- 5 years cumulative
- Asymmetrical in favor of ratepayers

Non-Wires Solution (“NWS”) Deferral Account

- Records incremental OM&A costs incurred to acquire and operate distribution-level NWS
- Incentive payments to be recorded in the account is based on Margin-on-Payments (DSC Section 11)
- All amounts recorded will be net of any third-party funding or recoveries
- Disposition in next COS

Alectra Utilities Incremental Cloud Computing Account¹

- Records incremental cloud computing implementation and licensing costs for Alectra Utilities’ Enterprise Asset Management and Work Force Management projects
- Costs will be offset by the revenue requirement of the on-premise capital expenditures avoided through the implementation of a cloud solution

Note 1: The Parties agree that Alectra Utilities will discontinue the OEB’s generic Incremental Cloud Computing Implementation Costs Account and establish a utility-specific account for 2 projects

Studies, Reports and Other Commitments

DER Connections and Capacity	EV Charging and Pilot Projects	Non-Wires Solutions	Planning & Customer Support	Standby Rates
• Track and report DER connection performance vs OEB timelines • Examine solutions to reduce restrictions on customer DER connections; report constraints • Assess cost-effective service upgrade alternatives (e.g., smart panels) • Install AMI 2.0 meters for DER installations where meter replacement is needed to provide bi-directional capabilities	• Separately track commercial and multi-unit residential Electra Vehicle (“EV”) charging connections • Run and evaluate Alectra Drive for Fleets and V2X pilots; publish results • Assess managed EV charging solutions to support distribution system needs	• Deliver DER, NWS and grid modernization projects • Report on DER wholesale market readiness at NWS account disposition • Undertake stakeholder engagement in the development of Alectra Utilities’ NWS market framework	• Develop a distribution-losses guideline using full-lifecycle costing • Model multiple energy-transition scenarios in the next capital plan • Promote Ultra-Low Overnight Time-of-Use (“ULOTOU”) rates; report customer uptake	• Consider rate design alternatives to standby rates • Implement standby charges as outlined in Part D of the Settlement Proposal

2028-2031 Annual Update Applications

Approval of distribution rates adjustment by Alectra Utilities' Custom Price Cap Index ("CPCI")

- Supporting Evidence: Alectra Utilities' 5-Year Rate Harmonization Model (Attachment 29 – to be updated annually)

Clearance of Group 1 Deferral and Variance Accounts

- Supporting Evidence: IRM Rate Generator Model and Commodity Analysis Workform

Clearance of Group 2 Deferral and Variance Accounts

(starting in 2028 for the Brampton Rate Zone and 2029 for the Guelph Rate Zone)

- Rate Riders calculated in the 2027 Rebasing Application, however, the rate rider disposition period will begin in 2028 ("BRZ") and 2029 ("GRZ")

Adjustment to the Retail Transmission Service rates

- Supporting Evidence: IRM Rate Generator Model

Adjust to the Low Voltage service rates

- Supporting Evidence: IRM Rate Generator Model

Approval of the Guelph Rate Zone 2028 Price Cap Adjustment credit rate rider

- Supporting Evidence: Updated calculation of the Price Cap Adjustment Rate Riders – update to inflation factor