

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #1

Ref 1: Settlement Proposal, Part B, Section 12.2, p. 34

Ref 2: EB-2025-0055, Decision and Rate Order, Alectra Utilities Corporation, p. 32-33

Required Revision or Clarification:

- a) Reference1 states Alectra Utilities will refund customers the 2025 and 2026 financial impact of changes to the financial useful life of assets and the impact of changes to direct labour capitalization. In reference 2, the OEB denied Alectra Utilities request for a DVA to track these amounts as of January 1, 2025.
 - i. Please explain the source of funds that Alectra Utilities will be drawing from for the refund.
 - ii. Will providing the refund have any impact on the operations in 2027 or going forward?
- b) Please provide the “accumulated depreciation (average)” as well as “depreciation/amortization” for each year of 2027 through 2031, based on implementing the change in the financial useful life of assets starting in 2027 instead of 2025. If Alectra Utilities cannot provide these amounts in the required timeframe, please provide reasonable estimates and a description of the methodology for the estimates.
- c) Please provide updated Revenue Requirement Workforms for 2027-2031 containing the changes in part b), and other updated input amounts due to the changes in part b).

RESPONSE:

a) i. and ii.

As identified in response to Interrogatory 2-Staff-153, Alectra Utilities maintains a single fixed asset subledger for recording asset costs and depreciation. This approach ensures consistency between International Financial Reporting Standards (“IFRS”) and regulatory reporting and reduces administrative burden. It also aligns with the OEB’s policy under the Accounting Procedures Handbook (“APH”) with respect to symmetry in financial and regulatory reporting for capital assets. Specifically, on page 34, the APH states that “...the Board expects distributors’ capital assets for regulatory reporting to be presented on the same basis as in the general-purpose financial statements.”

After the completion of the studies that led to the referenced changes in useful lives and direct labour capitalization, Alectra Utilities was required under IFRS to implement these changes in its financial statements. To maintain consistency and alignment between its regulatory records and financial statements, Alectra Utilities recorded the impact of these changes as a provision in its general ledger in the 2025 and 2026 reporting period. The establishment of the provision created a liability in the general ledger and reduced earnings in both years. Consequently, the refund will be funded from amounts already recognized in prior periods and will not impact operations in 2027 or future years.

b) and c)

Alectra Utilities provided the requested information as part of the Technical Conference Undertaking Responses to JT-1.1.7, which was filed on March 27, 2026. Please refer to the live excel file for the underlying calculations.

Re-running these calculations would require significant time and effort of approximately four (4) weeks. Specifically, this would require the development of a new offline model that calculates depreciation expense using the old useful lives for 2025 and 2026 and uses the remaining net book value to calculate the depreciation for 2027-2031 using the new useful lives. This will also result in updates to other models including the cost

1 allocation and PILs models. This calculation would create a permanent difference
2 between IFRS and regulatory fixed asset balances as the 2027 opening rate base under
3 IFRS will differ from the rate base used for regulatory purposes. This would require the
4 company to create and maintain two sets of books for its fixed assets record leading to
5 complex and continuous reconciliations to support regulatory reporting, including RRR
6 submissions. The proposal to refund customers the impact of this change through rate
7 riders eliminates the need to maintain two sets of books, ensures symmetry between the
8 financial statements and regulatory reporting for capital assets, and keeps customers
9 whole as a result of the accounting changes. Given that the depreciation and rate base
10 amounts have already been agreed upon by the parties through the Settlement Proposal,
11 Alectra Utilities does not believe that reproducing the calculations would provide
12 meaningful additional information beyond what is already available on the record.

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #2

Ref 1: Settlement Proposal, Part B, Section 12.2, p. 34

Ref 2: Settlement Proposal, Part C, Section 9.1, p. 70

Required Revision or Clarification:

- a) In reference 1, please clarify in which “future proceeding” and in which year Account 1595 Alectra Utilities will true-up the Group 2 DVA balances.
- b) In reference 2, please add the sub-account name (i.e. CCA Changes) of Account 1592 which is proposed to be continued in Table 32.

RESPONSE:

- a) In reference 1, “future proceeding” refers to Alectra Utilities’ 2028 Custom IR update application. Alectra Utilities will true-up Account 1595 for 2026 Group 2 DVA balances. Any material variance between the approved forecast 2026 Group 2 DVA balances and the actual 2026 Group 2 DVA balances will be recorded in Account 1595.
- b) Alectra Utilities has added the sub-account name, i.e. CCA Changes of Account 1592 which is proposed to be continued in Table 32.

1 **RESPONSES TO ONTARIO ENERGY BOARD**
2 **SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS**

3
4 **Item #3**

5
6 **Ref 1: Settlement Proposal, Attachment 30**

7
8 Required Revision or Clarification:

- 9 a) Please correct the account name in the table on page 2 which should read
10 “CRRRVA”.
11 b) Please add wording indicating “a credit entry will be made in this account
12 representing a refund to ratepayers if underspending or a slower pace of spending”.

13
14 **RESPONSE:**

- 15
16 a) The account name in the table on page 2, line 15 has been corrected to ““CRRRVA”.
17
18 b) Alectra Utilities has updated the wording in the draft accounting order filed as Attachment
19 30 - Draft Accounting Order - Capital-Related Revenue Requirement Variance Account
20 (“CRRRVA”).

1 **RESPONSES TO ONTARIO ENERGY BOARD**
2 **SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS**

3
4 **Item #4**

5
6 **Ref 1: Settlement Proposal, Attachment 33**

7
8 Required Revision or Clarification:

- 9 a) Please add the account effective date.
10 b) Please add a table showing the index-based approach (i.e. rate) used to escalate
11 the OM&A amounts in rates for the projects each year.

12
13 **RESPONSE:**

- 14
15 a) Alectra Utilities has added the account effective date of January 1, 2027 to Attachment
16 33 - Draft Accounting Order – Alectra Utilities Incremental Cloud Computing
17 Implementation Costs Account.
18
19 b) Alectra Utilities has added Table 3 showing the index-based approach, i.e., rate used to
20 escalate the OM&A amounts in rates for the projects each year.

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #5

Ref 1: Settlement Proposal, Part B, Section 12.2, pp. 33-34

Ref 2: Settlement Proposal, Attachments 19 to 23

Preamble:

Per reference 1, Alectra Utilities agreed to the following modification to its Group 2 DVAs:

- Recover 75% of the proposed balance in the Getting Ontario Connected 11 Account;
- Recalculate the balances in the following accounts using IRM escalated base amounts: OEB cost assessments, LEAP, and Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account;
- Include the impact of the enacted Bill C-15, the *Budget Implementation Act, 2025*, No. 1, in Account 1592 – PILs and Tax Variances, Sub Account CCA Changes. The Parties agree that the calculations for accelerated CCA differences in Account 1592 will be based on actual capital additions

Required Revision or Clarification:

- a) Regarding GOCA DVA, for **both principal and interest**, please keep the actual amounts and using formula to reflect 75% recovery per reference 1 in ending balance of December 2025, forecasted amount for 2026 and total claim.
 - i. Please apply these changes to reference 2
- b) Per reference 1, for **both principal and interest**, please update closing balance for December 2025 in reference 2 through “principal/interest adjustment” column, forecasted amounts for 2026 and total claim, based on the recalculated balances using IRM escalated base amounts for the following accounts:
 - Account 1508 OEB cost assessments
 - Account 1508 LEAP EFA Funding Deferral Account
 - Account 1522 Pension and OPEB Forecast Accrual versus Actual

Cash payments Differential Tracking Account

c) Per reference 1, for **both principal and interest**, please update closing balance for December 2025 in reference 2 through “principal/interest adjustment” column, forecasted amounts for 2026 and total claim of Account 1592 PILs and Tax Variance, Sub-account CCA changes, reflecting the following changes:

- Including the impact of the enacted Bill C-15 from 2025 onwards
- Using actual capital additions for the calculations of accelerated CCA differences

RESPONSE:

a) Regarding GOCA DVA, for both principal and interest, Alectra Utilities has kept the actual amounts and used a formula to reflect 75% recovery per reference 1 in the ending balance of December 2025, forecasted amount for 2026 and total claim. Alectra Utilities has applied these changes to reference 2, Attachments 19-23.

b) Per reference 1, for both principal and interest, Alectra Utilities has updated the closing balance for December 2025 in reference 2 through the “principal/interest adjustment” column, forecasted amounts for 2026 and total claim, based on the recalculated balances using IRM escalated base amounts for the following accounts:

- 1508, OEB Cost Assessments;
- 1508, LEAP EFA Funding Deferral Account; and
- 1522, Pension and OPEB Forecast Accrual versus Actual Cash payments Differential Tracking Account.

c) Per reference 1, for both principal and interest, Alectra Utilities has updated the closing balance for December 2025 in reference 2 through the “principal/interest adjustment” column, forecasted amounts for 2026 and total claim of Account 1592 PILs and Tax Variance, Sub-account CCA changes, reflecting the following changes:

- 1 • Including the impact of the enacted Bill C-15 from 2025 onwards; and
- 2 • Using actual capital additions for the calculations of accelerated CCA
- 3 differences.

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #6

Ref 1: [Filing Requirements for Electricity Distribution Cost of Service Rate Application – 2026 Edition for 2027 Rate Application, Chapter 2, p. 23](#)

Ref 2: Attachment 17 – OEB Appendix 2-ZA/ZB Cost of Power

Ref 3: Settlement Proposal, Attachments 1 – 5, Tab 3. Data_Input_Sheet

Preamble:

Reference 1 states that:

The commodity price estimate used to calculate the CoP must be determined by the split between RPP and non-RPP Class A and Class B customers based on actual data and using the most current RPP (TOU) prices established. The calculation must also include the impact of the most current **Ontario Electricity Rebate**. Distributors must complete Appendix 2-ZA – Commodity Expense Forecast and Appendix 2-ZB – Cost of Power.

In reference 2, the total cost of power (CoP) in Tabs App.2-ZB Cost of Power for years 2027-2028 includes the Ontario Electricity Rebate (OER) credit.

In reference 3, the CoP amount in cell U20 for each year from 2027 to 2031 does not reconcile with reference 2 since it appears to exclude the OER credit.

Required Revision or Clarification:

- a) Please revise the documents in reference 3 to reflect the total CoP, including the OER credit, and update any other settlement proposal documents affected by this change.

RESPONSE:

a) Alectra Utilities has revised the documents in reference 3 to reflect the total CoP, including the OER credit, and updated the settlement proposal documents affected by this change. Please find below the list of files impacted by this change:

- Attachments 1-5 - 2027-2031 Revenue Requirement Workforms
- Attachment 18 - PILs Workform
- Attachments 19-23 - DVA Continuity Schedules (BRZ, ERZ, GRZ, HRZ, and PRZ)
- Attachment 25 - 2027 Cost Allocation Model
- Attachment 26 - 2027-2031 Tariffs Schedule and Bill Impacts Model
- Attachment 29 - 5 Year Harmonization

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #7

Ref 1: Settlement Proposal, Table 7, p. 19-20

Ref 2: Settlement Proposal, Table 8, p. 21

Required Revision or Clarification:

- a) Table 7 in reference 1 does not appear to contain any information about the forecast of OEB inflation factor from 2028-2031 that will be removed from the Revenue Growth Factor (shown in Table 8 in reference 2). Please explain and revise Table 7 as needed.

RESPONSE:

- a) The Revenue Growth Factor ("RGF") section of Table 7 has been revised to include information about the forecast of inflation that will be removed from the RGF and updated with the OEB's inflation factor in each of 2028-2031.

1 **RESPONSES TO ONTARIO ENERGY BOARD**
2 **SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS**

3

4 **Item #8**

5

6 **Ref 1: Settlement Proposal, pp. 9, 27, 40-41**

7 **Ref 2: Responses to pre-settlement questions SEC-2**

8

9 Required Revision or Clarification:

- 10 a) Reference 1 states that growth in OM&A is derived using an index-based approach
11 comprised of the OEB inflation factor, and an average growth of 0.86% from billing
12 determinants from 2028-2031. Please confirm whether the methodology used to
13 calculate growth from the billing determinants is based on the calculation
14 methodology in reference 2. If not, please explain the methodology used to derive
15 0.86% or provide sources of information.

16 **RESPONSE:**

17

- 18 a) Alectra Utilities confirms that the methodology used to calculate growth from the billing
19 determinants in Reference 1 is consistent with the calculation methodology in Reference
20 2. Please refer to Item 8_Attachment 1.

Item #8

Attachment 1

Please see live Excel

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #9

Ref 1: Settlement Proposal, p. 77

Required Revision or Clarification:

- a) It is proposed that existing customers with back-up service for redundant supply will continue to pay 100% of the applicable General Service 50 to 4,999 kW, Large Use, or Large Use with Dedicated Assets Volumetric Rate. However, for any new customers with back-up service, only 50% of the applicable rate applies. Please explain why new customers are being charged differently from existing customers.

RESPONSE:

- a) Alectra Utilities' existing customers with redundant supply arrangements, are billed for redundant supply by applying the applicable OEB-approved Standby Power Rate (\$/kW) to the reserved capacity (kW) associated with the redundant supply arrangements. These arrangements were established pursuant to the executed Connection Agreements. At the time of connection, the capital contribution methodology considered several factors, including the cost of installing the required distribution assets, the cost attributable to the alternate power supply, forecast annual distribution revenues associated with the customer's normal load requirements, forecast standby revenues associated with the customer's redundant supply requirements, and the ongoing costs of operating and maintaining the connection. Accordingly, reducing the charges applied to the reserved capacity (kW) would reduce the revenues originally factored in the connection economics and could result in Alectra Utilities recovering less distribution revenue than was expected when the connection arrangements were established.

RESPONSES TO ONTARIO ENERGY BOARD
SETTLEMENT PROPOSAL REQUIRED REVISION AND CLARIFICATION QUESTIONS

Item #10

Ref 1: Technical Conference Undertaking Response JT-3.50

Required Revision or Clarification:

- a) Please indicate where the provincial Renewable Generation Connection Rate Protection (RGCRP) funding in reference 1 is reflected in the settlement proposal documents from 2027 to 2031. Please revise the settlement proposal documents to reflect the funding as required.

RESPONSE:

The amounts in question relate to legacy renewable generation connection assets in the PowerStream, Enersource, and Brampton rate zones. Alectra Utilities is not proposing any new RGCRP investments for the 2027-2031 rate term. Rather, Alectra Utilities proposes to discontinue the provincial rate protection mechanism and recover the remaining revenue requirement associated with these legacy assets through base rates. The Settlement Proposal documents were not revised because the remaining balances of these assets are immaterial and are already reflected in the fixed asset continuity schedules and revenue requirement.

Table 1 below provides the remaining NBV of these assets for the socialized portion. The remaining NBV by 2031 of \$1.37MM represents approximately 0.027% of Alectra Utilities' 2031 average net fixed assets. The updated five-year revenue requirement amount for all three rate zones is approximately \$1.44MM¹, representing 0.034% of Alectra Utilities' total 2027–2031 revenue requirement.

¹ Please see response to technical conference undertaking JT-3.50 Table 1, 2, and 3.

1 **Table 1 - Remaining NBV of Renewable Generation Connection Assets**

Rate Zone	2027	2028	2029	2030	2031
PRZ	1,389,491	1,314,273	1,243,285	1,172,297	1,101,309
ERZ	213,823	151,978	99,708	57,556	26,484
BRZ	494,396	430,803	367,210	303,616	240,023
Total	2,097,710	1,897,054	1,710,202	1,533,470	1,367,815

2

3 Given the immaterial value of the remaining legacy renewable generation connection assets
4 and associated revenue requirement, Alectra Utilities does not believe continued recovery
5 through a separate provincial rate protection mechanism is warranted. Thus, the Settlement
6 Proposal reflects the recovery of the remaining revenue requirement associated with these
7 assets through base rates, rather than through continued provincial rate protection.

8

9 This approach is consistent with the OEB's Chapter 2 filing requirements, which contemplate
10 an updated calculation for distributors already receiving rate protection from a prior approval
11 that would be subject to the materiality threshold in section 2.0.8 of the filing requirements².

12

13 Ceasing collection also promotes regulatory efficiency. Continued operation of the
14 mechanism would require annual reporting, OEB submissions to the IESO, and ongoing
15 tracking and exclusion of the associated asset balances from Alectra Utilities' fixed asset
16 continuity schedules, notwithstanding the immaterial amounts at issue.

² Please refer to the OEB Chapter 2 Filing Requirements for Electricity Distribution Cost of Service Rate Applications, Appendix A: Costs of Eligible Investments for the Connection of Qualifying Generation Facilities, PDF page 82