Ontario Energy Board | Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2025-0252

ALECTRA UTILITIES CORPORATION

Application for electricity distribution rates and other charges beginning January 1, 2027

BEFORE: Patrick Moran
Presiding Commissioner

Shahrzad Rahbar
Commissioner

David Sword
Commissioner

October 15, 2026

Ontario Energy Board | Commission de l'énergie de l'Ontario

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1 OVERVIEW

This is a Decision and Order of the Ontario Energy Board relating to an application filed by Alectra Utilities Corporation on October 14, 2025. Alectra Utilities Corporation sought approval to set electricity distribution rates and other charges, effective January 1, 2027, to December 31, 2031, in accordance with a Custom Incentive Rate-setting framework.

Alectra Utilities Corporation filed a settlement proposal on July 30, 2026, and subsequently filed a revised settlement proposal and supporting documents on September 11, 2026. The revised settlement proposal (Settlement Proposal) reflected a comprehensive settlement between Alectra Utilities Corporation and participating intervenors (collectively, the Parties) on all issues included on the approved Issues List.[1]

For the reasons described in this Decision and Order, the Ontario Energy Board accepts the Settlement Proposal, subject to the adjustment relating to opening rate base described in the Findings section.

The OEB requires Alectra Utilities to report by October 29, 2026 on whether the OEB's adjustment to the settlement proposal is accepted by the Parties.

[1] EB-2025-0252, Decision on Issues List, January 20, 2026

2 CONTEXT AND PROCESS

The Ontario Energy Board's (OEB) *Renewed Regulatory Framework for Electricity*[2] and *Handbook for Utility Rate Applications*[3] provide distributors with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

Alectra Utilities Corporation (Alectra Utilities) filed a Custom Incentive Rate-setting (Custom IR) application with the OEB on October 14, 2025, under section 78 of the *Ontario Energy Board Act, 1998,* seeking approval for changes to the rates that Alectra Utilities charges for electricity distribution, beginning January 1, 2027 (Application). The proposed Custom IR term included the fiscal years 2027 to 2031.

OEB issued a Notice of Hearing on October 31, 2025. The following parties applied for and were granted intervenor status in the proceeding:

- Association of Major Power Consumers in Ontario (AMPCO)
- Building Owners and Managers Association Toronto (BOMA Toronto)
- Consumers Council of Canada (CCC)
- Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC)
- Distributed Resources Coalition (DRC)
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence (ED)
- Hydro One Networks Inc. (Hydro One Networks)[4]
- Ontario Association of Physical Plant Administrators (OAPPA)
- Power Workers' Union (PWU)
- School Energy Coalition (SEC)
- Vulnerable Energy Consumers Coalition (VECC)

[2] Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach, October 18, 2012
[3] Handbook for Utility Rate Applications, October 13, 2016
[4] On March 4, 2026, Hydro One Networks filed a letter informing the OEB that it did not intend to participate further in the EB-2025-0252 proceeding and requested that its intervenor status in this proceeding be withdrawn.

AMPCO, BOMA Toronto, CCC, CCMBC, DRC, Energy Probe, ED, OAPPA, SEC, and VECC also applied for and were granted cost award eligibility.

The OEB received ninety letters of comment about this proceeding.

The OEB approved the Issues List on January 20, 2026.

A settlement conference commenced on May 7, 2026, and ended on May 21, 2026. The intervenors who participated were: AMPCO, BOMA Toronto, CCC, CCMBC, DRC, Energy Probe, ED, OAPPA, PWU, SEC, and VECC (intervenors). OEB staff did not participate in the conference.

Alectra Utilities filed a settlement proposal covering all issues on July 30, 2026.

On August 25, 2026, the OEB issued Procedural Order No. 3, which confirmed September 15, 2026, as the Settlement Proposal Presentation Day. The order also included the OEB's clarification questions on the Settlement Proposal and identified errors in the Settlement Proposal, requiring Alectra Utilities to file a revised settlement proposal, supporting documents, and responses to the questions.

On September 11, 2026, Alectra Utilities filed its responses, the revised Settlement Proposal, and supporting documents.

The Settlement Proposal is attached as Schedule A to this Decision and Order.

A transcribed presentation of the Settlement Proposal by Alectra Utilities was held on September 15, 2026.

3 DECISION ON THE SETTLEMENT PROPOSAL

The Settlement Proposal, supporting documents, and Alectra Utilities' responses to the OEB's questions contained in the Procedural Order No. 3 were filed on September 11, 2026 to address the OEB's required revision and clarification.

The transcribed presentation of the Settlement Proposal by Alectra Utilities was held on September 15, 2026 where Alectra Utilities provided additional responses to the OEB's questions regarding certain issues.

Alectra Utilities' Responses to the OEB's Questions in Procedural Order No. 3 and the Settlement Proposal Presentation Day

Alectra Utilities provided the OEB with additional information and responded to the OEB's questions which included the following:

Renewable Generation Connection Rate Protection (RGCRP)

As part of Alectra Utilities' response to the Technical Conference Undertaking JT-3.50, it sought the OEB's approval for provincial funding for the renewable generation connection rate project for the 2027 to 2031 period for the PowerStream, Enersource, and Brampton rate zones.[5]

However, in its response to the OEB's questions in Procedural Order No. 3, Alectra Utilities instead proposed discontinuing the provincial rate protection mechanism and recovering the remaining revenue requirement associated with its legacy renewable generation connection assets in those rate zones through base rates.[6] Alectra Utilities stated that continued recovery through a separate provincial rate protection mechanism is not warranted given the immaterial value of the remaining legacy renewable generation connection assets and associated revenue requirement.

Changes to the Financial Useful Life of Assets and Direct Labour Capitalization Burden Rate

As part of the OEB's decision on Alectra Utilities' 2026 rate application (EB-2025-0055),[7] the OEB denied Alectra Utilities' request to establish two deferral and variance accounts (DVA) to track the revenue requirement impact due to Alectra Utilities'

[5] EB-2025-0252, Technical Conference Undertaking Responses Day 3, JT-3.50, March 27, 2026
[6] Responses to the OEB's Questions, Item #10, pp. 1-2
[7] EB-2025-0055, Decision and Rate Order, p. 32-33

proposed updated asset useful lives and direct labour capitalization burden rate as of January 1, 2025, which reflects a third-party studies. The proposed DVA balances would have represented a total refund of $51.8MM to customers based on the impact of the accounting changes in 2025 and 2026.

The OEB's findings stated that:

> In the absence of exceptional circumstances, a utility should not be applying for DVAs during the IRM period that seek to adjust the basis on which base rates were set at the outset of the IRM period" and "such changes are appropriately reviewed on a forward-looking basis, as part of the next rebasing application, where they can be considered alongside all of the costs that give rise to the distributor's test year revenue requirement.[8]

However, the 2027 settled opening rate base as agreed upon by the Parties in the Settlement Proposal (shown in Table 3 in the next section) reflects the impact of the updated useful life of assets and the change to the direct labour capitalization burden rate as of January 1, 2025, instead of January 1, 2027.

In its responses to the OEB's questions in Procedural Order No. 3[9] and in the Settlement Proposal Presentation Day,[10] Alectra Utilities stated that it maintains one fixed asset subledger for recording asset costs and depreciation to ensure consistency between International Financial Reporting Standards (IFRS) and regulatory reporting, to reduce administrative burden, and to aligning with the OEB's policy under the Accounting Procedures Handbook with respect to symmetry in financial and regulatory reporting for capital assets.

In addition, Alectra Utilities stated that implementing the change in the useful life of assets starting in 2027 would "create a permanent difference between IFRS and regulatory fixed asset balances as the 2027 opening rate base under IFRS will differ from the rate base used for regulatory purposes. This would require the company to create and maintain two sets of books for its fixed assets record leading to complex and continuous reconciliations to support regulatory reporting, including RRR submissions." Alectra Utilities further stated that "its proposal to refund customers the impact of this change through rate riders eliminates the need to maintain two sets of books, ensures

[8] EB-2025-0055, Decision and Rate Order, December 16, 2025, pp 32-33
[9] Responses to the OEB's Questions, September 11, 2026, Item #10, pp. 1-2
[10] Settlement Proposal Presentation Day Transcript, pp. 42-56

symmetry between the financial statements and regulatory reporting for capital assets, and keeps customers whole as a result of the accounting changes."

Settlement Proposal

The settlement proposal addresses all issues on the OEB's approved Issues List for this proceeding and represents a full settlement on all the issues.

The settlement proposal results in reductions to the proposed 2027-2031 rate base,

capital expenditures, and operations, maintenance, and administration (OM&A) expenses. The settlement proposal also includes modifications to the proposed Custom IR framework, an increase to the customer and load growth forecast, modifications to proposed rate design, the implementation of rate harmonization and rate smoothing mechanisms, the establishment of new custom deferral and variance accounts, and commitments by Alectra Utilities to track and report on several matters such as distributed energy resource (DER) connections, electric vehicle (EV) charging connection, and energy transition planning.

The following tables highlight the impact of the settlement proposal as compared to Alectra Utilities' filed application.[11]

Table 1: Settled Custom IR Rate Framework[12]

	Custom IR Rate Framework As Proposed	Custom IR Rate Framework As Settled
Term	5 years	5 years
Custom Index	Cost of service rebasing in 2027, followed by a Custom Price Cap Index (CPCI) applied in each of 2028-2031 CPCI = I – X + RGF	Cost of service rebasing in 2027, followed by a Custom Price Cap Index (CPCI) applied in each of 2028-2031 CPCI = I + RGF
Inflation Factor (I)	Set annually for the years 2028-2031 in accordance with the OEB's published inflation factor for electricity distributors applicable to the rate year in question	Set annually for the years 2028-2031 in accordance with the OEB's published inflation factor for electricity distributors applicable to the rate year in question

[11] The proposed amounts in the following tables reflect the best available information at the time of filing the settlement proposal. Some elements of the future revenue requirements are subject to future proceedings and decisions by the OEB, such as the generic proceeding on 2027 Cost of Capital, and future OEB determinations regarding the application inflation rates.
[12] Revised Settlement Proposal, September 11, 2026, Table 7, pp. 18-20

X-Factor	0.15% Includes a fixed productivity factor (0.0%) and a fixed utility-specific stretch factor (0.15%)	0.15% Includes a fixed productivity factor (0.0%) and a fixed utility-specific stretch factor (0.15%) In accordance with this Settlement Proposal, the impact of X is incorporated into the RGF formula
Incremental Capital Stretch Factor	None	0.15% incremental stretch factor on capital-related revenue requirement
Revenue Growth Factor (RGF)	The RGF provides for incremental funding to meet capital and operational needs. Capital: 2027-2031 capital-related revenue requirement (CRRR) established on a forecast basis, relying on the in-service additions An adjustment to the working capital allowance portion of CRRR is included to reduce rates by funding the working capital allowance on the basis of I-X instead funding this item on a forecast basis.	The RGF provides for incremental funding to meet capital and operational needs. Capital: 2027-2031 capital-related revenue requirement established on a forecast basis, relying on the in-service additions in accordance with this Settlement Proposal (less the agreed upon incremental capital stretch factor of 0.15% and 0.15% general stretch factor) An adjustment to the working capital allowance portion of CRRR is included to reduce rates by funding the working capital allowance on the basis of I-X instead funding this item on a forecast basis.
	I-X instead funding this item on a forecast basis.	CRRR is included to reduce rates by funding the working capital allowance on the basis of I-X instead funding this item on a forecast basis.

	OM&A: Derived using an index-based approach, wherein 2027 OM&A funding is established on a forecast basis, and 2028-2031 OM&A funding is escalated annually by the OEB's Inflation Factor, a Growth Factor and an Input Price Differential.	OM&A: Derived using an index-based approach, wherein 2027 OM&A funding is established on a forecast basis in accordance with this Settlement Proposal, and 2028-2031 OM&A funding is escalated annually by the OEB's Inflation Factor and a 5-year average of Billing Determinant Growth, which is in consideration of settlement and intended to acknowledge the growth in Alectra Utilities' service territory, including both customer and demand related elements.
	Other Revenue is applied as an offset to indexed OM&A and included based on a 5-year forecast of Other Revenue.	Other Revenue is applied as an offset to indexed OM&A, where 2027 Other Revenue is established on a forecast basis in accordance with the Settlement Proposal, and 2028-2031 Other Revenue is escalated by the OEB's inflation factor.
	A forecast of "I" is removed from the RGF to allow for updated inflation figures to be inserted into the CPCI on an actual basis in each of 2028 to 2031	A forecast of "I" is removed from the RGF to allow for updated inflation figures to be inserted into the CPCI on an actual basis in each of 2028 to 2031
	Forecast revenue growth from billing determinant growth is removed from the RGF from 2028-2031.	Forecast revenue growth from billing determinant growth is removed from the RGF from 2028-2031.
Earnings Sharing Mechanism	150 bps deadband 50/50 sharing Five years cumulative Asymmetrical in favor of ratepayers	150 bps deadband 50/50 sharing Five years cumulative Asymmetrical in favor of ratepayers
Capital-Related Revenue Requirement Variance Account	Record the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term Asymmetrical in favor of ratepayers	Record the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term Asymmetrical in favor of ratepayers

Non-Wires Solution Deferral Account	Record OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program. Incentive payments, calculated on a Margin-on-Payments (MoP) as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery in addition to the company's actual OM&A costs incurred to acquire DERs and operate and manage the NWS Program. Any amounts recorded will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants). Disposition of the NWSDA would be sought at the end of the 2027-2031 rate term	Record OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program. Incentive payments, calculated on a Margin-on-Payments (MoP) as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery in addition to the company's actual OM&A costs incurred to acquire DERs and operate and manage the NWS Program. Any amounts recorded will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants). Disposition of the NWSDA would be sought at the end of the 2027-2031 rate term
Z-Factor	OEB-approved criteria	OEB-approved criteria

Table 2: 2028-2031 Settled CPCI by Component[13]

Component	2028		2029		2030		2031	
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled
Inflation: I	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Productivity & Stretch: X	(0.15%)		(0.15%)		(0.15%)		(0.15%)	
Revenue Growth Factor: RGF[14]	4.31%	0.64%	2.64%	(0.56%)	3.78%	4.50%	3.49%	0.98%
CPCI	**6.16%**	**2.64%**	**4.49%**	**1.44%**	**5.63%**	**6.50%**	**5.34%**	**2.98%**

Table 3: 2027-2031 Settled Rate Base ($ Millions)[15]

	2027	2028	2029	2030	2031
Proposed Rate Base	4,530.6	4,802.6	5,125.8	5,513.4	5,910.3
Settled Rate Base	**4,406.5**	**4,585.6**	**4,792.6**	**5,080.0**	**5,421.2**
Difference	(124.1)	(217.1)	(333.2)	(433.5)	(489.1)

[13] Revised Settlement Proposal, September 11, 2026, Table 9, p. 22
[14] Under Settled, the impact of X (0.15%) and an incremental stretch factor on capital (0.15%) is embedded in the calculation of the RGF.
[15] Revised Settlement Proposal, September 11, 2026, Table 13, pp. 25

Table 4: 2027-2031 Settled Net Capital Expenditures ($ Millions)[16]

	2027	2028	2029	2030	2031	Total
Proposed Net Capital Expenditures	454.8	554.9	654.1	713.1	757.3	3,134.2
Settled Net Capital Expenditures	**389.3**	**463.2**	**566.9**	**606.9**	**689.1**	**2,715.4**
Difference	(65.5)	(91.7)	(87.2)	(106.2)	(68.2)	(418.8)

Table 5: 2027-2031 Settled Operations, Maintenance, and Administrative Expenses ($ Millions)[17]

	2027	2028	2029	2030	2031	Total
Proposed OM&A	352.4	367.1	382.4	398.4	415.0	1,915.3
Settled OM&A	334.8	344.4	354.2	364.4	374.8	1,772.5
Difference	(17.6)	(22.7)	(28.2)	(34.0)	(40.2)	(142.8)

Table 6: 2027-2031 Settled Revenue Requirement ($ Millions)[18]

Settled	2027	2028	2029	2030	2031	Total
Base Revenue Requirement - Proposed[19]	813.6	868.9	914.2	973.5	1,033.2	4,603.4
Base Revenue Requirement - Settled	785.1	811.0	830.1	891.8	928.8	4,246.9
Difference	(28.5)	(57.8)	(84.1)	(81.7)	(104.4)	(356.5)

[16] Revised Settlement Proposal, September 11, 2026, Table 11, p. 24
[17] Revised Settlement Proposal, September 11, 2026, p. 27
[18] Settlement Proposal, Table 1, p. 11
[19] IRR 1-Staff-1, Table 4

Table 7: 2027-2031 Customer and Load Growth[20]

Year		Total Normalized Consumption		Total Demand		Total Customers	Total Connections
		MWh	% Change	MW	% Change		
2027	Proposed	27,922,546	1.15%	40,307	0.11%	1,100,062	286,112
	Settled	27,943,045	1.17%	40,396	0.22%	1,102,225	286,112
2028	Proposed	28,437,676	1.84%	40,493	0.46%	1,104,997	287,041
	Settled	28,463,559	1.86%	40,646	0.62%	1,107,616	287,041
2029	Proposed	28,950,515	1.80%	40,847	0.87%	1,109,868	287,966
	Settled	28,988,505	1.84%	41,309	1.63%	1,113,039	287,966
2030	Proposed	29,622,532	2.32%	41,335	1.19%	1,114,740	288,892
	Settled	29,667,922	2.34%	41,901	1.43%	1,118,489	288,892
2031	Proposed	30,218,171	2.01%	41,709	0.90%	1,119,611	289,816
	Settled	30,285,780	2.08%	42,986	2.59%	1,123,967	289,816

Table 8: New Deferral and Variance Accounts[21]

New DVA	Description
Capital-Related Revenue Requirement Variance Account (CRRRVA)	The CRRRVA is an asymmetrical account to the benefit of ratepayers, intended to capture the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term. The account ensures that capital-related costs in excess of forecast are absorbed by the utility while protecting customers from overcollection relative to costs. If the cumulative revenue requirement from January 1, 2027 to December 31, 2031 is greater than zero, the variance account is set to zero, if not already at zero. If it is less than zero, there will be an entry to the variance account representing a potential refund to ratepayers.
Non-Wires Solution Deferral Account (NWSDA)	The NWSDA would be comprised of a Sub-account NWS Program OM&A, and a Sub-account NWS Program OM&A - Carrying Charges for the purpose of recording OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program. Incentive payments, calculated on a Margin-on-Payments as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery. Disposition of the NWSDA would be sought at the end of the 2027 to 2031 rate term via appropriate rate riders. If the NWSDA balance were to become material prior to 2031, Alectra Utilities may request approval for an earlier disposition of the account.

[20] Settlement Proposal, Table 14, p. 26
[21] Settlement Proposal, Tables 33 and 34, p. 71

Earnings Sharing Mechanism Variance Account (ESMVA)	The ESMVA would share any excess earnings above a 150-basis point dead band above OEB-approved ROE, with a 50/50 split between customers and the utility. The ESMVA is asymmetrical, benefiting customers only when earnings exceed the threshold. The ESM is proposed to be calculated on a cumulative basis over the 2027 to 2031 rate term.
Alectra Utilities-Specific New DVA	**Description**
Alectra Utilities Incremental Cloud Computing Implementation Costs	The Parties agree to establish a new account to record cloud computing implementation costs in respect of Alectra Utilities' Enterprise Asset Management and Work Force Management/Mobile Dispatch projects outlined in Table 3 in response to interrogatory 9-SEC-111. Any amounts recorded in the account must be offset by the revenue requirement of the on-premises Enterprise Asset Management and Work Force Management/Mobile Dispatch capital expenditures avoided during the rate term through the implementation of a cloud-based solution.

The distribution bill impacts (excluding pass through costs) and total bill impacts (excluding taxes and the Ontario Electricity Rebate) for a typical residential customer with a monthly consumption of 750 kWh based on the settlement proposal are shown in Table 9 and Table 10 respectively.

Table 9 – Settled Distribution Bill Impacts[22]

Rate Zone	2027	2028	2029	2030	2031
Brampton	14.1%	5.7%	2.9%	8.0%	4.4%
Enersource	8.8%	4.4%	3.1%	8.4%	4.6%
Guelph	2.9%	1.8%	1.8%	4.7%	1.1%
Horizon	6.9%	2.6%	1.3%	6.6%	2.9%
PowerStream	7.8%	1.7%	0.4%	5.5%	1.9%

Table 10 – Settled Total Bill Impacts[23]

Rate Zone	2027	2028	2029	2030	2031
Brampton	2.7%	1.5%	0.5%	1.7%	0.9%
Enersource	(0.3%)	1.1%	0.5%	1.7%	0.9%
Guelph	1.7%	0.9%	0.3%	0.9%	0.1%
Horizon	(0.2%)	1.4%	0.2%	1.3%	0.5%
PowerStream	2.2%	1.1%	0.0%	1.1%	0.3%

[22] Settlement Proposal, Tables 2 to Table 6, pp. 12-16
[23] Settlement Proposal, Tables 2 to Table 6, pp. 12-16

Findings

The OEB appreciates the considerable time and effort dedicated by the Parties to reach a comprehensive settlement.

The OEB finds that the settlement proposal is generally acceptable with one notable exception.

The OEB finds the agreement, as it relates to how opening rate base is set and a related rider intended to provide a credit to ratepayers relating to a change in accounting procedure resulting from an asset life study that was applied in the years 2025 and 2026, is inconsistent with a previous decision of the OEB and with the principles that underpin performance-based regulation.

In EB-2025-0055, as part of its annual rate adjustment application, Alectra Utilities sought approval to establish a new deferral and variance account to track the impact in 2025 and 2026 of updated asset useful lives reflected in a third-party depreciation study that it had commissioned. The OEB denied the requested approval, saying:[24]

> The request for the proposed DVAs is inconsistent with the IRM [Incentive Rate Making] regime under which Alectra Utilities' rates are currently set. Alectra Utilities' base rates were set through a cost of service and are currently adjusted annually on a mechanistic basis, in accordance with a formula based on inflation and productivity factors. During this IRM term, revenue is decoupled from specific costs and Alectra Utilities is expected to manage its costs within the resulting revenue envelope. Alectra Utilities should not be applying to the OEB for relief during the IRM term unless there are exceptional circumstances sufficient to justify an Incremental Capital Module (ICM) rate rider, a Z-factor solution, or early rebasing.
>
> In the absence of exceptional circumstances that would support a Z-factor or an ICM rate rider application, or justify an early rebasing application, there should be no expectation that specific cost items can be revisited during an IRM term. To do so introduces an inappropriate element of retrospectivity that, in effect, seeks to adjust the base rates set at the beginning of the IRM term in relation to one factor, without regard to how all the other factors that went into establishing those

[24] EB-2025-0055, Decision and Rate Order, pp. 29-33

> base rates may have changed. This is entirely inconsistent with performance-based ratemaking. Such changes are appropriately reviewed on a forward-looking basis, as part of the next rebasing application, where they can be considered alongside all the costs that give rise to the distributor's test year revenue requirement. The third-party depreciation study relating to asset lives and the time study for the DLC [Direct Labour Capitalization] methodology will be reviewed at the next rebasing application.
>
> An increase in an asset life may lead to lower cost on an annual basis, but it will also mean that those assets will be in rate base for a longer period, increasing cost to ratepayers over the long term.

The settlement proposal seeks to achieve the outcome that was expressly denied in EB-2025-0055.

Base rates were set based on the depreciation schedules and direct labour capitalization burden rate in place at the time those rates were set. If the depreciation schedules and capitalization burden rate had not been changed in 2025, the opening rate base for 2027 would be lower than what is proposed in the settlement agreement.

While the settlement proposal would credit rate payers through a rate rider relating to the impact of the two accounting changes in 2025 and 2026, ratepayers will bear an overall greater cost over the life of those assets. This is similar to extending the amortization schedule for one's mortgage. It has the impact of lowering monthly cost while increasing overall cost, including the return included in that cost.

The refund contemplated by the settlement proposal does not account for this increased cost. The OEB's view is that the better approach is to establish a separate annual rate rider that, beginning in 2027, refunds the difference in the cost associated with the proposed opening rate base and what that cost would be based on what the opening rate base would have been without the accounting changes being applied before 2027.

This rate rider would replace the current proposed rate rider and would be based on what the opening rate base would have been if the accounting changes had not been applied before 2027, and account for the duration of the asset lives impacted by the two accounting changes.

This approach avoids the concern that Alectra Utilities had about maintaining two sets of books, one under the International Financial Reporting Standards and one for the regulator.

This approach is also consistent with the IRM principles applied in EB-2025-0055, while also avoiding intergenerational inequity and rate retrospectivity.

The OEB recognizes that the settlement proposal is filed as an all or nothing proposition by the Parties.

However, the OEB cannot accept that aspect of the settlement proposal that is inconsistent with its previous decision on the very same issue. It is for Alectra Utilities and the intervenors to determine if they want to continue based on the settlement proposal with the adjustment to the rate rider described above or whether further process is required to complete the proceeding.

4 IMPLEMENTATION

The OEB requires Alectra Utilities to report by October 29, 2026 on whether the OEB's adjustment to the settlement proposal is accepted by the Parties. If Alectra Utlities reports that it is acceptable, Alectra Utilities shall file its draft rate order as set out below. If the OEB's adjustment to the settlement proposal is not acceptable to the Parties, the OEB will issue a procedural order to establish next steps.

If the Parties accept the OEB's adjustment to the Settlement Proposal, Alectra Utilities will make updates when the OEB issues its decisions on the following:

- 2027 Cost of Capital parameters (return on equity, deemed long-term debt rate and deemed short-term debt rate)
- Preliminary or Final 2027 Uniform Transmission Rates[25]

Alectra Utilities shall then file the Tariff Schedule and Bill Impacts model in the draft rate order to reflect the components noted above, the rate rider as described in the Findings section, and the most recently approved charges that are available. These include charges related to the Regulated Price Plan, the Ontario Electricity Rebate, the distribution pole attachment charge, the energy retailer service charges, and the regulatory charges.

The draft rate order shall be filed with all the relevant spreadsheets that support the rate rider and the updated Tariff Schedule and Bill Impacts model.

The OEB has also made provision in this Decision and Order for those intervenors that were granted cost eligibility to file their cost claims. The OEB will issue its cost awards decision after the steps outlined in the following Order section are completed.

[25] EB-2026-0246, OEB Letter: 2027 Preliminary Uniform Transmission Rates and Hydro One Sub-Transmission Rates, October 14, 2026.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Settlement Proposal set out in Schedule A is accepted, subject to the OEB's adjustment in the Findings section.

2. Alectra Utilities Corporation shall file a letter with the OEB, no later than **October 29, 2026**, indicating whether the Parties accept or reject the OEB's adjustment described in the Findings section.

3. If Alectra Utilities Corporation reports that the Parties accept the OEB's adjustment described in the Findings section, Alectra Utilities Corporation shall file with the OEB and forward to intervenors a draft rate order with a proposed Tariff of Rates and Charges and supporting documents no later than **ten days** after the OEB issues its 2027 Cost of Capital parameters. Alectra Utilities Corporation shall also include customer rate impacts and detailed information in support of the calculation of final rates in the draft rate order.

4. Intervenors and OEB staff may file any comments on the draft rate order with the OEB no later than **seven days** after the draft rate order is filed.

5. Alectra Utilities Corporation may file with the OEB and forward to intervenors, responses to any comments on its draft rate order no later than **seven days** after comments are filed.

6. AMPCO, BOMA Toronto, CCC, CCMBC, DRC, Energy Probe, ED, OAPPA, SEC, and VECC shall submit their cost claims to the OEB and forward a copy to Alectra Utilities Corporation no later than **seven days** after Alectra Utilities Corporation files its responses to any comments on the draft rate order.

7. Alectra Utilities Corporation shall file with the OEB and forward to intervenors any objections to the claimed costs no later than **seven days** after the intervenors file their cost claims.

8. Intervenors to which Alectra Utilities Corporation filed an objection to the claimed costs, shall file with the OEB and forward to Alectra Utilities Corporation any

responses to any objections for cost claims no later than **seven days** after Alectra Utilities Corporation files the objection.

9. Alectra Utilities Corporation shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

10. Parties in receipt of confidential information shall either return the subject information to the Registrar and communicate to Alectra Utilities Corporation that they have done so or destroy the information and execute a Certificate of Destruction, following the end of this proceeding. The Certificate must be filed with the Registrar and a copy sent to Alectra Utilities Corporation.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

Please quote file number, **EB-2025-0252** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the OEB's online filing portal.

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the Regulatory Electronic Submission System (RESS) Document Guidelines found at the File documents online page on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet set up an account, or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the File documents online page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Narisa Jotiban at Narisa.Jotiban@oeb.ca and OEB Counsel, Raman Dhillon at Raman.Dhillon@oeb.ca.

DATED at Toronto October 15, 2026

ONTARIO ENERGY BOARD

Ritchie Murray

Digitally signed by Ritchie Murray
Date: 2026.10.15 14:12:51 -04'00'

Ritchie Murray
Registrar

SCHEDULE A

DECISION AND ORDER

SETTLEMENT PROPOSAL

ALECTRA UTILITIES

EB-2025-0252

OCTOBER 15, 2026

EB-2025-0252

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, 2027.

ALECTRA UTILITIES CORPORATION

SETTLEMENT PROPOSAL

REVISED September 11, 2026

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A. OVERVIEW

1. Introduction

This Settlement Proposal is filed with the Ontario Energy Board ("OEB") in connection with Alectra Utilities Corporation ("Alectra Utilities" or the "Utility") Custom Incentive Rate-setting ("Custom IR") application made under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the "Act") seeking approval for changes to the rates that it charges for electricity distribution, beginning January 1, 2027, and for each following year through to December 31, 2031 (the "Application"). The OEB assigned proceeding number EB-2025-0252 to the Application.

As set forth herein, the Settlement Proposal contains a complete settlement of the issues within the Application.

2. Background

Alectra Utilities filed the Application, together with a request for confidential treatment of certain aspects of the Application, on October 14, 2025. The OEB issued the Notice of Hearing on October 31, 2025. On December 12, 2025, the OEB issued Procedural Order No. 1 which, among other things, (i) approved requests for intervenor status, and (ii) set out a schedule of procedural steps, which provided for the consideration of confidential filings, determination of the issues list, updated evidence, interrogatories, OEB staff and intervenor evidence, a technical conference and a settlement conference.

On January 20, 2026, the OEB approved the issues list for the purposes of the proceeding (the "Approved Issues List"). Alectra Utilities received the first set of interrogatories from OEB staff and intervenors on January 22, 2026 and filed its responses to those interrogatories on February 20, 2026. Alectra Utilities filed certain evidence updates on March 11, 2026. Alectra Utilities received the second set of interrogatories on the updated evidence on March 25, 2026 and filed its responses to those interrogatories on April 8, 2026. A transcribed technical conference was held from March 5-10, 2026, following which Alectra Utilities filed its undertaking responses on March 27, 2026.

Pursuant to Procedural Order No. 1, OEB staff filed the expert evidence of Pacific Economics Group (**"**PEG**"**) related to Alectra Utilities' proposed Custom IR Rate Framework and PEG's econometric cost benchmarking report on April 9, 2026. Interrogatories were filed by Alectra Utilities and intervenors on April 17, 2026 with respect to the aforementioned PEG reports. Interrogatory responses were filed on April 24, 2026.

On April 22, 2026, Alectra Utilities requested leave to file reply evidence in response to the two reports and interrogatory responses filed by PEG. With Procedural Order No. 2, issued on April 27, 2026, the OEB granted Alectra Utilities' leave to file the aforementioned reply evidence and adjusted the start of the Settlement Conference to May 7, 2026, to allow parties time to review Alectra Utilities' reply evidence. On May 5, 2026, Alectra Utilities filed expert evidence in reply to the PEG reports.

Pursuant to Procedural Order No. 2, a virtual Settlement Conference was carried out on May 7-8 and May 11-15, 2026. Pursuant to Procedural Order No. 2, Alectra Utilities filed a Settlement Conference Progress Letter informing the OEB that Parties have agreed to continue the discussions on May 19, 2026. The settlement discussions concluded on May 21, 2026, lasting a total of 10 days.

Another Settlement Conference Progress Letter dated May 22, 2026 informed the OEB that Alectra Utilities and intervenors have reached a tentative settlement on all issues. The proposed target date to file the settlement proposal with the OEB was communicated for June 30, 2026 and subsequently revised to the end of July.

3. Settlement Process

The Settlement Conference was conducted in accordance with the OEB's *Rules of Practice and Procedure* (the "Rules") and the *Practice Direction on Settlement Conferences* ("Practice Direction").

Michelle Dagnino acted as facilitator for the Settlement Conference. Alectra Utilities and the following 11 intervenors (the "Intervenors") participated in the Settlement Conference: [1]

- 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")

Alectra Utilities and the Intervenors are collectively referred to below as the "Parties". The Parties that participated in the Settlement Conference are bound by the obligations with respect to settlement privilege and confidentiality as set out in the Practice Direction.

Notwithstanding any other wording in this Settlement Proposal, PWU is neither supporting nor opposing any elements of this Settlement Proposal. Where this Settlement Proposal refers to the "Parties" agreeing to or accepting something, that does not include the PWU, nor does it include any other party that is taking no position on the relevant issue.

4. Settlement Proposal Preamble

This document comprises the Settlement Proposal and is presented jointly to the OEB by the Parties. This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle the issues in this proceeding identified as settled in this Settlement Proposal. It is termed as a proposal between the Parties and the OEB. However, as between the Parties,

[1] OEB Staff did not participate in the Settlement Conference.

and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties, it is null and void and of no further effect. In entering into this Settlement Proposal, the Parties understand and agree that, pursuant to the Act, the OEB has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

The Parties acknowledge that the Settlement Conference, including any settlement information relating thereto, is privileged and confidential in accordance with the Practice Direction. The Parties understand that confidentiality in that context does not have the same meaning as confidentiality in the OEB's *Practice Direction on Confidential Filings* and that the rules of the latter document do not apply. Instead, in the Settlement Conference, and in this Settlement Proposal, the Parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counteroffers, and the negotiations leading to the settlement of each issue during the Settlement Conference and during the preparation of this Settlement Proposal are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the Parties shall not disclose those documents or other settlement information to persons who were not attendees at the Settlement Conference. However, the Parties agree that "attendees" is deemed to include, in this context, persons who were not in attendance via video conference at the Settlement Conference but were: (a) any persons or entities that the Parties engaged to assist them with the Settlement Conference (including the preparation of this Settlement Proposal); and (b) any persons or entities from whom they have sought instructions with respect to the negotiations, in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions as the Parties.

This Settlement Proposal is organized based on the Key Components of Settlement (Part B), and a detailed description of the terms of settlement organized in accordance with the Approved Issues List (Part C). Part C of this Settlement Proposal provides a brief description of each of the

settled issues, together with references to the evidence submitted for the record in this proceeding. The Parties agree that references to the "evidence" in this Settlement Proposal shall, unless the context otherwise requires, include, in addition to the Application, the written responses to interrogatories and technical conference undertakings, and other components of the record up to and including the date hereof, including the additional information provided by the Parties in this Settlement Proposal and the List of Supporting Attachments.

The Parties agree that for each settled issue the evidence in respect of that settled issue is sufficient in the context of the overall settlement to support the proposed settlement, and the sum of the evidence in this proceeding provides an appropriate and robust evidentiary record to support acceptance by the OEB of this Settlement Proposal.

The final agreements of the Parties following the Settlement Conference are set out below. The Parties explicitly request that the OEB consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this Settlement Proposal. If the OEB does not accept the Settlement Proposal in its entirety, then there is no agreement, unless the Parties agree, in writing, that the balance of this Settlement Proposal may continue as a valid settlement subject to any revisions that may be agreed-upon by the Parties.

It is further acknowledged and agreed that none of the Parties will withdraw from this agreement under any circumstances, except as provided under Rule 30.05 of the Rules.

In the event that the OEB directs the Parties to make reasonable efforts to revise the Settlement Proposal, the Parties agree to use reasonable efforts to discuss any potential revisions, but no Party will be obligated to accept any proposed revision. The Parties agree that all of the Parties who took a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue, or take no position on the issue, prior to its resubmission to the OEB for its review and consideration as a basis for making a decision.

Unless otherwise expressly stated in this Settlement Proposal, the settlement of any particular issue in this proceeding and the positions of the Parties in this Settlement Proposal are without prejudice to the rights of the Parties to raise issues and/or to take any position in any other proceeding, whether or not Alectra Utilities is a party to such proceeding, provided that no Party shall take a position that would result in the Settlement Proposal not applying in accordance with the terms contained herein.

In this Settlement Proposal, where any of the Parties "accept" the evidence of Alectra Utilities, or "agree" to a revised term or condition, including a revised budget or forecast, then, unless expressly stated to the contrary, the words "for the purpose of settlement of the issues herein" shall be deemed to qualify that acceptance or agreement.

There are Attachments appended to this Settlement Proposal which provide further support for the Settlement Proposal. The Parties acknowledge that the Attachments were prepared by Alectra Utilities. While the intervenors who participated in the Settlement Conference have reviewed the Attachments, they are relying on the accuracy of those Attachments and the underlying evidence in entering into this Settlement Proposal.

5. Settlement Proposal Summary

The Parties are pleased to advise the OEB that they have reached a complete agreement with respect to the settlement of all the issues in the proceeding.

"Complete Settlement" means an issue for which complete settlement was reached by all Parties, and if this Settlement Proposal is accepted by the OEB, none of the Parties (including Parties who take no position on that issue) will adduce any evidence or argument during the hearing (if any) in respect of the specific issue.	Issues Settled: **All**
"Partial Settlement" means an issue for which there is partial settlement, as Alectra Utilities and the Intervenors who take any position on the issue were able to agree on some, but not all, aspects of the particular issue. If this Settlement Proposal is accepted by the OEB, the Parties (including Parties who take no position on the Partial Settlement) will only adduce evidence and argument during the hearing (if any) on the portions of the issue for which no agreement has been reached.	Issues Partially Settled: **None**

"No Settlement" means an issue for which no settlement was reached. Alectra Utilities and the Intervenors who take a position on the issue will adduce evidence and/or argument at the hearing on the issue (if any).	Issues Not Settled: **None**

The following summarizes, at a high level, the most significant elements of the Settlement Proposal, including with respect to the Custom IR Framework, rate base, in-service additions, OM&A, load forecast, deferral and variance account disposition, rate harmonization, revenue requirement and bill impacts for Alectra Utilities' distribution business. More detailed descriptions of the key components of settlement are set out in Part B, and descriptions of each of the settled issues, together with references to the evidence submitted for the record in this proceeding based on the Approved Issues List, are set out in Part C. The overall revenue requirement and impact of Alectra Utilities' 2027-2031 Custom IR Plan, as updated with the amendments agreed upon in this Settlement Proposal are set out in Tables 1 to 6, below.

The Application and the supporting evidence provide extensive detail on Alectra Utilities' 2027-2031 Custom IR plan. The Parties, through negotiations, have agreed to modifications to the Custom IR plan. In particular, these include reductions in capital and OM&A spending, and changes to the parameters of the rate framework. The Parties agree that Alectra Utilities' Custom IR plan, as modified through the settlement process is appropriate as the basis for setting rates for the 2027-2031 period.

The Parties have agreed that Alectra Utilities' rate-setting methodology will use a Price Cap structure consisting of the following elements. For 2027, rates calculated on a Cost of Service ("CoS") rebasing with the agreed upon capital and OM&A forecast. For 2028-2031, base distribution rates (monthly service charge and distribution volumetric charge) will be adjusted annually by the Custom Price Cap Index ("CPCI") expressed as CPCI = I + RGF. The CPCI is composed of:

- Inflation ("I"), based on the OEB's annually published inflation factor for electricity distributors; and
- A Revenue Growth Factor ("RGF") based on incremental revenue required in 2028-2031 to fund: (i) the capital-related revenue requirement associated with the in-service additions

as set out in this Settlement Proposal, less a stretch factor and an incremental capital stretch factor; and ii) the non-capital-related revenue requirement comprised of OM&A offset by Other Revenue, less a stretch factor. Growth in OM&A is derived using an index-based approach comprised of the inflation factor plus average growth from billing determinants (2028-2031) of 0.86%. A forecast of other revenue is applied as an offset to indexed OM&A.

The Parties have agreed on Alectra Utilities having access to the OEB's Z-factor mechanism. The Parties have also agreed that Alectra Utilities should establish: i) an asymmetrical Earnings Sharing Mechanism ("ESM") that provides for sharing on a 50/50 basis above a dead band of 150 basis points, ii) an asymmetrical Capital-Related Revenue Requirement Variance Account ("CRRRVA") to capture differences between forecast and actual capital-related revenue requirement, (iii) the proposed Non-Wires Solutions Deferral Account ("NWSDA"), and (iv) a utility-specific Cloud Computing Account for the Utility's Enterprise Asset Management and Work Force Management/Mobile Dispatch projects. The Parties agree that Alectra Utilities will discontinue the LRAM Account and maintain the OEB Cost Assessment Variance Account.

The Parties also agree that Alectra Utilities will dispose of its Group 2 account balances as modified as part of this Settlement Proposal.[2] On May 22, 2026, Alectra Utilities submitted a revised Commodity Account Analysis Workform and DVA Continuity Schedule for the Enersource Rate Zone. OEB staff notified the Parties that it had no concerns with the updated models for the Enersource Rate Zone or the Group 1 accounts balances for the remaining rate zones. The Parties understand that OEB staff will submit a letter after the settlement proposal is filed confirming that they have no concerns with the Group 1 account balances.

Other key elements of the proposed settlement include acceptance of Alectra Utilities' opening rate base and a reduction in Alectra Utilities' proposed net in-service additions of approximately $416MM over the 2027-2031 rate term, from approximately $2.775B to $2.359B. With respect to the load forecast, the Parties have agreed on the methodology as proposed by Alectra Utilities, subject to modifications regarding customer counts and the volume forecast. Furthermore, the Parties agree with Alectra Utilities' proposed cost of capital, including its proposed capital

[2] As described in Section 12, Part B.

structure, cost of short-term and long-term debt and return on equity ("ROE"), subject to modifications regarding the long-term debt.[3] The Parties agree that the 2027 to 2031 deemed short-term debt and ROE will be the rates to be determined by the OEB as part of the Cost of Capital Parameters for 2027 to be published in the fourth quarter of 2026 and that the 2027-2031 long-term debt rate will reflect Alectra Utilities' 2027 weighted average rate of existing embedded debt and forecasted debt.

Also notable is that the Parties have agreed on a number of studies, reports and other commitments, including in relation to performance measurement and reporting, as set out in Part D.

The Parties agree that Alectra Utilities' 2027-2031 Custom IR plan, as updated with the amendments agreed upon in this Settlement Proposal provides adequate resources to allow the utility to manage its assets while satisfying customer preferences and expectations, and to operate a safe and reliable electricity distribution system. The overall impact of Alectra Utilities' 2027-2031 Custom IR plan, as updated with the amendments agreed upon in this Settlement Proposal, is set out in the following tables.

The settled revenue requirement in Table 1 below, is shown relative to Alectra Utilities' application as filed, and as updated during the proceeding, inclusive of the agreed upon capital and OM&A reductions as well as the associated in-service additions impact. Each subsequent year's rates (2028-2031) will be escalated by the agreed upon CPCI. Furthermore, at the time of the respective annual rate updates, the inflation factor that forms part of the CPCI will be set in accordance with the OEB's inflation parameters for electricity distributors for the rate year in question.

[3] As described in Section 7, Part B.

Table 1 - 2027-2031 Settled Revenue Requirement ($MM)

Settled	2027	2028	2029	2030	2031	Total
OM&A Expenses (including Property Taxes)	334.8	344.4	354.2	364.4	374.8	1,772.6
Depreciation/Amortization Expenses	193.8	197.4	204.7	220.8	230.4	1,047.2
Deemed Interest Expense	112.7	117.3	122.6	129.9	138.6	621.1
Income Taxes (grossed up)	17.2	21.7	11.9	33.2	32.6	116.5
Return on Deemed Equity	160.6	167.1	174.6	185.1	197.5	885.0
Service Revenue Requirement	**819.0**	**847.9**	**868.1**	**933.4**	**974.0**	**4,442.4**
Less Revenue Offsets	(33.9)	(34.6)	(33.1)	(33.8)	(34.4)	(169.8)
Base Revenue Requirement	**785.1**	**813.3**	**835.0**	**899.6**	**939.6**	**4,272.6**
Less Working Capital-Related Adjustment	*0.0*	*(0.3)*	*(0.9)*	*(1.6)*	*(2.3)*	*(5.1)*
Less Stretch and Productivity	*0.0*	*(2.0)*	*(4.0)*	*(6.2)*	*(8.5)*	*(20.7)*
Base Revenue Requirement - Settled	**785.1**	**811.0**	**830.1**	**891.8**	**928.8**	**4,246.9**
Base Revenue Requirement - Proposed[1]	813.6	868.9	914.2	973.5	1,033.2	4,603.4
Change ($) Settled vs. Proposed	*(28.5)*	*(57.8)*	*(84.1)*	*(81.7)*	*(104.4)*	*(356.5)*
Base Revenue Requirement - Application	810.3	863.3	907.2	964.9	1,025.0	4,570.7
Change ($) Settled vs. Application	*(25.2)*	*(52.3)*	*(77.1)*	*(73.0)*	*(96.3)*	*(323.9)*

Note 1: IRR 1-Staff-1, Table 4

Table 2 - Bill Impacts of Changes in Revenue Requirement and Disposition of Deferral and Variance Account Balances - BRZ

Rate Class		CURRENT	Proposed					Settled				
		2026	2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
Residential (750 kWh)	Dx Bill ($)	$30.38	$43.46	$40.62	$42.44	$44.83	$47.22	$34.67	$36.66	$37.73	$40.73	$42.53
	Dx Bill Change ($)		$13.08	($2.84)	$1.82	$2.39	$2.39	$4.29	$1.99	$1.07	$3.00	$1.80
	Dx Bill Change (%)		43.1%	-6.5%	4.5%	5.6%	5.3%	14.1%	5.7%	2.9%	8.0%	4.4%
	Total Bill Change (%)		8.4%	-1.5%	1.0%	1.2%	1.3%	2.7%	1.5%	0.5%	1.7%	0.9%
General Service Less Than 50 kW (2,000 kWh)	Dx Bill ($)	$77.09	$101.28	$93.98	$98.22	$103.76	$109.31	$80.20	$84.94	$87.55	$94.56	$98.79
	Dx Bill Change ($)		$24.19	($7.30)	$4.24	$5.54	$5.55	$3.11	$4.74	$2.61	$7.01	$4.23
	Dx Bill Change (%)		31.4%	-7.2%	4.5%	5.6%	5.3%	4.0%	5.9%	3.1%	8.0%	4.5%
	Total Bill Change (%)		6.4%	-1.4%	0.9%	1.2%	1.2%	0.9%	1.5%	0.6%	1.6%	0.9%
General Service Greater Than 50 kW, Regular (250 kW, 100,000 kWh)	Dx Bill ($)	$1,090.65	$2,267.33	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,276.31	$1,473.04	$1,563.24	$1,733.68	$1,859.63
	Dx Bill Change ($)		$1,176.68	($574.01)	$75.98	$99.56	$99.83	$185.66	$196.73	$90.20	$170.44	$125.95
	Dx Bill Change (%)		107.9%	-25.3%	4.5%	5.6%	5.3%	17.0%	15.4%	6.1%	10.9%	7.3%
	Total Bill Change (%)		1.1%	1.7%	0.7%	0.8%	0.8%	-5.5%	7.1%	0.8%	1.3%	1.0%
General Service Greater Than 50 kW, Intermediate (250 kW, 100,000 kWh)	Dx Bill ($)	$2,516.24	$2,355.63	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$2,403.12	$2,341.18	$2,150.59	$2,046.82	$1,860.37
	Dx Bill Change ($)		($160.61)	($662.31)	$75.98	$99.56	$99.83	($113.12)	($61.95)	($190.59)	($103.77)	($186.46)
	Dx Bill Change (%)		-6.4%	-28.1%	4.5%	5.6%	5.3%	-4.5%	-2.6%	-8.1%	-4.8%	-9.1%
	Total Bill Change (%)		-7.9%	1.4%	0.7%	0.8%	0.8%	-7.9%	5.2%	-1.0%	-0.4%	-0.9%
Large Use (10,000 kW, 5,000,000 kWh)	Dx Bill ($)	$39,571.14	$91,813.81	$58,535.90	$61,162.36	$64,603.30	$68,054.03	$45,807.77	$53,763.70	$56,474.74	$61,972.66	$65,874.48
	Dx Bill Change ($)		$52,242.67	($33,277.91)	$2,626.46	$3,440.94	$3,450.73	$6,236.63	$7,955.93	$2,711.04	$5,497.92	$3,901.82
	Dx Bill Change (%)		132.0%	-36.2%	4.5%	5.6%	5.3%	15.8%	17.4%	5.0%	9.7%	6.3%
	Total Bill Change (%)		5.4%	-3.2%	0.1%	-0.2%	0.1%	-0.3%	2.3%	-0.6%	-0.2%	-0.9%
Large Use with Dedicated Assets (20,000 kW, 10,000,000 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Street Lighting (0.08 kW, 28 kWh)	Dx Bill ($)	$3.75	$2.25	$2.26	$2.36	$2.50	$2.64	$1.93	$2.00	$2.05	$2.22	$2.31
	Dx Bill Change ($)		($1.50)	$0.01	$0.11	$0.14	$0.14	($1.82)	$0.07	$0.05	$0.16	$0.09
	Dx Bill Change (%)		-40.1%	0.5%	4.7%	5.8%	5.5%	-48.5%	3.7%	2.6%	8.0%	4.2%
	Total Bill Change (%)		-22.1%	4.1%	1.8%	2.2%	2.2%	-26.2%	5.3%	1.0%	2.8%	1.6%
Sentinel Lighting (0.33 kW, 122 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Unmetered Scattered Load (343 kWh)	Dx Bill ($)	$13.47	$20.40	$19.55	$20.42	$21.58	$22.73	$13.13	$15.07	$16.69	$19.28	$21.40
	Dx Bill Change ($)		$6.93	($0.84)	$0.87	$1.15	$1.15	($0.34)	$1.94	$1.63	$2.58	$2.12
	Dx Bill Change (%)		51.5%	-4.1%	4.4%	5.7%	5.3%	-2.5%	14.7%	10.8%	15.5%	11.0%
	Total Bill Change (%)		5.3%	3.1%	1.4%	1.8%	1.8%	-6.3%	8.2%	2.7%	4.0%	3.2%

Table 3 - Bill Impacts of Changes in Revenue Requirement and Disposition of Deferral and Variance Account Balances - ERZ

Rate Class		CURRENT	Proposed					Settled				
		2026	2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
Residential (750 kWh)	Dx Bill ($)	$30.77	$35.33	$40.62	$42.44	$44.83	$47.22	$33.47	$34.94	$36.02	$39.04	$40.85
	Dx Bill Change ($)		$4.56	$5.29	$1.82	$2.39	$2.39	$2.70	$1.47	$1.08	$3.02	$1.81
	Dx Bill Change (%)		14.8%	15.0%	4.5%	5.6%	5.3%	8.8%	4.4%	3.1%	8.4%	4.6%
	Total Bill Change (%)		0.3%	4.1%	1.0%	1.2%	1.3%	-0.3%	1.1%	0.5%	1.7%	0.9%
General Service Less Than 50 kW (2,000 kWh)	Dx Bill ($)	$89.29	$80.88	$93.98	$98.22	$103.76	$109.31	$87.78	$88.84	$88.82	$93.31	$94.59
	Dx Bill Change ($)		($8.41)	$13.10	$4.24	$5.54	$5.55	($1.51)	$1.06	($0.02)	$4.49	$1.28
	Dx Bill Change (%)		-9.4%	16.2%	4.5%	5.6%	5.3%	-1.7%	1.2%	0.0%	5.1%	1.4%
	Total Bill Change (%)		-4.5%	4.1%	0.9%	1.2%	1.2%	-2.4%	0.5%	-0.1%	1.0%	0.2%
General Service Greater Than 50 kW, Regular (250 kW, 100,000 kWh)	Dx Bill ($)	$1,662.59	$1,374.18	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,572.56	$1,583.52	$1,574.14	$1,647.32	$1,662.47
	Dx Bill Change ($)		($288.41)	$319.15	$75.98	$99.56	$99.83	($90.02)	$10.95	($9.38)	$73.18	$15.15
	Dx Bill Change (%)		-17.3%	23.2%	4.5%	5.6%	5.3%	-5.4%	0.7%	-0.6%	4.6%	0.9%
	Total Bill Change (%)		-11.7%	8.1%	0.7%	0.8%	0.8%	-10.2%	5.4%	0.1%	0.7%	0.3%
General Service Greater Than 50 kW, Intermediate (250 kW, 100,000 kWh)	Dx Bill ($)	$3,073.82	$1,295.58	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$2,658.05	$2,411.61	$2,123.61	$1,924.70	$1,629.87
	Dx Bill Change ($)		($1,778.25)	$397.75	$75.98	$99.56	$99.83	($415.77)	($246.44)	($288.00)	($198.92)	($294.83)
	Dx Bill Change (%)		-57.9%	30.7%	4.5%	5.6%	5.3%	-13.5%	-9.3%	-11.9%	-9.4%	-15.3%
	Total Bill Change (%)		-19.0%	9.1%	0.7%	0.8%	0.8%	-11.1%	3.6%	-1.6%	-1.0%	-1.6%
Large Use (10,000 kW, 5,000,000 kWh)	Dx Bill ($)	$56,904.41	$35,816.81	$58,535.90	$61,162.36	$64,603.30	$68,054.03	$51,810.48	$51,833.29	$51,121.77	$53,276.39	$53,371.48
	Dx Bill Change ($)		($21,087.60)	$22,719.09	$2,626.46	$3,440.94	$3,450.73	($5,093.93)	$22.81	($711.52)	$2,154.62	$95.09
	Dx Bill Change (%)		-37.1%	63.4%	4.5%	5.6%	5.3%	-9.0%	0.0%	-1.4%	4.2%	0.2%
	Total Bill Change (%)		-5.9%	5.2%	0.1%	-0.2%	0.1%	-2.4%	1.1%	-1.0%	-0.6%	-1.5%
Large Use with Dedicated Assets (20,000 kW, 10,000,000 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Street Lighting (0.08 kW, 28 kWh)	Dx Bill ($)	$2.31	$2.09	$2.26	$2.36	$2.50	$2.64	$2.48	$2.42	$2.33	$2.34	$2.27
	Dx Bill Change ($)		($0.23)	$0.17	$0.11	$0.14	$0.14	$0.17	($0.06)	($0.10)	$0.01	($0.07)
	Dx Bill Change (%)		-9.8%	8.1%	4.7%	5.8%	5.5%	7.4%	-2.5%	-3.9%	0.6%	-2.9%
	Total Bill Change (%)		-9.2%	7.1%	1.8%	2.2%	2.2%	-3.0%	2.6%	-1.3%	0.4%	-0.9%
Sentinel Lighting (0.33 kW, 122 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Unmetered Scattered Load (343 kWh)	Dx Bill ($)	$19.65	$17.04	$19.55	$20.42	$21.58	$22.73	$19.37	$19.57	$19.52	$20.47	$20.68
	Dx Bill Change ($)		($2.62)	$2.51	$0.87	$1.15	$1.15	($0.28)	$0.20	($0.05)	$0.95	$0.21
	Dx Bill Change (%)		-13.3%	14.8%	4.4%	5.7%	5.3%	-1.4%	1.0%	-0.3%	4.9%	1.0%
	Total Bill Change (%)		-5.7%	4.5%	1.3%	1.6%	1.7%	-2.3%	0.7%	0.1%	1.4%	0.4%

Table 4 - Bill Impacts of Changes in Revenue Requirement and Disposition of Deferral and Variance Account Balances - GRZ

Rate Class		CURRENT	Proposed					Settled				
		2026	2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
Residential (750 kWh)	Dx Bill ($)	$35.99	$36.97	$40.62	$42.44	$44.83	$47.22	$37.02	$37.70	$38.39	$40.21	$40.67
	Dx Bill Change ($)		$0.98	$3.65	$1.82	$2.39	$2.39	$1.03	$0.68	$0.69	$1.82	$0.46
	Dx Bill Change (%)		2.7%	9.9%	4.5%	5.6%	5.3%	2.9%	1.8%	1.8%	4.7%	1.1%
	Total Bill Change (%)		1.5%	2.8%	1.0%	1.2%	1.3%	1.7%	0.9%	0.3%	0.9%	0.1%
General Service Less Than 50 kW (2,000 kWh)	Dx Bill ($)	$56.69	$84.68	$93.98	$98.22	$103.76	$109.31	$57.29	$58.29	$75.48	$85.98	$94.19
	Dx Bill Change ($)		$27.99	$9.30	$4.24	$5.54	$5.55	$0.60	$1.00	$17.19	$10.50	$8.21
	Dx Bill Change (%)		49.4%	11.0%	4.5%	5.6%	5.3%	1.1%	1.7%	29.5%	13.9%	9.5%
	Total Bill Change (%)		8.7%	2.8%	0.9%	1.2%	1.2%	1.2%	0.8%	4.6%	2.5%	2.0%
General Service Greater Than 50 kW, Regular (250 kW, 100,000 kWh)	Dx Bill ($)	$1,128.49	$1,521.21	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,119.14	$1,139.85	$1,367.01	$1,530.12	$1,647.69
	Dx Bill Change ($)		$392.72	$172.12	$75.98	$99.56	$99.83	($9.35)	$20.71	$227.17	$163.11	$117.58
	Dx Bill Change (%)		34.8%	11.3%	4.5%	5.6%	5.3%	-0.8%	1.9%	19.9%	11.9%	7.7%
	Total Bill Change (%)		-1.2%	1.2%	0.7%	0.8%	0.8%	-3.9%	0.2%	1.7%	1.3%	1.0%
General Service Greater Than 50 kW, Intermediate (250 kW, 100,000 kWh)	Dx Bill ($)	$1,725.11	$1,465.71	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,621.93	$1,574.14	$1,564.09	$1,613.45	$1,601.42
	Dx Bill Change ($)		($259.41)	$227.62	$75.98	$99.56	$99.83	($103.19)	($47.79)	($10.05)	$49.36	($12.03)
	Dx Bill Change (%)		-15.0%	15.5%	4.5%	5.6%	5.3%	-6.0%	-2.9%	-0.6%	3.2%	-0.7%
	Total Bill Change (%)		-5.6%	1.7%	0.7%	0.8%	0.8%	-4.9%	0.0%	0.1%	0.5%	0.2%
Large Use (10,000 kW, 5,000,000 kWh)	Dx Bill ($)	$44,463.87	$49,974.81	$58,535.90	$61,162.36	$64,603.30	$68,054.03	$36,776.08	$37,456.26	$44,715.48	$50,514.01	$54,759.48
	Dx Bill Change ($)		$5,510.94	$8,561.09	$2,626.46	$3,440.94	$3,450.73	($7,687.79)	$680.18	$7,259.22	$5,798.53	$4,245.47
	Dx Bill Change (%)		12.4%	17.1%	4.5%	5.6%	5.3%	-17.3%	1.8%	19.4%	13.0%	8.4%
	Total Bill Change (%)		-1.1%	2.4%	0.1%	-0.2%	0.1%	-2.3%	1.3%	0.0%	-0.1%	-0.9%
Large Use with Dedicated Assets (20,000 kW, 10,000,000 kWh)	Distribution Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Street Lighting (0.08 kW, 28 kWh)	Dx Bill ($)	$4.88	$2.96	$2.26	$2.36	$2.50	$2.64	$1.32	$1.53	$1.99	$2.30	$2.57
	Dx Bill Change ($)		($1.92)	($0.70)	$0.11	$0.14	$0.14	($3.56)	$0.21	$0.46	$0.31	$0.26
	Dx Bill Change (%)		-39.4%	-23.7%	4.7%	5.8%	5.5%	-72.9%	16.1%	29.9%	15.6%	11.4%
	Total Bill Change (%)		-22.8%	-9.5%	1.8%	2.2%	2.2%	-40.4%	4.0%	8.0%	5.1%	4.1%
Sentinel Lighting (0.33 kW, 122 kWh)	Dx Bill ($)	$12.90	$12.82	$12.68	$13.25	$14.00	$14.75	$13.26	$13.42	$13.43	$14.09	$14.30
	Dx Bill Change ($)		($0.08)	($0.15)	$0.57	$0.75	$0.75	$0.36	$0.16	$0.01	$0.66	$0.21
	Dx Bill Change (%)		-0.6%	-1.1%	4.5%	5.7%	5.4%	2.8%	1.2%	0.1%	4.9%	1.5%
	Total Bill Change (%)		2.0%	0.4%	2.3%	2.7%	2.6%	1.6%	1.2%	0.5%	2.4%	0.9%
Unmetered Scattered Load (343 kWh)	Dx Bill ($)	$15.64	$18.20	$19.55	$20.42	$21.58	$22.73	$16.08	$16.34	$18.43	$19.88	$20.75
	Dx Bill Change ($)		$2.57	$1.35	$0.87	$1.15	$1.15	$0.44	$0.26	$2.09	$1.45	$0.87
	Dx Bill Change (%)		16.4%	7.4%	4.4%	5.7%	5.3%	2.8%	1.6%	12.8%	7.9%	4.4%
	Total Bill Change (%)		4.8%	2.5%	1.3%	1.6%	1.7%	1.6%	1.1%	3.1%	2.1%	1.3%

Table 5 - Bill Impacts of Changes in Revenue Requirement and Disposition of Deferral and Variance Account Balances - HRZ

Rate Class		CURRENT	Proposed					Settled				
		2026	2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
Residential (750 kWh)	Dx Bill ($)	$32.90	$30.98	$40.62	$42.44	$44.83	$47.22	$35.16	$36.07	$36.55	$38.97	$40.11
	Dx Bill Change ($)		($1.92)	$9.64	$1.82	$2.39	$2.39	$2.26	$0.91	$0.48	$2.42	$1.14
	Dx Bill Change (%)		-5.8%	31.1%	4.5%	5.6%	5.3%	6.9%	2.6%	1.3%	6.6%	2.9%
	Total Bill Change (%)		-3.0%	7.2%	1.0%	1.2%	1.3%	-0.2%	1.4%	0.2%	1.3%	0.5%
General Service Less Than 50 kW (2,000 kWh)	Dx Bill ($)	$79.89	$68.08	$93.98	$98.22	$103.76	$109.31	$78.98	$81.55	$83.08	$89.10	$92.19
	Dx Bill Change ($)		($11.81)	$25.90	$4.24	$5.54	$5.55	($0.91)	$2.57	$1.53	$6.02	$3.09
	Dx Bill Change (%)		-14.8%	38.0%	4.5%	5.6%	5.3%	-1.1%	3.3%	1.9%	7.2%	3.5%
	Total Bill Change (%)		-4.4%	7.8%	0.9%	1.2%	1.2%	-1.6%	1.5%	0.3%	1.4%	0.7%
General Service Greater Than 50 kW, Regular (250 kW, 100,000 kWh)	Dx Bill ($)	$1,278.16	$797.21	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,256.30	$1,316.05	$1,359.46	$1,484.23	$1,558.12
	Dx Bill Change ($)		($480.96)	$896.12	$75.98	$99.56	$99.83	($21.86)	$59.75	$43.42	$124.77	$73.89
	Dx Bill Change (%)		-37.6%	112.4%	4.5%	5.6%	5.3%	-1.7%	4.8%	3.3%	9.2%	5.0%
	Total Bill Change (%)		-11.8%	12.7%	0.7%	0.8%	0.8%	-9.1%	6.6%	0.5%	1.0%	0.7%
General Service Greater Than 50 kW, Intermediate (250 kW, 100,000 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Large Use (10,000 kW, 5,000,000 kWh)	Dx Bill ($)	$48,064.77	$17,056.81	$58,535.90	$61,162.36	$64,603.30	$68,054.03	$43,942.82	$45,239.16	$45,906.41	$49,407.38	$51,035.48
	Dx Bill Change ($)		($31,007.96)	$41,479.09	$2,626.46	$3,440.94	$3,450.73	($4,121.95)	$1,296.34	$667.25	$3,500.97	$1,628.10
	Dx Bill Change (%)		-64.5%	243.2%	4.5%	5.6%	5.3%	-8.6%	3.0%	1.5%	7.6%	3.3%
	Total Bill Change (%)		-6.4%	7.6%	0.1%	-0.2%	0.1%	-2.2%	1.7%	-0.9%	-0.4%	-1.3%
Large Use with Dedicated Assets (20,000 kW, 10,000,000 kWh)	Dx Bill ($)	$15,860.86	($71,563.14)	$16,431.61	$17,169.38	$18,135.92	$19,103.72	($8,205.14)	($7,816.12)	($7,597.18)	($6,597.08)	($6,108.92)
	Dx Bill Change ($)		($87,424.00)	$87,994.75	$737.77	$966.54	$967.80	($24,066.00)	$389.02	$218.94	$1,000.10	$488.16
	Dx Bill Change (%)		-551.2%	-123.0%	4.5%	5.6%	5.3%	-151.7%	-4.7%	-2.8%	-13.2%	-7.4%
	Total Bill Change (%)		-6.8%	8.5%	0.3%	0.4%	0.4%	-2.7%	1.7%	0.3%	0.4%	0.3%
Street Lighting (0.08 kW, 28 kWh)	Dx Bill ($)	$3.27	$1.78	$2.26	$2.36	$2.50	$2.64	$2.30	$2.26	$2.20	$2.25	$2.21
	Dx Bill Change ($)		($1.49)	$0.47	$0.11	$0.14	$0.14	($0.97)	($0.03)	($0.07)	$0.05	($0.03)
	Dx Bill Change (%)		-45.5%	26.6%	4.7%	5.8%	5.5%	-29.8%	-1.4%	-2.9%	2.3%	-1.5%
	Total Bill Change (%)		-24.3%	12.7%	1.8%	2.2%	2.2%	-17.8%	3.7%	-0.9%	0.9%	-0.4%
Sentinel Lighting (0.33 kW, 122 kWh)	Dx Bill ($)	$13.22	$10.34	$12.68	$13.25	$14.00	$14.75	$13.09	$13.18	$13.12	$13.72	$13.85
	Dx Bill Change ($)		($2.89)	$2.34	$0.57	$0.75	$0.75	($0.13)	$0.10	($0.06)	$0.60	$0.13
	Dx Bill Change (%)		-21.8%	22.6%	4.5%	5.7%	5.4%	-1.0%	0.7%	-0.5%	4.6%	1.0%
	Total Bill Change (%)		-13.4%	13.2%	2.5%	2.8%	2.7%	-6.5%	4.4%	0.3%	2.3%	0.7%
Unmetered Scattered Load (343 kWh)	Dx Bill ($)	$18.01	$14.67	$19.55	$20.42	$21.58	$22.73	$17.27	$17.84	$18.20	$19.52	$20.23
	Dx Bill Change ($)		($3.33)	$4.88	$0.87	$1.15	$1.15	($0.74)	$0.57	$0.36	$1.32	$0.72
	Dx Bill Change (%)		-18.5%	33.2%	4.4%	5.7%	5.3%	-4.1%	3.3%	2.0%	7.3%	3.7%
	Total Bill Change (%)		-5.9%	8.2%	1.3%	1.6%	1.7%	-2.4%	1.8%	0.6%	1.9%	1.1%

Table 6 - Bill Impacts of Changes in Revenue Requirement and Disposition of Deferral and Variance Account Balances - PRZ

Rate Class		CURRENT	Proposed					Settled				
		2026	2027	2028	2029	2030	2031	2027	2028	2029	2030	2031
Residential (750 kWh)	Dx Bill ($)	$35.06	$37.91	$40.62	$42.44	$44.83	$47.22	$37.78	$38.41	$38.58	$40.71	$41.50
	Dx Bill Change ($)		$2.85	$2.71	$1.82	$2.39	$2.39	$2.72	$0.63	$0.17	$2.13	$0.79
	Dx Bill Change (%)		8.1%	7.1%	4.5%	5.6%	5.3%	7.8%	1.7%	0.4%	5.5%	1.9%
	Total Bill Change (%)		2.1%	2.4%	1.0%	1.2%	1.3%	2.2%	1.1%	0.0%	1.1%	0.3%
General Service Less Than 50 kW (2,000 kWh)	Dx Bill ($)	$84.84	$87.68	$93.98	$98.22	$103.76	$109.31	$86.05	$87.95	$88.65	$93.97	$96.39
	Dx Bill Change ($)		$2.84	$6.30	$4.24	$5.54	$5.55	$1.21	$1.90	$0.70	$5.32	$2.42
	Dx Bill Change (%)		3.3%	7.2%	4.5%	5.6%	5.3%	1.4%	2.2%	0.8%	6.0%	2.6%
	Total Bill Change (%)		1.1%	2.4%	0.9%	1.2%	1.2%	0.6%	1.2%	0.1%	1.2%	0.5%
General Service Greater Than 50 kW, Regular (250 kW, 100,000 kWh)	Dx Bill ($)	$1,577.02	$1,714.92	$1,693.33	$1,769.30	$1,868.86	$1,968.70	$1,612.26	$1,632.54	$1,633.24	$1,716.27	$1,742.66
	Dx Bill Change ($)		$137.90	($21.59)	$75.98	$99.56	$99.83	$35.24	$20.28	$0.69	$83.04	$26.39
	Dx Bill Change (%)		8.7%	-1.3%	4.5%	5.6%	5.3%	2.2%	1.3%	0.0%	5.1%	1.5%
	Total Bill Change (%)		-6.4%	6.4%	0.7%	0.8%	0.8%	-7.3%	6.7%	0.2%	0.8%	0.4%
General Service Greater Than 50 kW, Intermediate (250 kW, 100,000 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Large Use (10,000 kW, 5,000,000 kWh)	Dx Bill ($)	$37,449.61	$56,225.81	$58,535.90	$61,162.36	$64,603.30	$68,054.03	$42,686.48	$46,140.47	$49,143.44	$54,925.32	$59,150.48
	Dx Bill Change ($)		$18,776.20	$2,310.09	$2,626.46	$3,440.94	$3,450.73	$5,236.87	$3,453.99	$3,002.97	$5,781.88	$4,225.16
	Dx Bill Change (%)		50.1%	4.1%	4.5%	5.6%	5.3%	14.0%	8.1%	6.5%	11.8%	7.7%
	Total Bill Change (%)		2.4%	2.1%	0.1%	-0.2%	0.1%	1.3%	2.0%	-0.6%	-0.1%	-0.9%
Large Use with Dedicated Assets (20,000 kW, 10,000,000 kWh)	Dx Bill ($)											
	Dx Bill Change ($)											
	Dx Bill Change (%)											
	Total Bill Change (%)											
Street Lighting (0.08 kW, 28 kWh)	Dx Bill ($)	$2.43	$2.17	$2.26	$2.36	$2.50	$2.64	$1.77	$1.88	$1.98	$2.17	$2.30
	Dx Bill Change ($)		($0.26)	$0.08	$0.11	$0.14	$0.14	($0.67)	$0.11	$0.10	$0.20	$0.13
	Dx Bill Change (%)		-10.7%	3.9%	4.7%	5.8%	5.5%	-27.4%	6.4%	5.3%	9.9%	5.9%
	Total Bill Change (%)		-10.1%	6.0%	1.8%	2.2%	2.2%	-16.2%	6.9%	1.7%	3.3%	2.1%
Sentinel Lighting (0.33 kW, 122 kWh)	Dx Bill ($)	$9.99	$11.85	$12.68	$13.25	$14.00	$14.75	$10.34	$11.15	$11.85	$13.20	$14.20
	Dx Bill Change ($)		$1.86	$0.83	$0.57	$0.75	$0.75	$0.35	$0.81	$0.70	$1.36	$1.00
	Dx Bill Change (%)		18.6%	7.0%	4.5%	5.7%	5.4%	3.5%	7.8%	6.3%	11.4%	7.5%
	Total Bill Change (%)		8.8%	3.7%	2.3%	2.7%	2.6%	1.5%	3.8%	2.8%	4.7%	3.4%
Unmetered Scattered Load (343 kWh)	Dx Bill ($)	$19.83	$18.27	$19.55	$20.42	$21.58	$22.73	$20.37	$20.38	$20.15	$20.92	$20.99
	Dx Bill Change ($)		($1.55)	$1.28	$0.87	$1.15	$1.15	$0.54	$0.01	($0.23)	$0.77	$0.07
	Dx Bill Change (%)		-7.8%	7.0%	4.4%	5.7%	5.3%	2.7%	0.1%	-1.1%	3.8%	0.3%
	Total Bill Change (%)		-1.5%	2.7%	1.3%	1.6%	1.7%	1.2%	0.9%	-0.2%	1.1%	0.2%

Further information about the revenue requirement and bill impacts resulting from the amendments to Alectra Utilities' Custom IR plan that are set out in this Settlement Proposal is available in the revised Revenue Requirement Workforms and the revised Bill Impacts Model, which are appended to this Settlement Proposal as Excel Attachments 1 through 5 and 26.

Alectra Utilities has prepared Supporting Attachments reflecting the terms of this Settlement Proposal and has included them as Attachments 1 to 33. The Parties agree that the Supporting Attachments appropriately reflect the terms of this Settlement Proposal and recommend that, concurrent with its acceptance of the Settlement Proposal, the OEB approve the Supporting Attachments on a final basis subject to the updates for 2027 Cost of Capital Parameters and the 2028-2031 annual OEB inflation factors for electricity distributors. Alectra Utilities will update its Retail Transmission Service Rates ("RTSRs") should the OEB issue its decision on the 2027 Uniform Transmission Rates ("UTRs") prior to the final approval of this Application.

B. KEY COMPONENTS OF SETTLEMENT

This section summarizes the key components of the complete settlement reached by the Parties. The evidentiary basis upon which each specific issue was settled is summarized in Part C, below.

1. EFFECTIVE DATE

The Parties agree that the effective date for the rates and charges arising from this Settlement Proposal, will be January 1, 2027.

The Parties further accept Alectra Utilities' proposal that, in the event the requested rate orders cannot be implemented by January 1, 2027, Alectra Utilities' current distribution rates and charges, will be effective on an interim basis as of January 1, 2027, and that Alectra Utilities will recover any differences between the interim rates and the final rates effective January 1, 2027, except interest charges, until the implementation date of the final rates.

2. CUSTOM INCENTIVE RATE-SETTING PLAN

The Parties agree that Alectra Utilities' 2027-2031 rate plan, as modified by this Settlement Proposal, fulfills the OEB's expectations and requirements for a Custom IR application.

With respect to the rate-setting methodology underpinning Alectra Utilities' 2027-2031 Custom IR plan, the Parties have reached agreement on the use of a Price Cap structure based on the parameters set out in the "As Settled" column of Table 7, below.

Table 7 - 2027-2031 Custom IR Rate Framework

	Custom IR Rate Framework As Proposed	Custom IR Rate Framework As Settled
Term	5 years	5 years
Custom Index	Cost of service rebasing in 2027, followed by a Custom Price Cap Index (CPCI) applied in each of 2028-2031 CPCI = I – X + RGF	Cost of service rebasing in 2027, followed by a Custom Price Cap Index (CPCI) applied in each of 2028-2031 CPCI = I + RGF
Inflation Factor ("I")	Set annually for the years 2028-2031 in accordance with the OEB's published inflation factor for electricity distributors applicable to the rate year in question	Set annually for the years 2028-2031 in accordance with the OEB's published inflation factor for electricity distributors applicable to the rate year in question
X-Factor	0.15% Includes a fixed productivity factor (0.0%) and a fixed utility-specific stretch factor (0.15%)	0.15% Includes a fixed productivity factor (0.0%) and a fixed utility-specific stretch factor (0.15%) In accordance with this Settlement Proposal, the impact of X is incorporated into the RGF formula
Incremental Capital Stretch Factor	None	0.15% incremental stretch factor on capital-related revenue requirement
Revenue Growth Factor ("RGF")	The RGF provides for incremental funding to meet capital and operational needs. Capital: 2027-2031 capital-related revenue requirement (CRRR) established on a forecast basis, relying on the in-service additions An adjustment to the working capital allowance portion of CRRR is included to reduce rates by funding the working capital allowance on the basis of	The RGF provides for incremental funding to meet capital and operational needs. Capital: 2027-2031 capita-l related revenue requirement established on a forecast basis, relying on the in-service additions in accordance with this Settlement Proposal (less the agreed upon incremental capital stretch factor of 0.15% and 0.15% general stretch factor) An adjustment to the working capital allowance portion of

	Custom IR Rate Framework As Proposed	Custom IR Rate Framework As Settled
	I-X instead funding this item on a forecast basis.	CRRR is included to reduce rates by funding the working capital allowance on the basis of I-X instead funding this item on a forecast basis.
	OM&A: Derived using an index-based approach, wherein 2027 OM&A funding is established on a forecast basis, and 2028-2031 OM&A funding is escalated annually by the OEB's Inflation Factor, a Growth Factor and an Input Price Differential	OM&A: Derived using an index-based approach, wherein 2027 OM&A funding is established on a forecast basis in accordance with this Settlement Proposal, and 2028-2031 OM&A funding is escalated annually by the OEB's Inflation Factor and a 5-year average of Billing Determinant Growth, which is in consideration of settlement and intended to acknowledge the growth in Alectra Utilities' service territory, including both customer and demand related elements.
	Other Revenue is applied as an offset to indexed OM&A and included based on a 5-year forecast of Other Revenue.	Other Revenue is applied as an offset to indexed OM&A, where 2027 Other Revenue is established on a forecast basis in accordance with the Settlement Proposal, and 2028-2031 Other Revenue is escalated by the OEB's inflation factor. [4]
	A forecast of "I" is removed from the RGF to allow for updated inflation figures to be inserted into the CPCI on an actual basis in each of 2028 to 2031	A forecast of "I" is removed from the RGF to allow for updated inflation figures to be inserted into the CPCI on an actual basis in each of 2028 to 2031
	Forecast revenue growth from billing determinant growth is removed from the RGF from 2028-2031.	Forecast revenue growth from billing determinant growth is removed from the RGF from 2028-2031
Earnings Sharing Mechanism	150 bps deadband 50/50 sharing Five years cumulative Asymmetrical in favor of ratepayers	150 bps deadband 50/50 sharing Five years cumulative Asymmetrical in favor of ratepayers

[4] Except for the agreed-upon adjustment in each year from 2029 to 2031 related to Revenues from Non-Rate-Regulated Utility Operations (4375).

	Custom IR Rate Framework As Proposed	Custom IR Rate Framework As Settled
Capital-Related Revenue Requirement Variance Account	Record the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term Asymmetrical in favor of ratepayers	Record the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 term Asymmetrical in favor of ratepayers
Non-Wires Solution Deferral Account	Record OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions ("NWS") Program. Incentive payments, calculated on a Margin-on-Payments ("MoP") as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery in addition to the company's actual OM&A costs incurred to acquire DERs and operate and manage the NWS Program. Any amounts recorded will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants). Disposition of the NWSDA would be sought at the end of the 2027-2031 rate term	Record OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program. Incentive payments, calculated on a Margin-on-Payments ("MoP") as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery in addition to the company's actual OM&A costs incurred to acquire DERs and operate and manage the NWS Program. Any amounts recorded will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants). Disposition of the NWSDA would be sought at the end of the 2027-2031 rate term
Z-Factor	OEB-approved criteria	OEB-approved criteria

Table 8 and Table 9 show the calculation of the agreed upon RGF, and the components of the settled CPCI. During the 2028-2031 annual rate applications, the inflation factor in the CPCI will be set in accordance with the OEB's inflation factor for electricity distributors applicable to the rate year in question.

Table 8 - Summary of Settled Revenue Growth Factor ("RGF") Components ($MM)

Line	Component	Settled				
		2027	2028	2029	2030	2031
1	Average Net Fixed Assets	4,117.8	4,286.7	4,483.5	4,759.3	5,088.8
2	Working Capital Allowance	288.8	298.9	309.1	320.7	332.3
3	Rate Base	4,406.5	4,585.6	4,792.6	5,080.0	5,421.2
4	Return on Debt	112.7	117.3	122.6	129.9	138.6
5	Return on Equity	160.6	167.1	174.6	185.1	197.5
6	Depreciation	193.8	197.4	204.7	220.8	230.4
7	PILs Taxes	17.2	21.7	11.9	33.2	32.6
8	**Total Capital-Related Revenue Requirement**	**484.2**	**503.5**	**513.9**	**569.0**	**599.2**
9	Less Incremental Working Capital-Related Revenue Requirement	-	(0.3)	(0.9)	(1.6)	(2.3)
10	**Total Capital-Related Revenue Requirement (including working capital adjustment)**	**484.2**	**503.2**	**513.0**	**567.4**	**596.9**
11	Less: Incremental X Factor on Capital	-	(0.8)	(0.8)	(0.9)	(0.9)
12	Less: Prior Year X Factor on Capital	-	-	(0.8)	(1.5)	(2.4)
13	Less: Stretch & Productivity Factor (0.15%)	-	(0.8)	(0.8)	(0.9)	(0.9)
14	Less: Prior Years' Stretch & Productivity Factor	-	-	(0.8)	(1.5)	(2.4)
15	**Total Capital-Related Revenue Requirement (including working capital, Incremental X Factor and S&P Factors on Capital)**	484.2	501.7	509.9	562.7	590.4
16	OM&A	334.8	334.8	334.8	334.8	334.8
17	Add: OM&A Inflation Factor	-	6.7	13.6	20.7	28.0
18	Add: Incremental OM&A Factor	-	2.9	5.8	8.9	12.0
19	Total OM&A	334.8	344.4	354.2	364.4	374.8
20	Less: Revenue Offset	(33.9)	(34.6)	(33.1)	(33.8)	(34.4)
21	**Non-Capital-Related Revenue Requirement (OM&A and Revenue Offset)**	**300.9**	**309.8**	**321.1**	**330.6**	**340.3**
22	Less: Stretch & Productivity Factor (0.15%)	-	(0.5)	(0.5)	(0.5)	(0.5)
23	Less: Prior Years' Stretch & Productivity Factor	-	-	(0.5)	(0.9)	(1.4)
24	**Total Non-Capital-Related Revenue Requirement (including S&P Factor)**	**300.9**	**309.3**	**320.2**	**329.1**	**338.4**
25	**Total Revenue Requirement (Line 15 + Line 24)**	**785.1**	**811.0**	**830.1**	**891.8**	**928.8**
26	Revenue @ Existing Rates	-	790.2	818.3	837.4	901.9
27	**Revenue Deficiency (Row 25 - Row 26)**	**-**	**20.8**	**11.8**	**54.5**	**26.9**
28	Inflation Back-Off (Row 26 x Inflation 2%)	-	(15.8)	(16.4)	(16.7)	(18.0)
29	RGF Revenue Required (Row 27 + Row 28)	-	5.0	(4.6)	37.7	8.8
30	**Revenue Growth Factor (Row 29 / Row 26)**	-	**0.64%**	**-0.56%**	**4.50%**	**0.98%**

Table 9 - Custom Price Cap Index ("CPCI") by Component (%)

Component	2028		2029		2030		2031	
	Proposed	Settled	Proposed	Settled	Proposed	Settled	Proposed	Settled
Inflation: I	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Productivity & Stretch: X	(0.15%)		(0.15%)		(0.15%)		(0.15%)	
Revenue Growth Factor: RGF	4.31%	0.64%	2.64%	(0.56%)	3.78%	4.50%	3.49%	0.98%
CPCI	**6.16%**	**2.64%**	**4.49%**	**1.44%**	**5.63%**	**6.50%**	**5.34%**	**2.98%**

Note: Under Settled, the impact of X (0.15%) and an incremental stretch factor on capital (0.15%) is embedded in the calculation of the RGF.

3. PERFORMANCE MONITORING AND REPORTING

The Parties agree to the performance monitoring and reporting related commitments described in Part D (Studies, Reports and Other Commitments) and with Alectra Utilities' Custom Performance Scorecard. Of particular note, Alectra Utilities agrees to modify the reliability target in the Custom Performance Scorecard to be set at the OEB's target. The Parties agree to accept Alectra Utilities' revisions to the targets in the Custom Performance Scorecard which Alectra Utilities updated based on the agreed upon capital reductions. For clarity, the intervenors did not review or approve the specific targets, but accept that Alectra Utilities has revised the targets based on the reductions to the capital plan.

4. RATE BASE

4.1. 2027 Opening Rate Base

The Parties accept Alectra Utilities' opening 2027 rate base subject to modifications regarding the remaining net book value of transition capital. The Parties agree to only include the remaining net book value of transition capital in 2027 and 2028. Alectra Utilities will remove $32.6MM net book value of transition capital from rate base starting in 2029, and therefore no additional transition capital amounts will be recovered by Alectra Utilities after 2028.

The Parties have also agreed that the 2027-2031 rate base will be reduced to reflect the application of the monthly averages approach for calculating rate base instead of the average of

the opening and closing balances for gross fixed assets and accumulated depreciation. Specifically, Alectra Utilities will calculate the average in-service fixed assets based on the average of monthly values.

4.2. 2027-2031 Capital

Regarding Alectra Utilities' capital plan for the 2027-2031 rate term, the Parties agree to reduce Alectra Utilities' net in-service additions by approximately 15% or $416MM, from $2.775B to $2.359B. Alectra Utilities' application of the agreed-upon net in-service reductions to the capital plan is set out in section 4.2.1 below. Alectra Utilities has implemented these reductions in its capital expenditures through a reduction of approximately $419MM, from approximately $3.134B, as proposed by Alectra Utilities, to $2.715B.

4.2.1. Capital In-Service Additions Plan

Table 10 – Settled In-Service Additions by Investment Category ($MM)

Proposed Capital	2027	2028	2029	2030	2031	Total
System Access	285.7	291.6	304.1	249.8	307.2	**1,438.4**
System Renewal	190.8	206.5	254.3	340.0	352.4	**1,344.0**
System Service	67.5	38.2	70.8	115.2	50.4	**342.1**
General Plant	68.0	56.5	80.2	43.7	96.5	**344.9**
TOTAL GROSS EXPENDITURES	**612.0**	**592.8**	**709.4**	**748.7**	**806.5**	**3,469.4**
TOTAL CONTRIBUTIONS	(173.7)	(114.6)	(125.1)	(109.7)	(171.5)	**(694.6)**
NET EXPENDITURES	**438.3**	**478.2**	**584.3**	**639.0**	**635.0**	**2,774.8**
Settled Capital	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
System Access	271.9	279.8	290.3	243.5	285.1	**1,370.6**
System Renewal	153.2	159.1	202.4	247.3	296.9	**1,058.9**
System Service	67.4	33.9	52.4	99.7	48.9	**302.3**
General Plant	50.2	44.2	67.1	52.8	66.8	**281.1**
TOTAL GROSS EXPENDITURES	**542.7**	**517.0**	**612.2**	**643.3**	**697.7**	**3,012.9**
TOTAL CONTRIBUTIONS	(168.8)	(107.5)	(116.2)	(102.5)	(159.4)	**(654.4)**
NET EXPENDITURES	**373.9**	**409.5**	**496.0**	**540.8**	**538.3**	**2,358.5**
Difference	***2027***	***2028***	***2029***	***2030***	***2031***	***Total***
System Access	*(13.8)*	*(11.8)*	*(13.8)*	*(6.3)*	*(22.1)*	***(67.8)***
System Renewal	*(37.6)*	*(47.4)*	*(51.9)*	*(92.7)*	*(55.5)*	***(285.1)***
System Service	*(0.1)*	*(4.3)*	*(18.4)*	*(15.5)*	*(1.5)*	***(39.8)***

General Plant	*(17.8)*	*(12.3)*	*(13.1)*	*9.1*	*(29.7)*	***(63.8)***
TOTAL GROSS EXPENDITURES	***(69.3)***	***(75.8)***	***(97.2)***	***(105.4)***	***(108.8)***	***(456.5)***
TOTAL CONTRIBUTIONS	*4.9*	*7.1*	*8.9*	*7.2*	*12.1*	***40.2***
NET EXPENDITURES	***(64.4)***	***(68.7)***	***(88.3)***	***(98.2)***	***(96.7)***	***(416.3)***

4.2.2. Capital Expenditure Plan

Table 11 - Net Capital Expenditures by Investment Category ($MM) [5]

Proposed Capital	2027	2028	2029	2030	2031	Total
System Access	305.8	313.1	299.4	272.7	295.5	**1,486.5**
System Renewal	193.1	209.4	257.3	346.1	362.6	**1,368.5**
System Service	39.3	80.3	151.8	133.9	192.7	**598.0**
General Plant	64.8	85.5	82.6	95.9	71.8	**400.6**
TOTAL GROSS EXPENDITURES	**603.0**	**688.3**	**791.1**	**848.6**	**922.6**	**3,853.6**
TOTAL CONTRIBUTIONS	(148.2)	(133.4)	(137.0)	(135.5)	(165.3)	**(719.4)**
NET EXPENDITURES	**454.8**	**554.9**	**654.1**	**713.1**	**757.3**	**3,134.2**
Settled Capital	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
System Access	286.2	285.6	288.6	266.3	273.3	**1,400.0**
System Renewal	154.2	162.2	205.6	253.1	307.4	**1,082.5**
System Service	36.7	62.0	134.8	133.4	191.2	**558.1**
General Plant	52.5	64.9	66.5	82.3	70.3	**336.5**
TOTAL GROSS EXPENDITURES	**529.6**	**574.7**	**695.5**	**735.1**	**842.2**	**3,377.1**
TOTAL CONTRIBUTIONS	(140.3)	(111.5)	(128.6)	(128.2)	(153.1)	**(661.7)**
NET EXPENDITURES	**389.3**	**463.2**	**566.9**	**606.9**	**689.1**	**2,715.4**
Difference	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
System Access	*(19.6)*	*(27.5)*	*(10.8)*	*(6.4)*	*(22.2)*	***(86.5)***
System Renewal	*(38.9)*	*(47.2)*	*(51.7)*	*(93.0)*	*(55.2)*	***(286.0)***
System Service	*(2.6)*	*(18.3)*	*(17.0)*	*(0.5)*	*(1.5)*	***(39.9)***
General Plant	*(12.3)*	*(20.6)*	*(16.1)*	*(13.6)*	*(1.5)*	***(64.1)***
TOTAL GROSS EXPENDITURES	***(73.4)***	***(113.6)***	***(95.6)***	***(113.5)***	***(80.4)***	***(476.5)***
TOTAL CONTRIBUTIONS	*7.9*	*21.9*	*8.4*	*7.3*	*12.2*	***57.7***
NET EXPENDITURES	***(65.5)***	***(91.7)***	***(87.2)***	***(106.2)***	***(68.2)***	***(418.8)***

[5] The Net Capital Expenditures in this table reflect how Alectra has determined it will implement the agreed reduction in net in-service additions.

4.2.3. Depreciation, Amortization, Disposal

Alectra Utilities' depreciation methodology and disposals were agreed to as proposed. Adjustments related to the reduction of in-service assets are outlined in Appendix 2-C appended to this Settlement Proposal.

Table 12 - 2027-2031 Settled Depreciation and Amortization Expenses ($MM)

	2027	2028	2029	2030	2031	Total
Proposed Depreciation	194.4	199.9	215.6	233.6	244.6	1,088.0
Settled Depreciation	193.8	197.4	204.7	220.8	230.4	1,047.2
Difference	*(0.6)*	*(2.4)*	*(10.8)*	*(12.7)*	*(14.2)*	*(40.8)*

4.3. Working Capital Allowance

The Parties agree to the use of the OEB's default Working Capital Allowance of 7.5% applied to the sum of 2027 Cost of Power and OM&A (utilizing the agreed upon adjustments to the load forecast and reductions to OM&A).

Appendices 2-ZA and 2-ZB for the years 2027-2031 have been appended to this Settlement Proposal.

4.4. 2027-2031 Rate Base

Alectra Utilities' rate base has been updated based on agreed-upon reductions to the capital plan, OM&A and Working Capital Allowance. Please see Table 13 for the updated rate base.

Table 13 - 2027-2031 Settled Rate Base ($MM)

	2027	2028	2029	2030	2031
Proposed Rate Base	**4,530.6**	**4,802.6**	**5,125.8**	**5,513.4**	**5,910.3**
Average Net Fixed Assets	4,184.5	4,441.2	4,752.1	5,123.8	5,505.1
Working Capital Allowance	346.1	361.4	373.8	389.7	405.2
Settled Rate Base	**4,406.5**	**4,585.6**	**4,792.6**	**5,080.0**	**5,421.2**
Average Net Fixed Assets	4,117.8	4,286.7	4,483.5	4,759.3	5,088.8
Working Capital Allowance	288.8	298.9	309.1	320.7	332.3
Difference	***(124.1)***	***(217.1)***	***(333.2)***	***(433.5)***	***(489.1)***
Average Net Fixed Assets	*(66.8)*	*(154.5)*	*(268.5)*	*(364.5)*	*(416.3)*
Working Capital Allowance	*(57.3)*	*(62.6)*	*(64.7)*	*(68.9)*	*(72.9)*

5. LOAD FORECAST

The Parties agree with Alectra Utilities' load forecast proposals, subject to the following modifications:

First, with respect to the Residential customer and load forecast, Alectra Utilities will: increase the customer count forecast by applying the 2023-2025 historical average residential growth rate of 0.49% annually, starting from the 2025 actuals and continuing throughout the forecast period. Correspondingly, Alectra Utilities will update the residential kWh volume forecast to reflect the incremental residential customer additions.

Second, with respect to the Large Use customer and load forecasts, Alectra Utilities will amend its forecasts to include customers and load for all 11 data centre applications outlined in response to interrogatory 2A-SEC-38, Table 1. The Parties agree that the projected load to be included in the load forecast will be based on Alectra Utilities' proposed load ramp up for data centre projects outlined in response to interrogatory 3-SEC-75. The customer and load forecast resulting from these modifications are presented in Table 14 below.

Table 14 - 2027-2031 Customer and Load Growth

Year		Total Normalized Consumption		Total Demand		Total Customers	Total Connections
		MWh	% Change	MW	% Change		
2027	Proposed	27,922,546	1.15%	40,307	0.11%	1,100,062	286,112
	Settled	27,943,045	1.17%	40,396	0.22%	1,102,225	286,112
2028	Proposed	28,437,676	1.84%	40,493	0.46%	1,104,997	287,041
	Settled	28,463,559	1.86%	40,646	0.62%	1,107,616	287,041
2029	Proposed	28,950,515	1.80%	40,847	0.87%	1,109,868	287,966
	Settled	28,988,505	1.84%	41,309	1.63%	1,113,039	287,966
2030	Proposed	29,622,532	2.32%	41,335	1.19%	1,114,740	288,892
	Settled	29,667,922	2.34%	41,901	1.43%	1,118,489	288,892
2031	Proposed	30,218,171	2.01%	41,709	0.90%	1,119,611	289,816
	Settled	30,285,780	2.08%	42,986	2.59%	1,123,967	289,816

6. OM&A

The Parties agree to a 2027 test year amount of $334.8MM for OM&A expenses. This represents

a reduction to proposed OM&A (including property taxes) in 2027 of 5.0% or $17.6MM which is agreed to on an envelope basis.

The Parties agree to 2028-2031 OM&A amounts derived using an index-based approach comprised of the OEB inflation factor and, for purposes of settlement, a 0.86% billing determinant growth factor having regard to forecast customer and demand growth.

Overall, this Settlement Proposal represents a reduction to proposed OM&A over the 2027-2031 period of 7.4% or $142.8MM as shown in Table 15 below.

Table 15 - 2027-2031 Settled OM&A ($MM)

	2027	2028	2029	2030	2031	Total
Proposed OM&A	352.4	367.1	382.4	398.4	415.0	1,915.3
Settled OM&A	334.8	344.4	354.2	364.4	374.8	1,772.5
Difference	*(17.6)*	*(22.7)*	*(28.2)*	*(34.0)*	*(40.2)*	*(142.8)*

7. COST OF CAPITAL

The Parties accept the proposed Cost of Capital, including the proposed capital structure and cost of capital parameters, subject to the modifications below. Specifically, the Parties agree on Alectra Utilities' use of the OEB's deemed capital structure, and that Alectra Utilities' 2027-2031 return on equity and deemed short-term debt rate will be based on the OEB's 2027 Cost of Capital Parameters to be published in the fourth quarter of 2026.

The Parties agree that the 2027-2031 long-term debt rate will reflect Alectra Utilities' weighted average rate of existing embedded debt and forecasted debt subject to the following modifications: (i) Alectra Utilities will rely on the OEB's 2027 deemed long-term debt rate less 60 basis points, plus issuance costs of $2.5MM based on the forecast provided in response to interrogatory 5-Staff-200, for its 2026 debt issuance (10 year promissory note) as set out in Appendix 2-OB appended to this Settlement Proposal; and (ii) Alectra Utilities will remove the proration adjustment in Appendix 2-OB associated with the 2027 maturing debt and amend the start date to January 1, 2027 for the new replacement debt issuance, to address the distortion caused by a large issuance maturing in 2027 at an exceptionally low rate and the new replacement debt issuance, which will be based on the OEB's 2027 deemed long-term debt rate, plus issuance costs.

The figures set out in this Settlement Proposal reflect the OEB's 2026 Cost of Capital Parameters for return on equity and deemed short-term debt rate, which will be updated when the 2027 Cost of Capital Parameters are published. The long-term debt rate component reflects a forecast of the 2027 long-term debt rate, which will be updated for the OEB's published 2027 deemed long-term debt rate.

Table 16 - Alectra Utilities' 2027-2031 Cost of Capital Parameters

	Rate (%)
Return on Equity	9.11
Long-Term Debt Rate	4.37
Short-Term Debt Rate	2.72

Updated Appendix 2-OA - Capital Structure and Appendix 2-OB - Debt Instruments are appended to this Settlement Proposal.

8. OTHER REVENUE

The Parties have agreed to the 2027 Test Year Other Revenue subject to the following adjustments:

- Alectra Utilities will maintain its current practice of one disconnect-reconnect service for maintenance purposes for residential customers at no cost to these customers. As a result of this change, Alectra Utilities has updated its 2027 forecast of Other Revenue to reflect a reduction of $3.1MM related to Miscellaneous Service Revenues;
- An increase of $0.03MM related to Retail Services Revenue (4082);
- An increase of $0.03MM related to SSS Administration Revenue (4086);
- An increase of $0.5MM related to Rent from Electric Property (4210);
- An increase of $2.0MM related to Late Payment Charges (4225);
- An increase of $1.7MM related to Miscellaneous Non-Operating Income (4390);
- A decrease of $0.9MM related to the removal of the SRE&D Credit within Account 4390. This amount will be reflected in the PILs Workform; and
- An increase of $1.8MM related to Interest & Dividend Income (4405).

The Parties agree that Alectra Utilities' 2028 to 2031 Other Revenue amounts will increase from the prior year Other Revenue values by the OEB's Inflation Factor, except for the agreed-upon adjustment to the forecast for Revenues from Non-Rate-Regulated Utility Operations (4375). The forecast for Non-Rate-Regulated Utility Operations will first be escalated annually by the OEB's Inflation Factor and then adjusted in 2029 through 2031 to reflect a 50% reduction to the forecast for non-utility revenues. This adjustment reduces Account 4375 revenues in 2029 to 2031 by $2.2MM compared to the 2027 and 2028 forecast but increases revenues by $2.2MM in each of 2029 to 2031 compared to Alectra Utilities' proposed forecast for Account 4375.

The forecast of Other Revenue resulting from these modifications are presented in Table 17 below.

Table 17 - 2027-2031 Settled Other Revenue ($MM)

	2027	2028	2029	2030	2031
Proposed Other Revenue	**31.9**	**32.4**	**29.0**	**29.8**	**30.6**
Specific Service Charges	8.8	8.9	8.9	9.0	9.0
Late Payment Charges	8.5	8.9	9.3	9.9	10.5
Other Operating Revenues	10.2	10.3	10.4	10.6	10.7
Other Income or Deductions	4.4	4.4	0.4	0.4	0.4
Settled Other Revenue	**33.9**	**34.6**	**33.1**	**33.8**	**34.4**
Specific Service Charges	5.7	5.8	5.9	6.0	6.2
Late Payment Charges	10.5	10.8	11.0	11.2	11.4
Other Operating Revenues	10.7	10.9	11.1	11.3	11.6
Other Income or Deductions	7.0	7.1	5.1	5.2	5.3
Difference	***1.9***	***2.2***	***4.1***	***4.0***	***3.9***
Specific Service Charges	*(3.1)*	*(3.1)*	*(3.0)*	*(2.9)*	*(2.8)*
Late Payment Charges	*2.0*	*1.9*	*1.6*	*1.3*	*1.0*
Other Operating Revenues	*0.5*	*0.6*	*0.7*	*0.8*	*0.9*
Other Income or Deductions	*2.6*	*2.8*	*4.7*	*4.8*	*4.9*

An updated Appendix 2-H - Other Operating Revenue is appended to this Settlement Proposal.

9. PILs

The Parties accept that PILs will be calculated based on the accelerated CCA rules introduced by Bill C-15. The Parties also agree that Alectra Utilities will update the PILs model to reflect the

following modifications: i) Alectra Utilities will update the 2027 to 2031 Total Investment and Miscellaneous Tax Credit ("ITC") amounts in the PILs model to $1.4MM and update the Prior Year ITC in calculating taxable income to $0.9MM (2027) and $1.4MM (2028 to 2031); and ii) Alectra Utilities will reflect the ITC benefit, and the corresponding reduction to grossed-up PILs, within the PILs model by removing the reclass of ITCs to Other Revenue.

10. COST ALLOCATION

The Parties agree with the cost allocation and revenue-to-cost ratios as proposed by Alectra Utilities, subject to one update to the OEB's Cost Allocation Model to incorporate the EV charging load profiles outlined in response to interrogatory 2.0-VECC-13 and VECC-CQ#11.

11. RATE DESIGN

The Parties agree with Alectra Utilities' rate design as proposed (including, but not limited to, fixed/variable split, loss factors, retail transmission service rates, specific and other service charges, and rate mitigation proposals), subject to the following modifications:

- For 2027, Alectra Utilities will use the 2026 notional harmonized fixed charge for the rate classes with fixed charges above the 2027 Cost Allocation Model ceiling value, specifically, GS<50 kW, GS>50 kW, Large Use and Large Use Dedicated Assets. For 2028-2031, the fixed charge in these rate classes will be escalated by the CPCI;

- Alectra Utilities will grandfather the existing legacy Horizon Utilities customers in the Large Use Dedicated Asset rate class;

- Alectra Utilities will update its rate class allocation used to determine the 'Billed Amount' in the RTSR Workform to be based on 2026 RTSRs and 2027 billing determinants;

- Alectra Utilities will implement standby charges as detailed in Part D. In addition, Alectra Utilities has committed to consider rate design alternatives to standby rates, including those that differentiate between standby service being used within and outside the times of distribution system peaks and report back at its next rebasing application. Please see Part D (Studies, Reports and Other Commitments), below, for further details;

- Effective January 1, 2027 and up to December 31, 2028, Alectra Utilities will provide customers in the Guelph Hydro rate zone with a credit for the difference between the base distribution rates (i.e., monthly service charge and distribution volumetric charge) that would have applied under Price Cap IR and the rates proposed through this Application. The credit will be funded by Alectra Utilities' shareholders and implemented through Price Cap Adjustment rate riders in each applicable year. In 2027, Alectra Utilities will refund Guelph Hydro rate zone customers $4.0MM. Alectra Utilities will update the calculation of the proposed 2028 credit rate riders in its 2028 annual update rate application based on the OEB's approved inflation factor for electricity distributors applicable to 2028 rate applications; and,

- Alectra Utilities will implement the following rate harmonization and rate smoothing mechanisms:
    - The harmonization of base distribution rates will be phased over 5 years (2027-2031). Therefore, Alectra Utilities' base distribution rates will be fully harmonized for all legacy rate zones by 2031. The calculation of the 5-year distribution rate harmonization and resulting distribution rates are provided in Attachment 29 and described below:
        1. Derive the total Harmonization Rate Component as the difference between the 2026 notional harmonized rates and the 2026 rate zone-specific rates for each rate class;
        2. The 2027 rates are derived by adding 1/5 of the Harmonization Rate Component and the Cost of Service Rate Component to the current 2026 OEB-approved distribution rates within each rate zone and rate class; and
        3. In each subsequent year (2028–2031), the previous year's Harmonization Rate Component is escalated by the Custom Price Cap Index ("CPCI") adjustment to derive each subsequent year's new Harmonization Rate Component. Similarly, in each subsequent year (2028-2031), the final proposed distribution rates are escalated by the CPCI adjustment to derive each subsequent year's Cost of Service Rate Component. Each year's fixed and volumetric Cost of Service Rate Component and Harmonization Rate Component are added together and then rounded to two and four decimal places, respectively.

- The Group 2 DVA balances disposition for the Enersource, Horizon Utilities and PowerStream rate zones will be 5 years (2027-2031), effective January 1, 2027.

- The Group 2 DVA balances disposition for the Brampton rate zone will be 4 years (2028-2031), effective January 1, 2028, to further smooth rate impacts in this rate zone.

- The Group 2 DVA balances disposition for the Guelph Hydro rate zone will be 3 years (2029-2031) effective January 1, 2029, to mitigate the 2029 rate impact resulting from the expiry of the Guelph RZ-specific Price Cap Adjustment rate riders in 2029.

- The Group 1 DVA balances disposition for all rate zones will be 1-year, effective January 1, 2027.

12. DEFERRAL AND VARIANCE ACCOUNTS

12.1. Group 1 Deferral and Variance Accounts

OEB staff has advised the Parties that there are no concerns with Alectra Utilities' proposed disposition of its Group 1 deferral and variance account balances.

Table 18 - Alectra Utilities Group 1 DVA Disposition

Proposed Group 1 DVA Disposition		Principal Balance ($)	Interest Balance ($)	Total Claim ($)
Account	Description	A	B	C = A + B
1550	Low Voltage Variance Account	(3,187,002)	(103,204)	(3,290,206)
1551	Smart Meter Entity Charge Variance Account	(451,200)	(22,478)	(473,679)
1580	RSVA - Wholesale Market Service	(33,450,552)	(831,232)	(34,281,784)
1584	RSVA - Network	2,025,674	92,834	2,118,508
1586	RSVA - Connection	(3,154,585)	(84,065)	(3,238,650)
1588	RSVA - Power	148,182	(159,010)	(10,828)
1589	RSVA - GA	(52,490,834)	(2,252,932)	(54,743,767)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(837,524)	1,749,383	911,858
	Total Balance	**(91,397,843)**	**(1,610,705)**	**(93,008,548)**

Settled Group 1 DVA Disposition		Principal Balance ($)	Interest Balance ($)	Total Claim ($)
Account	Description	A	B	C = A + B
1550	Low Voltage Variance Account	(3,187,002)	(103,204)	(3,290,206)
1551	Smart Meter Entity Charge Variance Account	(451,200)	(22,478)	(473,679)
1580	RSVA - Wholesale Market Service	(33,450,552)	(831,232)	(34,281,784)
1584	RSVA - Network	2,025,674	92,834	2,118,508
1586	RSVA - Connection	(3,154,585)	(84,065)	(3,238,650)
1588	RSVA - Power	148,182	(159,010)	(10,828)
1589	RSVA - GA	(52,490,834)	(2,252,932)	(54,743,767)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(837,524)	1,749,383	911,858
	Total Balance	**(91,397,843)**	**(1,610,705)**	**(93,008,548)**
Difference		**Principal Balance ($)**	**Interest Balance ($)**	**Total Claim ($)**
Account	**Description**	**A**	**B**	**C = A + B**
1550	Low Voltage Variance Account	-	-	-
1551	Smart Meter Entity Charge Variance Account	-	-	-
1580	RSVA - Wholesale Market Service	-	-	-
1584	RSVA - Network	-	-	-
1586	RSVA - Connection	-	-	-
1588	RSVA - Power	-	-	-
1589	RSVA - GA	-	-	-
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	-	-	-
	Total Balance	**-**	**-**	**-**

12.2. Group 2 Deferral and Variance Accounts

The Parties agree with Alectra Utilities' proposals for disposition of its Group 2 deferral and variance accounts, subject to the following modifications:

- Alectra Utilities will 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;

- Alectra Utilities will recover 75% of the proposed balance in the Getting Ontario Connected Account;

- Alectra Utilities will 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;

- Alectra Utilities will refund customers the 2025 and 2026 financial impact of changes to the financial useful lives of assets and the impact of changes to direct labour capitalization that reflect a third-party Depreciation Study and a third-party Direct Labour Capitalization study filed with the Application. These balances will be included in the total proposed Group 2 balances for disposition; and

- Alectra Utilities will refund customers 50% of the $17.6MM net after-tax gain on sale related to the sale of Alectra Utilities' Mavis Road and Sandalwood operations facilities. These balances will be included in the total proposed Group 2 balances for disposition.

Alectra Utilities will true-up its Group 2 DVA balances and record any variance between the approved 2026 forecast and the 2026 actuals, if material, in Account 1595 to be reviewed in a future proceeding.

Table 19 - Alectra Utilities Group 2 DVA Disposition

Proposed Group 2 DVA Disposition		Principal Balance ($)	Interest Balance ($)	Total Claim ($)
Account	Description	A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	(201,259)	101,106	(100,154)
1508	Energy East Consultation Costs	135,774	34,646	170,420
1508	OEB Cost Assessments	20,815,115	2,571,415	23,386,530
1508	Other Post-Employment Benefit Deferral Account	(11,185,421)	-	(11,185,421)
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	1,544,751	-	1,544,751
1508	Hydro One Charges	(6,552)	6,552	-
1508	Pole Attachment Revenue Variance	(19,808,116)	(2,615,892)	(22,424,007)
1508	Impact of Post-merger Capitalization Policy	(37,417,860)	-	(37,417,860)
1508	Incremental Capital Expenditures	580,330	(3,865,618)	(3,285,288)
1508	LTLT Rate Impact Mitigation	31,186	5,382	36,568

1508	Collection of Account Charge-Related Lost Revenue	17,952,326	2,202,178	20,154,504
1508	GOCA Variance Account	9,449,736	684,777	10,134,513
1508	LEAP EFA Funding Deferral Account	3,243,596	133,483	3,377,079
1508	Gains on Sales of Properties	-	-	-
1508	Useful Life Changes	-	-	-
1508	Direct Labour Capitalization Change	-	-	-
1511	Incremental Cloud Computing Implementation Costs	1,785,155	133,007	1,918,162
1518	Retail Cost Variance Account - Retail	546,030	279,061	825,091
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(1,978,162)	(1,978,162)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	118,492	27,284	145,775
1533	Renewable Generation Connection Funding Adder Deferral Account	-	1	1
1535	Smart Grid OM&A Deferral Account	2,718,596	717,245	3,435,841
1536	Smart Grid Funding Adder Deferral Account	17,752	(21,375)	(3,623)
1548	Retail Cost Variance Account - STR	261,878	96,112	357,990
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	(232,581)	354,169	121,589
1557	Meter Cost Deferral Account (MIST Meters)	11,293,174	-	11,293,174
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(36,718,059)	(6,414,628)	(43,132,688)
	Total Balance	**(35,075,957)**	**(7,549,259)**	**(42,625,216)**

Account	Settled Group 2 DVA Disposition Description	Settled Group 2 DVA Disposition A	Interest Balance ($) B	Total Claim ($) C = A + B
1508	CGAAP-CWIP Differential Deferral Account	(201,259)	101,106	(100,154)
1508	Energy East Consultation Costs	135,774	34,646	170,420
1508	OEB Cost Assessments	17,032,979	2,323,373	19,356,352
1508	Other Post-Employment Benefit Deferral Account	(11,185,421)	-	(11,185,421)
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	1,544,751	-	1,544,751
1508	Hydro One Charges	(6,552)	6,552	-
1508	Pole Attachment Revenue Variance	(19,808,116)	(2,753,928)	(22,562,044)
1508	Impact of Post-merger Capitalization Policy	(37,417,860)	-	(37,417,860)
1508	Incremental Capital Expenditures	580,330	(4,076,508)	(3,496,178)

1508	LTLT Rate Impact Mitigation	31,186	5,382	36,568
1508	Collection of Account Charge-Related Lost Revenue	17,952,326	2,356,853	20,309,179
1508	GOCA Variance Account	7,087,302	568,488	7,655,790
1508	LEAP EFA Funding Deferral Account	2,763,955	112,075	2,876,029
1508	Gains on Sales of Properties	(8,800,000)	-	(8,800,000)
1508	Useful Life Changes	(39,952,082)	-	(39,952,082)
1508	Direct Labour Capitalization Change	(10,670,840)	-	(10,670,840)
1511	Incremental Cloud Computing Implementation Costs	1,785,155	145,477	1,930,632
1518	Retail Cost Variance Account - Retail	546,030	301,187	847,218
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(2,558,380)	(2,558,380)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	118,492	27,284	145,775
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	2,718,596	717,245	3,435,841
1536	Smart Grid Funding Adder Deferral Account	17,752	(21,375)	(3,623)
1548	Retail Cost Variance Account - STR	261,878	96,750	358,629
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	(232,581)	354,169	121,589
1557	Meter Cost Deferral Account (MIST Meters)	11,293,174	-	11,293,174
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(54,104,071)	(7,610,450)	(61,714,521)
	Total Balance	**(118,509,103)**	**(9,870,055)**	**(128,379,158)**

Difference		**Principal Balance ($)**	**Interest Balance ($)**	**Total Claim ($)**
Account	**Description**	**A**	**B**	**C = A + B**
1508	CGAAP-CWIP Differential Deferral Account	-	-	-
1508	Energy East Consultation Costs	-	-	-
1508	OEB Cost Assessments	*(3,782,136)*	*(248,042)*	*(4,030,178)*
1508	Other Post-Employment Benefit Deferral Account	-	-	-
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	-	-	-
1508	Hydro One Charges	-	-	-
1508	Pole Attachment Revenue Variance	-	*(138,037)*	*(138,037)*
1508	Impact of Post-merger Capitalization Policy	-	-	-

1508	Incremental Capital Expenditures	-	*(210,890)*	*(210,890)*
1508	LTLT Rate Impact Mitigation	-	-	-
1508	Collection of Account Charge-Related Lost Revenue	-	*154,676*	*154,676*
1508	GOCA Variance Account	*(2,362,434)*	*(116,289)*	*(2,478,723)*
1508	LEAP EFA Funding Deferral Account	*(479,642)*	*(21,408)*	*(501,050)*
1508	Gains on Sales of Properties	*(8,800,000)*	-	*(8,800,000)*
1508	Useful Life Changes	*(39,952,082)*	-	*(39,952,082)*
1508	Direct Labour Capitalization Change	*(10,670,840)*	-	*(10,670,840)*
1511	Incremental Cloud Computing Implementation Costs	-	*12,470*	*12,470*
1518	Retail Cost Variance Account - Retail	-	*22,126*	*22,126*
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	*(580,218)*	*(580,218)*
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	-	-	-
1533	Renewable Generation Connection Funding Adder Deferral Account	-	*(1)*	*(1)*
1535	Smart Grid OM&A Deferral Account	-	-	-
1536	Smart Grid Funding Adder Deferral Account	-	-	-
1548	Retail Cost Variance Account - STR	-	*638*	*638*
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	-	-	-
1557	Meter Cost Deferral Account (MIST Meters)	-	-	-
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	*(17,386,012)*	*(1,195,822)*	*(18,581,834)*
	Total Balance	***(83,433,146)***	***(2,320,796)***	***(85,753,942)***

12.3. Continuation and Discontinuation of Existing Accounts

The Parties agree that Alectra Utilities will discontinue the LRAM Variance Account and the OEB's generic Incremental Cloud Computing Implementation Costs Account effective January 1, 2027, and continue the OEB's generic OEB Cost Assessment Variance Account. The Parties agree that Alectra Utilities will establish a utility-specific Cloud Computing Implementation Costs Account related to its Enterprise Asset Management and Work Force Management/Mobile Dispatch projects outlined in Table 3 in response to interrogatory 9-SEC-111.

12.4. Establishment of New Accounts

The Parties agree that Alectra Utilities will establish the following new/modified accounts as proposed in the Application and as clarified during the proceeding: Capital-Related Revenue Requirement Variance Account ("CRRRVA"), Non-Wires Solution Deferral Account ("NWSDA"), Earnings Sharing Mechanism Variance Account ("ESMVA"), and Alectra Utilities' Incremental Cloud Computing Implementation Costs Account. Draft accounting orders, which include a description of the mechanics of the account, examples of the general ledger entries and the proposed manner in which to dispose of the account are provided in Attachments 30 to 33.

C. SETTLEMENT BY ISSUE

Whereas the preceding Parts summarize the key components of the complete settlement reached by the Parties, this section provides detail on how each of the issues in the OEB's Approved Issues List has been addressed either through Alectra Utilities' 2027-2031 application or the modifications to the Utility's rate plan which have been agreed upon in this Settlement Proposal.

1. General

1.1 Has the applicant responded appropriately to all relevant OEB directions from previous proceedings?

Complete Settlement

The Parties accept the evidence of Alectra Utilities that it has responded appropriately to all relevant OEB directions from previous proceedings.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 2, Schedule 2: Administration Exhibit 1, Tab 3, Schedule 1: Business Plan Exhibit 1, Tab 9, Schedule 4: Major Integration Activities Exhibit 1, Tab 9, Schedule 6: Potential Opportunities for Consolidation Exhibit 8, Tab 2, Schedule 7: Smart Meter Entity Charge Exhibit 8, Tab 2, Schedule 8: Regulatory Charges Exhibit 8, Tab 4, Schedule 1: Current Rate Schedules

Interrogatories	1-AMPCO-13, 1-CCC-7, 1-ED-3, 1-SEC-15, 1-SEC-17, 1-Staff-40, 2-DRC-9, 2-Staff-124, 2A-SEC-46, 2.0-VECC-15, 3-CCC-31, 3.1-PWU-1, 4-SEC-76, 9-Staff-263, 9-Staff-264, 9-Staff-272, 9.0-VECC-83
Undertakings	JT-1.13, JT-1.31, JT-3.23, JT-3.49, JT-4.7, JT-4.9
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

1.2 Are the rates and bill impacts resulting from Alectra Utilities' application appropriate?

Complete Settlement

The Parties agree that Alectra Utilities has appropriately calculated the bill impacts arising from the settled amounts.

The Tariff Schedule and Bill Impact Model has been updated and appended to the Settlement Proposal as Attachment 26.

Evidence

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 1, Tab 9, Schedule 7: Early Rebasing - Guelph Rate Zone Exhibit 8, Tab 1, Schedule 1: Rate Harmonization Plan Exhibit 8, Tab 2, Schedule 1: Rate Design Overview Exhibit 8, Tab 2, Schedule 2: 2027 Distribution Rates Exhibit 8, Tab 4, Schedule 2: Proposed Rate Schedules Exhibit 8, Tab 5, Schedule 1: Bill Impacts
Interrogatories	1-AMPCO-12, 1-CCC-1, 1-CCC-4, 1-CCC-5, 1-SEC-18, 1-Staff-1, 1-Staff-2, 1-Staff-35, 1-Staff-42, 7-CCC-69, 7-Staff-234, 7.0-VECC-66 to 67, 8-AMPCO-83, 8-AMPCO-87, 8-CCC-70, 8-SEC-100 to 102, 8-SEC-106, 8-Staff-235, 8-Staff-242, 8.0-VECC-70, 8.0-VECC-72 to 73, 9-Staff-288, 9-Staff-295
Undertakings	JT-3.31, JT-3.33
Pre-Settlement	SC-CCC-5, SEC-10
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

1.3 Is the proposed effective date appropriate?

Complete Settlement

The Parties agree that the proposed effective date of January 1, 2027 is appropriate.

The Parties further accept Alectra Utilities' proposal that, in the event the requested rate orders cannot be implemented by January 1, 2027, Alectra Utilities' current distribution rates and charges, will be effective on an interim basis as of January 1, 2027, and that Alectra Utilities will recover any differences between the interim rates and the final rates effective January 1, 2027, except interest charges until the implementation date of the final rates.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 2, Schedule 1: Legal Application
Interrogatories	N/A
Undertakings	N/A
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

2. Custom Incentive Rate Setting

2.1 Are all elements of Alectra Utilities' Custom Incentive Rate Setting proposal for the determination of rates appropriate?

Complete Settlement

The Parties agree to a Custom IR Framework that is based on a Price Cap approach with a five-year test period commencing January 1, 2027, and ending December 31, 2031. The settled Custom IR Framework modifies the parameters of Alectra Utilities' proposed Custom IR Framework, but maintains the overall structure. The settled Custom IR Framework, including a comparison to the proposed Custom IR Framework, is set out in Table 7 of Part B above. The modifications include agreement on the use of a 0.15% stretch factor, 0.15% incremental capital stretch factor and 0.86% OM&A billing determinant-based growth factor.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 6, Schedule 1: Performance Measurement Overview Exhibit 1, Tab 6, Schedule 2: Performance Scorecard Outcomes Exhibit 1, Tab 6, Schedule 3: Activity and Program-based Benchmarking (APB) Results Exhibit 1, Tab 6, Schedule 4: Productivity Exhibit 1, Tab 9, Schedule 1: Consolidation Summary Exhibit 1, Tab 9, Schedule 2: Consolidation History and Context Exhibit 1, Tab 9, Schedule 3: Consolidation Synergies Exhibit 1, Tab 9, Schedule 5: Treatment of Transition Capital Costs in Rate Base Exhibit 1, Tab 11, Schedule 1: Setting the Context: The Framework vs. the 5-Year Capital and OM&A Forecasts Exhibit 1, Tab 11, Schedule 2: Rate Setting Framework Exhibit 8, Tab 2, Schedule 3: 2028-2031 Distribution Rate Adjustment
Interrogatories	1-AMPCO-6 to 9, 1-CCC-2, 1-CCC-8 to 10, 1-CCMBC-1, 1-DRC-3, 1-ED-1 to 2, 1-EP-1 to 2, 1-SEC-11, 1-SEC-15, 1-SEC-20 to 21, 1-SEC-23, 1-Staff-8 to 9, 1-Staff-11 to 28, 1.0-VECC-2 to 3, 1.0-VECC-9, 3-Staff-160, 6-Staff-230
Undertakings	JT-1.1.2 to JT-1.1.5, JT-3.10, JT-3.20.1 to JT-3.20.3, JT-3.24 to JT-3.29, JT-3.34, JT-3.51 to JT-3.56, JT-3.8, JT-4.13
Pre-Settlement	SC-CCC-8, SEC-2, SEC-9
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

2.2 Is the proposed 2027-2031 Custom Performance Scorecard Appropriate?

Complete Settlement

The Parties accept that Alectra Utilities' proposed Custom Performance Scorecard is appropriate. The Parties accept Alectra Utilities' proposed revisions to the targets in the Custom Performance Scorecard which Alectra Utilities updated based on the agreed upon capital reductions. This includes a modification to the reliability target to be set at the OEB's target. For clarity, the intervenors did not review or approve the specific targets, but accept that Alectra Utilities has revised the targets based on the reductions to the capital plan. With these changes, the Parties agree that Alectra Utilities' Custom Performance Scorecard satisfies the requirements of the OEB's Rate Handbook.

The Custom Performance Scorecard has been updated and appended to the Settlement Proposal as Attachment 28.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 6, Schedule 1: Performance Measurement Overview Exhibit 1, Tab 6, Schedule 2: Performance Scorecard Outcomes Exhibit 1, Tab 6, Schedule 3: Activity and Program-based Benchmarking (APB) Results Exhibit 1, Tab 8, Schedule 2: Financial Statements Exhibit 1, Tab 8, Schedule 3: Annual Reports and Management Discussion & Analysis Exhibit 1, Tab 9, Schedule 3: Consolidation Synergies Exhibit 2A, Tab 2, Schedule 3: Performance Measurement for Continuous Improvement
Interrogatories	1-AMPCO-4 to 5, 1-SEC-2 to 4, 1-SEC-8, 1-Staff-5 to 7, 1-Staff-25, 1.0-VECC-3 to 4, 2-AMPCO-19, 2-AMPCO-23, 2-AMPCO-25, 2-Staff-53, 2-Staff-59, 2-Staff-62, 2-Staff-65, 2-Staff-77 to 78, 2-Staff-140, 2A-SEC-29, 2A-SEC-32 to 33, 4-AMPCO-64, 4-AMPCO-66 to 68
Undertakings	JT-1.12, JT-1.23, JT-1.28 to JT-1.30, JT-1.4, JT-2.16, JT-3.9, JT-4.13
Pre-Settlement	AMPCO-1, SEC-1
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

3. Capital Spending and Rate Base

3.1 Are the proposed capital expenditures and in-service additions appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed 2027-2031 capital expenditures, in-service additions and depreciation amounts, as modified through this Settlement Proposal, are appropriate in the context of overall Settlement Proposal, to enable a safe and reliable grid and address customer requirements. Specifically, the Parties agree to reduce Alectra Utilities' net in-service additions by approximately $416MM, from $2.775B to $2.359B. Alectra has determined that it will achieve this agreed net in-service reductions through a reduction of the net capital expenditures by approximately $419MM over the 2027-2031 rate term, from approximately $3.134B as proposed by Alectra Utilities to $2.715B.

The following OEB Appendices have been updated and appended to the Settlement Proposal as Attachments 6, 7, 8 and 10:

- Appendix 2-AA - Capital Programs Table
- Appendix 2-BA – Capital Expenditures and In-Service Additions
- Appendix 2-BA - 2027-2031 Fixed Asset Continuity Schedule
- Appendix 2-C - 2027-2031 Depreciation and Amortization Expense

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 11, Schedule 2: Rate Setting Framework Exhibit 2A, Tab 1, Schedule 1: DSP Organization Exhibit 2A, Tab 2, Schedule 1: DSP Overview Exhibit 2A, Tab 2, Schedule 2: Coordinated Planning with Third Parties Exhibit 2A, Tab 3, Schedule 1: Asset Management Process Overview Exhibit 2A, Tab 3, Schedule 2: Overview of Assets Managed Exhibit 2A, Tab 3, Schedule 3: Asset Lifecycle Optimization Policies and Practices Exhibit 2A, Tab 3, Schedule 4: System Capability Assessment for Renewable Energy Generation (REG) Exhibit 2A, Tab 3, Schedule 5: Non-Wires Solutions to Address System Needs Exhibit 2A, Tab 4: Capital Expenditure Plan Exhibit 2A, Tab 4, Schedule 1: Capital Expenditure Summary Exhibit 2A, Tab 4, Schedule 2: 2027-2031 Investment Overview Exhibit 2B, Tab 1, Schedule 2: In-Service Additions Exhibit 2B, Tab 2, Schedule 1: Fixed Asset Continuity Schedules Exhibit 2B, Tab 2, Schedule 2: Continuity of Fixed Assets and Variance Analysis Exhibit 2B, Tab 3, Schedule 1: Depreciation and Amortization Exhibit 2B, Tab 5, Schedule 1: Previously Approved ACM/ICM Rate Base Exhibit 2B, Tab 6, Schedule 2: Overhead Costs

Interrogatories	1-AMPCO-1 to 3, 1-AMPCO-10 to 11, 1-AMPCO-14, 1-CCC-1, 1-CCC-3, 1-CCC-6, 1-DRC-1 to 2, 1-DRC-4 to 8, 1-ED-1, 1-ED-4, 1-EP-3 to 4, 1-SEC-1, 1-SEC-5, 1-SEC-9, 1-SEC-12 to 13, 1-Staff-3 to 4, 1-Staff-10, 1-Staff-29 to 32, 1-Staff-38 to 41, 1.0-VECC-1, 1.0-VECC-5 to 6, 2-AMPCO-15 to 22, 2-AMPCO-24, 2-AMPCO-26, 2-AMPCO-28, 2-AMPCO-31 to 33, 2-AMPCO-35 to 57, 2-AMPCO-60, 2-CCC-11 to 26, 2-DRC-9 to 14, 2-ED-5, 2-ED-7 to 10, 2-ED-12 to 31, 2-Staff-43 to 51, 2-Staff-53 to 61, 2-Staff-63 to 110, 2-Staff-112 to 123, 2-Staff-125 to 139, 2-Staff-141, 2-Staff-147 to 148, 2-Staff-153, 2.0-VECC-10 to 13, 2.0-VECC-15 to 20, 2A-BOMA-1, 2A-EP-5 to 10, 2A-SEC-25 to 31, 2A-SEC-34, 2A-SEC-36 to 40, 2A-SEC-42 to 64, 2B-SEC-68, 3-EP-11, 3-Staff-162, 3.1-PWU-2 to 7, 4-AMPCO-61 to 62, 4-AMPCO-69, 4-CCC-48, 4-CCMBC-5, 4-SEC-87, 4-Staff-170, 8-ED-48 to 49, 8-ED-51, 8-ED-55, 8-ED-57
Undertakings	JT-1.1.6, JT-1.1.9 to JT-1.1.10, JT-1.10 to JT-1.14, JT-1.16 to JT-1.20, JT-1.2.1 to JT-1.2.12, JT-1.2.16 to JT-1.2.17, JT-1.2.19 to JT-1.2.20, JT-1.21 to JT-1.29, JT-1.3.1 to JT-1.3.6, JT-1.32 to JT-1.34, JT-1.4 to JT-1.9, JT-2.1 to JT-2.3, JT-2.10 to JT-2.18, JT-2.21 to JT-2.22, JT-2.26 to JT-2.27, JT-2.31 to JT-2.33, JT-2.5, JT-2.8 to JT-2.9, JT-3.1.1 to JT-3.1.3, JT-3.8, JT-3.11, JT-3.14, JT-3.22 to JT-3.24, JT-3.37, JT-3.52 to JT-3.53, JT-3.55 to JT-3.57, JT-4.11 to JT-4.12
Pre-Settlement	AMPCO-1 to AMPCO-3, ED-4 to ED-5, SC-CCC-1 to SC-CCC-3
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

3.2 Is the proposed rate base appropriate?

Complete Settlement

The Parties agree that the proposed 2027-2031 rate base amounts (including opening rate base for 2027) are appropriate, subject to changes in the calculation of rate base to reflect the monthly averages approach, modifications regarding the remaining net book value of transition capital and changes in the calculations to reflect the impacts of other aspects of this Settlement Proposal.

OEB Appendix 2-ZA and 2-ZB Commodity Expense and Cost of Power has been updated and appended to the Settlement Proposal as Attachment 17.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 1, Tab 9, Schedule 5: Treatment of Transition Capital Costs in Rate Base Exhibit 2B, Tab 1, Schedule 1: Rate Base Overview Exhibit 2B, Tab 4, Schedule 1: Working Capital Allowance Exhibit 2B, Tab 5, Schedule 1: Previously Approved ACM/ICM Rate Base
Interrogatories	1-AMPCO-1 to 3, 1-AMPCO-10 to 14, 1-CCC-1, 1-CCC-3 to 4, 1-CCC-6, 1-CCC-10, 1-DRC-2, 1-DRC-4 to 8, 1-ED-4, 1-EP-3 to 4, 1-SEC-1, 1-SEC-5 to 6, 1-SEC-9, 1-SEC-12 to 13, 1-SEC-16, 1-Staff-1, 1-Staff-4, 1-Staff-10, 1-Staff-29 to 33, 1-Staff-35, 1-Staff-40 to 41, 1.0-VECC-1, 1.0-VECC-5 to 6, 2-AMPCO-15 to 22, 2-AMPCO-24, 2-AMPCO-28 to 29, 2-AMPCO-31 to 33, 2-AMPCO-35 to 56, 2-AMPCO-60, 2-CCC-11 to 23, 2-CCC-25 to 27, 2-CCC-29 to 30, 2-DRC-10 to 14, 2-ED-5, 2-ED-8 to 17, 2-ED-19 to 27, 2-ED-29 to 31, 2-Staff-43 to 50, 2-Staff-53 to 57, 2-Staff-60 to 61, 2-Staff-63 to 77, 2-Staff-79 to 92, 2-Staff-94 to110, 2-Staff-112 to 120, 2-Staff-125, 2-Staff-127 to 136, 2-Staff-138 to 139, 2-Staff-141 to 143, 2-Staff-145 to 153, 2.0-VECC-10 to 14, 2.0-VECC-16 to 20, 2A-BOMA-1, 2A-EP-5 to 6, 2A-EP-8 to 10, 2A-SEC-25, 2A-SEC-27 to 28, 2A-SEC-30 to 31, 2A-SEC-34, 2A-SEC-36 to 40, 2A-SEC-42 to 64, 2B-SEC-66 to 68, 3-EP-11, 3-Staff-162, 3.1-PWU-2 to 7, 4-AMPCO-62, 4-CCC-48, 4-CCMBC-5, 4-SEC-87, 4-Staff-170, 6-Staff-208, 8-ED-48 to 49, 8-ED-51, 8-ED-55, 8-ED-57, 9-Staff-265, 9-Staff-296
Undertakings	JT-1.1.1 to JT-1.1.11, JT-1.2.1 to JT-1.2.11, JT-1.2.16 to JT-1.2.17, JT-1.2.19 to JT-1.2.20, JT-1.3.1 to JT-1.3.6, JT-1.4, JT-1.6, JT-1.9 to JT-1.13, JT-1.16 to JT-1.22, JT-1.24, JT-1.26 to JT-1.29, JT-1.32 to JT-1.34, JT-2.1 to JT-2.3, JT-2.5, JT-2.8 to JT-2.15, JT-2.18, JT-2.21 to JT-2.22, JT-2.26 to JT-2.27, JT-2.31 to JT-2.33, JT-3.1.1 to JT-3.1.2, JT-3.8, JT-3.21.23, JT-3.22 to JT-3.24, JT-3.37, JT-3.52 to JT-3.53, JT-3.55 to JT-3.57, JT-4.11 to JT-4.12
Pre-Settlement	AMPCO-1 to AMPCO-3, ED-4 to ED-5, SC-CCC-1 to SC-CCC-3, SEC-3
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

3.3 Are the proposed depreciation rates and amounts appropriate?

Complete Settlement

The Parties agree that the proposed 2027-2031 depreciation rates and amounts are appropriate. The Parties agree that Alectra Utilities will refund customers the 2025 and 2026 financial impact of changes to the financial useful lives of assets that reflect a third-party Depreciation Study filed with the Application.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 2B, Tab 3, Schedule 1: Depreciation and Amortization
Interrogatories	1-SEC-1, 1-SEC-5 to 6, 1-SEC-24, 1-Staff-1, 2-AMPCO-16, 2-AMPCO-24, 2-AMPCO-30, 2-AMPCO-32, 2-AMPCO-34 to 35, 2-CCC-11 to 12, 2-CCC-27 to 28, 2-Staff-64, 2-Staff-73, 2-Staff-142 to 144, 2-Staff-146 to 148, 2-Staff-153 to 154, 2B-SEC-65 to 66, 9-CCC-74, 9-Staff-243, 9-Staff-248 to 250
Undertakings	JT-1.1.8 to JT-1.1.10, JT-3.37, JT-3.57
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

3.4 Is the proposed methodology to allocate labour to capital appropriate?

Complete Settlement

The Parties agree that the proposed methodology to allocate labour to capital is appropriate. The Parties agree that Alectra Utilities will refund customers the 2025 and 2026 financial impact of changes to direct labour capitalization that reflect a third-party Direct Labour Capitalization study filed with the Application.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 2B, Tab 6, Schedule 1: Capitalization Policy Exhibit 2B, Tab 6, Schedule 2: Overhead Costs
Interrogatories	1-SEC-6, 1-SEC-10, 1-SEC-24, 1-Staff-1, 2-CCC-30, 2-Staff-153, 2-Staff-155 to 156, 2B-SEC-68, 4-SEC-87, 4-SEC-90, 4-Staff-175, 4-Staff-186, 4-Staff-192
Undertakings	JT-1.1.7, JT-2.17, JT-3.17 to JT-3.19
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

4. OM&A

4.1 Are the proposed OM&A expenditures appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed 2027 OM&A expenditures are appropriate subject to a reduction of approximately $17.6MM in 2027. The Parties agree that 2028-2031 OM&A amounts will be derived using an index-based approach comprised of the OEB inflation factor and, for purposes of settlement, a 0.86% billing determinant growth factor having regard to forecast customer and demand growth.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 11, Schedule 2: Rate Setting Framework Exhibit 4, Tab 1: Summary of Operating Expenses Exhibit 4, Tab 2: OM&A Programs Exhibit 4, Tab 3: Workforce Plan and Strategy Exhibit 4, Tab 6: Regulatory Costs Exhibit 4, Tab 7: Low-Income Energy Assistance Program Exhibit 4, Tab 8: Charitable and Political Donations Exhibit 4, Tab 9: Conservation and Demand Management Costs
Interrogatories	1-AMPCO-10 to 11, 1-AMPCO-14, 1-CCC-3, 1-CCC-8, 1-DRC-1 to 2, 1-DRC-5 to 8, 1-ED-3 to 4, 1-EP-3 to 4, 1-SEC-1, 1-SEC-5, 1-SEC-12 to 13, 1-SEC-15, 1-SEC-19, 1-SEC-24, 1-Staff-10, 1-Staff-29 to 32, 1-Staff-36 to 37, 1.0-VECC-5 to 8, 2-AMPCO-15, 2-AMPCO-21, 2-AMPCO-27 to 28, 2-AMPCO-46, 2-ED-6, 2-ED-8, 2-ED-15, 2-ED-19, 2-Staff-47, 2-Staff-74, 2-Staff-93, 2-Staff-111 to 112, 2-Staff-125, 2-Staff-153, 2-Staff-155, 2A-SEC-28, 2A-SEC-35, 2B-SEC-68, 4-AMPCO-58 to 59, 4-AMPCO-61, 4-AMPCO-63 to 81, 4-CCC-32 to 67, 4-CCMBC-3 to 5, 4-ED-33, 4-SEC-77 to 91, 4-SEC-93, 4-Staff-163 to 174, 4-Staff-176 to 185, 4-Staff-187 to 191, 4-Staff-193 to 197, 4.0-VECC-44 to 56, 4.1-PWU-8 to 12, 8-ED-34, 8-ED-36, 9.0-VECC-84
Undertakings	JT-1.1.7, JT-1.2.13, JT-1.2.15, JT-1.3.1, JT-1.3.5 to JT-1.3.6, JT-1.15, JT-1.22, JT-1.24, JT-1.30, JT-2.3 to JT-2.7, JT-2.9, JT-2.19 to JT-2.20, JT-2.23 to JT-2.26, JT-2.28 to JT-2.30, JT-2.34 to JT-2.35, JT-3.1.3, JT-3.2 to JT-3.8, JT-3.10 to JT-3.16, JT-3.21.26, JT-3.23 to JT-3.24, JT-3.29, JT-3.36, JT-3.38, JT-3.54, JT-4.1
Pre-Settlement	AMPCO-3 to AMPCO-5, AMPCO-7, ED-2 to ED-3, SC-CCC-4, SEC-6 to SEC-8, SEC-12, VECC-CQ#10
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

4.2 Is the proposed shared services cost allocation methodology and the quantum appropriate?

Complete Settlement

The issue has been settled as part of Issue 4.1.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 4, Tab 1, Schedule 1: OM&A Overview Exhibit 4, Tab 4, Schedule 1: Shared Services & Corporate Cost Allocation Exhibit 4, Tab 5, Schedule 1: Purchases of Non-Affiliate Services
Interrogatories	1-CCMBC-2, 1-SEC-1, 1-SEC-5, 1-SEC-7, 1-SEC-19, 2-ED-19, 4-CCC-68, 4-SEC-92, 4-Staff-197 to 198, 4.0-VECC-57, 5-Staff-202, 6-SEC-99, 6-Staff-229
Undertakings	JT-3.1.3, JT-3.8
Pre-Settlement	SEC-7
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

5. Cost of Capital, PILs, and Revenue Requirement

5.1 Is the proposed cost of capital (interest on debt, return on equity) and capital structure appropriate?

Complete Settlement

The Parties accept that the proposed cost of capital structure and cost of capital parameters as modified through this Settlement Proposal, are appropriate. Specifically, the Parties agree on Alectra Utilities' use of the OEB's deemed capital structure, and that Alectra Utilities' cost of capital will be based on the OEB's 2027 Cost of Capital Parameters for ROE and short-term debt rate, to be published in the fourth quarter of 2026. The Parties also agree that Alectra Utilities' cost of long-term debt will reflect Alectra Utilities' weighted average rate of existing embedded debt and forecasted debt subject to the following modifications: (i) Alectra Utilities will rely on the OEB's 2027 deemed long-term debt rate less 60 basis points, plus issuance costs, for its 2026 debt issuance (10 year promissory note) as set out in supporting Appendix 2-OB appended to this Settlement Proposal; and (ii) Alectra Utilities will remove the proration adjustment in Appendix 2-

OB associated with the 2027 maturing debt and amend the start date to January 1, 2027 for the new replacement debt issuance.

The figures set out in this Settlement Proposal reflect the OEB's 2026 Cost of Capital Parameters for return on equity and deemed short-term debt rate, which will be updated when the 2027 Cost of Capital Parameters are published. The long-term debt rate component reflects a forecast of the 2027 long-term debt rate, which will be updated for the OEB's published 2027 deemed long-term debt rate.

Appendix 2-OA - Capital Structure and Appendix 2-OB - Debt Instruments have been updated and appended to the Settlement Proposal as Attachments 15 and 16.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 1, Tab 8, Schedule 4: Rating Agency Reports Exhibit 5, Tab 1, Schedule 1: Cost of Capital
Interrogatories	1-AMPCO-8, 1-SEC-1, 1-SEC-5, 1-SEC-14, 1-SEC-22, 1-SEC-24, 1-Staff-1, 2-AMPCO-45, 2-CCC-24, 2-Staff-113, 2A-SEC-41, 5-SEC-94, 5-Staff-199 to 201, 5-Staff-203 to 205, 5.0-VECC-58 to 61
Undertakings	JT-3.30
Pre-Settlement	AMPCO-6, SC-CCC-8
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

5.2 Is the proposed PILs (or Tax) amount appropriate?

Complete Settlement

The Parties agree that the PILs and other tax-related components, as modified through this Settlement Proposal, are appropriate and align with OEB requirements. The Settlement Proposal takes into account the reinstatement of the accelerated CCA rules as set out in Bill C-15.

A 2027-2031 Income Tax PILs Workform has been updated and appended to the Settlement Proposal as Attachment 18.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 6, Tab 2, Schedule 1: Income Taxes or PILs Exhibit 6, Tab 2, Schedule 2: Other Taxes
Interrogatories	1-SEC-1, 1-SEC-5, 1-Staff-1, 2-Staff-146, 2-Staff-153, 6-SEC-95 to 97, 6-Staff-206 to 210
Undertakings	JT-1.1.7 to JT-1.1.8, JT-1.1.12 to JT-1.1.13, JT-3.40 to JT-3.41
Pre-Settlement	SC-CCC-7, SEC-4 to SEC-5
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

5.3 Is the proposed Other Revenue forecast appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed Other Revenue forecast is appropriate, subject to the updates to the Other Revenue forecast identified in Section 8, Part B for Miscellaneous Service Revenues, Retail Services Revenue, SSS Administration Revenue, Rent from Electric Property, Late Payment Charges, Revenues from Non-Rate-Regulated Utility Operations, Miscellaneous Non-Operating Income, and Interest & Dividend Income. The Parties agree that Alectra Utilities will maintain its current practice of one disconnect-reconnect service for maintenance purposes for residential customers at no cost to these customers. The 2028-2031 Other Revenue amounts will increase from the prior year Other Revenue values by the OEB's Inflation Factor subject to the agreed-upon adjustment in each year from 2029 to 2031 related to Revenues from Non-Rate-Regulated Utility Operations (4375). The forecast for Non-Rate-Regulated Utility Operations will first be escalated annually by the OEB's inflation factor and then adjusted in 2029 through 2031 to reflect a 50% reduction to the forecast for non-utility revenues. This adjustment reduces Account 4375 revenues in 2029 to 2031 by $2.2MM compared to the 2027 and 2028 forecast but increases revenues by $2.2MM in each of 2029 to 2031 compared to Alectra Utilities' proposed forecast for Account 4375. Appendix 2-H has been updated and appended to the Settlement Proposal as Attachment 11.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 6, Tab 3, Schedule 1: Other Revenue Exhibit 8, Tab 2, Schedule 4: Revenue Reconciliation
Interrogatories	1-SEC-1, 1-SEC-5, 1-SEC-24, 1-Staff-1, 1.0-VECC-8, 4-CCC-45, 6-SEC-98 to 99, 6-Staff-207, 6-Staff-211 to 229, 6.0-VECC-62, 8-CCC-71
Undertakings	JT-3.21.21 to JT-3.21.22, JT-3.39, JT-4.4
Pre-Settlement	VECC-CQ#9
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

5.4 Have all impacts of any changes in accounting standards, policies, estimates, and adjustments been properly identified and recorded, and is the rate-making treatment of each of these impacts appropriate?

Complete Settlement

The Parties agree that the impacts of any proposed changes in accounting standards, policies, estimates, and adjustments have been properly identified and recorded, and that the rate-making treatment of these impacts is appropriate. The Parties agree that proposed changes to the depreciation rates and proposed methodology to allocate labour to capital is appropriate (please also see issues 3.3 and 3.4).

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 8, Schedule 1: Accounting Information Exhibit 1, Tab 8, Schedule 5: Existing Accounting Orders Exhibit 6, Tab 2, Schedule 1: Income Taxes or PILs
Interrogatories	1-Staff-34, 2-Staff-146 to 148, 2-Staff-153 to 154, 1-SEC-6
Undertakings	JT-1.1.7
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

5.5 Is the proposed calculation of the Revenue Requirement appropriate?

Complete Settlement

With the agreed adjustments, the Parties accept that the proposed calculation of the revenue requirement is appropriate.

The Revenue Requirement Workforms have been updated and appended to the Settlement Proposal as Attachments 1 to 5.

Evidence

The evidence in relation to this issue includes the following:

Pre-Filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 1, Tab 11, Schedule 2: Rate Setting Framework Exhibit 6, Tab 1, Schedule 1: Revenue Deficiency Exhibit 6, Tab 1, Schedule 2: Calculation for Revenue Deficiency Exhibit 6, Tab 1, Schedule 3: Revenue Requirement Workform Exhibit 7, Tab 2, Schedule 2: Class Revenue Requirements Exhibit 8, Tab 2, Schedule 1: Rate Design Overview Exhibit 8, Tab 2, Schedule 2: 2027 Distribution Rates Exhibit 8, Tab 2, Schedule 4: Revenue Reconciliation
Interrogatories	1-AMPCO-13, 1-CCC-4 to 5, 1-CCC-9 to 10, 1-SEC-1, 1-SEC-5 to 6, 1-SEC-22, 1-SEC-24, 1-Staff-1, 1-Staff-24 to 25, 1-Staff-35, 1-Staff-37 to 40, 1-Staff-42, 2-Staff-52, 2-Staff-61, 2-Staff-124, 2-Staff-146, 2-Staff-153, 3-SEC-69, 6-Staff-207, 6-Staff-230
Undertakings	JT-1.1.7 to JT-1.1.8, JT-1.1.12, JT-2.27, JT-3.21.14 to JT-3.21.15, JT-3.23, JT-3.57
Pre-Settlement	SEC-9
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

6. Load Forecast

6.1 Is the proposed load forecast methodologies and the resulting load forecasts appropriate?

Complete Settlement

The Parties accept the proposed load forecast methodologies and resulting load forecasts after inclusion of the following adjustments:

- the use of a 0.49% residential growth rate in the forecast period; and
- the inclusion of customer and load forecasts for the data centres identified in response to interrogator 2A-SEC-38.

Appendix 2-IB has been updated and appended to the Settlement Proposal as Attachment 12.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 1, Tab 10, Schedule 1: COVID-19 Pandemic Exhibit 3, Tab 1: Customer and Load Forecasts Exhibit 3, Tab 2: Accuracy of Load Forecast and Variance Analysis
Interrogatories	1-CCMBC-2, 1-DRC-2, 1-SEC-1, 1-SEC-5, 1-SEC-23, 1-Staff-1, 1.0-VECC-6, 2-Staff-149, 2A-BOMA-1, 2A-SEC-26, 2A-SEC-36 to 37, 3-BOMA-2 to 6, 3-DRC-15, 3-ED-32, 3-EP-11, 3-SEC-69 to 75, 3-Staff-157 to 162, 3.0-VECC-21 to 43, 8-ED-41, 8.0-VECC-77
Undertakings	JT-1.34 to JT-1.35, JT-3.21.1 to JT-3.21.20, JT-3.21.24 to JT-3.21.25, JT-3.21.27, JT-3.22, JT-3.35, JT-4.3, JT-4.14
Pre-Settlement	SEC-11, VECC-CQ#1 to VECC-CQ#8
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7. Cost Allocation, Rate Design, and Other Charges

7.1 Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios, appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed cost allocation methodology, allocations and revenue-to-cost ratios are appropriate and are aligned with OEB policy, subject to the following two adjustments:

- The cost allocation model will incorporate the EV charging load profiles; and

- The existing legacy Horizon Utilities customers in the Large Use Dedicated Assets rate class will be grandfathered.

The Cost Allocation Model has been updated and appended to the Settlement Proposal as Attachment 25.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 7, Tab 1, Schedule 1: Cost Allocation Study Requirements Exhibit 7, Tab 1, Schedule 2: Previously Approved Cost Allocation Studies Exhibit 7, Tab 2, Schedule 1: Cost Allocation Study Exhibit 7, Tab 2, Schedule 2: Class Revenue Requirements Exhibit 7, Tab 2, Schedule 3: Revenue-to-Cost Ratios Exhibit 8, Tab 5, Schedule 1: Bill Impacts
Interrogatories	1-SEC-19, 1-SEC-24, 1-Staff-1, 2-Staff-58, 2-Staff-124, 2-Staff-142 to 143, 2-Staff-147, 3-SEC-69, 7-CCC-69, 7-Staff-231 to 234, 7.0-VECC-63 to 69, 8-ED-34 to 36, 8-SEC-103 to 104
Undertakings	JT-1.2.14, JT-1.2.16, JT-3.21.14 to JT-3.21.15, JT-3.21.24 to JT-3.21.27, JT-4.5 to JT-4.6
Pre-Settlement	VECC-CQ#10 to VECC-CQ#11
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7.2 Is the proposed rate design, including fixed/variable splits, appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed rate design, including fixed/variable splits, align with OEB policy and are appropriate, subject to the modifications related to fixed charges above the ceiling for all non-residential rate classes. Specifically, where the current fixed/variable revenue split results in a higher fixed charge than the 2027 ceiling identified in the OEB's Cost Allocation Model, Alectra Utilities will maintain the 2027 fixed charge at the 2026 notional harmonized fixed charge level. The Parties also agree that Alectra Utilities will credit legacy Guelph Hydro customers in 2027 and 2028 the difference between rates under Price Cap IR and rates under CIR, as described in Section 11, Part B of this Settlement Proposal. Alectra Utilities

will also implement standby charges as detailed in Part D of this Settlement Proposal and commit to considering rate design alternatives to standby rates, including those that differentiate between standby service being used within and outside the times of distribution system peaks.

The Parties also agree that Alectra Utilities shall consider an alternative rate design to standby rates and report back on the outcomes of its review in its next rebasing application, as further described in Part D (Studies, Reports, and Other Commitments).

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 8, Tab 2, Schedule 1: Rate Design Overview Exhibit 8, Tab 2, Schedule 2: 2027 Distribution Rates Exhibit 8, Tab 2, Schedule 3: 2028-2031 Distribution Rate Adjustment Exhibit 8, Tab 2, Schedule 4: Revenue Reconciliation Exhibit 8, Tab 4, Schedule 2: Proposed Rate Schedules Exhibit 8, Tab 5, Schedule 1: Bill Impacts
Interrogatories	1-SEC-1, 1-Staff-1, 1-Staff-24 to 25, 1-Staff-42, 2-Staff-142 to 143, 2-Staff-147, 7-Staff-231, 7.0-VECC-66 to 67, 8-AMPCO-82 to 87, 8-ED-35, 8-ED-37, 8-ED-44, 8-ED-55 to 56, 8-SEC-103, 8-SEC-105, 8-Staff-237 to 239, 8.0-VECC-74 to 75, 8.0-VECC-76 to 77
Undertakings	JT-1.2.10, JT-1.2.14, JT-1.2.16, JT-1.2.21, JT-1.3.5, JT-3.21.24 to JT-3.21.25, JT-3.21.27, JT-3.31 to JT-3.33, JT-4.6 to JT-4.7
Pre-Settlement	ED-1, ED-6, SEC-10, VECC-CQ#12
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7.3 Are the proposed Retail Transmission Service Rates and Low Voltage rates appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed Retail Transmission Service Rates and Low Voltage rates are appropriate and use the OEB prescribed model and required inputs, subject to one modification to update the rate class allocation used to determine the 'Billed Amount' in the RTSR Workform to be based on 2026 RTSRs and 2027 billing determinants.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 8, Tab 2, Schedule 5: Retail Transmission Service Rates (RTSRs) Exhibit 8, Tab 2, Schedule 6: Low Voltage Service Rates Exhibit 8, Tab 4, Schedule 2: Proposed Rate Schedules
Interrogatories	1-Staff-1, 2-Staff-149, 8-ED-45 to 47, 8.0-VECC-78 to 79
Undertakings	JT-3.49, JT-4.2, JT-4.8
Pre-Settlement	VECC-CQ#13 to VECC-CQ#15
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7.4 Are the proposed loss factors appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposed loss factors are appropriate, taking into consideration OEB requirements and utility measures to cost-effectively reduce distribution system losses.

The Parties also agree that Alectra Utilities will undertake a commitment related to losses, as further described in Part D (Studies, Reports, and Other Commitments).

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 8, Tab 3, Schedule 3: Loss Adjustment Factors Exhibit 8, Tab 4, Schedule 2: Proposed Rate Schedules
Interrogatories	1-Staff-1, 8-ED-52 to 8-ED-54, 8.0-VECC-81
Undertakings	N/A
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7.5 Are the Specific Service Charges and Retail Service Charges appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' Specific Service Charges and Retail Service Charges are appropriate, as modified by this Settlement Proposal.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 8, Tab 3, Schedule 1: Retail Service Charges Exhibit 8, Tab 3, Schedule 2: Specific Service Charges Exhibit 8, Tab 4, Schedule 2: Proposed Rate Schedules
Interrogatories	1-SEC-1, 1-SEC-5, 1-Staff-1, 1.0-VECC-5, 8-ED-48, 8-Staff-239
Undertakings	JT-1.2.18
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

7.6 Are rate mitigation proposals required and appropriate?

Complete Settlement

The Parties agree that Alectra Utilities will implement rate smoothing by phasing the harmonization of base distribution charges over a 5-year period and disposing of Group 2 rate riders over a period of 3 to 5 years, as described in Section 11, Part B of this Settlement Proposal.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 7, Tab 2, Schedule 3: Revenue-to-Cost Ratios Exhibit 8, Tab 5, Schedule 1: Bill Impacts
Interrogatories	1-Staff-1, 1-Staff-24 to 25, 1-Staff-35, 7-Staff-234, 8-Staff-242
Undertakings	N/A
Pre-Settlement	N/A
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

8. Rate Harmonization

8.1 Is the rate harmonization proposal appropriate?

Complete Settlement

The Parties agree that the harmonization of base distribution rates (monthly fixed charge and distribution volumetric charge) will be phased in over 5-years. Alectra Utilities' base rates will be fully harmonized for all legacy rate zones by 2031.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 8, Tab 1, Schedule 1: Rate Harmonization Plan Exhibit 8, Tab 2, Schedule 2: 2027 Distribution Rates Exhibit 8, Tab 5, Schedule 1: Bill Impacts
Interrogatories	1-Staff-42, 7-Staff-234, 7.0-VECC-66 to 67, 8-AMPCO-82 to 87, 8-CCC-70 to 71, 8-ED-35, 8-ED-37 to 44, 8-ED-50, 8-ED-52, 8-ED-56, 8-SEC-100 to 108, 8-Staff-235 to 238, 8-Staff-240 to 242, 8.0-VECC-70 to 77, 8.0-VECC-80
Undertakings	JT-1.2.14, JT-1.2.21, JT-3.21.24 to JT-3.21.25, JT-3.21.27, JT-3.3 to JT-3.33, JT-4.2, JT-4.6, JT-4.11 to JT-4.12
Pre-Settlement	ED-1, SEC-10, VECC-CQ#12 to VECC-CQ#15
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

9. Deferral and Variance Accounts

9.1 Are the proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts, requests for discontinuation of accounts, and the continuation of existing accounts, appropriate?

Complete Settlement

The Parties agree that Alectra Utilities' proposals for deferral and variance accounts are appropriate, and appropriately balance customer and utility risk in the context of a multi-year plan, subject to the modifications set out in Section 12, Part B of this Settlement Proposal. This includes the balances in the existing accounts and their disposition (which are calculated accurately, and

follow related OEB guidance and/or accounting orders), requests for new accounts, requests for discontinuation of accounts and the continuation of existing accounts.

Alectra Utilities' proposed disposition of its Group 1 deferral and variance account balances are provided in Tables 20 to 25 below.

Table 20 - Alectra Utilities Group 1 DVA Disposition Amount

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C=A+B
1550	Low Voltage Variance Account	(3,187,002)	(103,204)	(3,290,206)
1551	Smart Meter Entity Charge Variance Account	(451,200)	(22,478)	(473,679)
1580	RSVA – Wholesale Market Service	(33,450,552)	(831,232)	(34,281,784)
1584	RSVA - Network	2,025,674	92,834	2,118,508
1586	RSVA - Connection	(3,154,585)	(84,065)	(3,238,650)
1588	RSVA - Power	148,182	(159,010)	(10,828)
1589	RSVA - GA	(52,490,834)	(2,252,932)	(54,743,767)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(837,524)	1,749,383	911,858
	Total Balance	**(91,397,843)**	**(1,610,705)**	**(93,008,548)**

Table 21 - Group 1 DVA Disposition Amount - BRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1550	Low Voltage Variance Account	(201,277)	(6,673)	(207,950)
1551	Smart Meter Entity Charge Variance Account	(72,013)	(3,588)	(75,601)
1580	RSVA – Wholesale Market Service	(4,927,477)	(119,955)	(5,047,431)
1584	RSVA - Network	105,929	11,994	117,923
1586	RSVA - Connection	(949,260)	(28,948)	(978,208)
1588	RSVA - Power	1,625,404	69,151	1,694,555
1589	RSVA - GA	(7,865,490)	(337,048)	(8,202,538)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	75,463	326,154	401,617
	Total Balance	**(12,208,720)**	**(88,913)**	**(12,297,633)**

Table 22 - Group 1 DVA Disposition Amount - ERZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1550	Low Voltage Variance Account	(1,018,640)	(29,562)	(1,048,202)
1551	Smart Meter Entity Charge Variance Account	(80,755)	(4,078)	(84,833)
1580	RSVA – Wholesale Market Service	(8,193,362)	(196,978)	(8,390,340)
1584	RSVA - Network	2,191,822	86,316	2,278,138
1586	RSVA - Connection	57,892	13,125	71,017
1588	RSVA - Power	2,117,014	(130,160)	1,986,853
1589	RSVA - GA	(15,749,480)	(630,447)	(16,379,927)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(774,911)	702,311	(72,600)
	Total Balance	**(21,450,422)**	**(189,472)**	**(21,639,894)**

Table 23 - Group 1 DVA Disposition Amount - GRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1550	Low Voltage Variance Account	(39,140)	(1,238)	(40,378)
1551	Smart Meter Entity Charge Variance Account	(22,143)	(1,130)	(23,273)
1580	RSVA – Wholesale Market Service	(2,737,460)	(74,328)	(2,811,787)
1584	RSVA - Network	223,977	7,956	231,933
1586	RSVA - Connection	20,485	4,540	25,026
1588	RSVA - Power	210,000	17,572	227,573
1589	RSVA - GA	358,483	(23,633)	334,850
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(128,263)	266,409	138,146
	Total Balance	**(2,114,060)**	**196,149**	**(1,917,911)**

Table 24 - Group 1 DVA Disposition Amount - HRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1550	Low Voltage Variance Account	(381,492)	(13,319)	(394,811)
1551	Smart Meter Entity Charge Variance Account	(106,331)	(5,323)	(111,653)
1580	RSVA – Wholesale Market Service	(6,058,672)	(157,623)	(6,216,295)
1584	RSVA - Network	(15,627)	4,786	(10,840)
1586	RSVA - Connection	(1,100,299)	(32,032)	(1,132,331)
1588	RSVA - Power	(2,106,809)	(105,915)	(2,212,724)
1589	RSVA - GA	(7,817,198)	(328,710)	(8,145,907)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	230,791	333,561	564,352
	Total Balance	**(17,355,636)**	**(304,574)**	**(17,660,210)**

Table 25 - Group 1 DVA Disposition Amount - PRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1550	Low Voltage Variance Account	(1,546,453)	(52,412)	(1,598,865)
1551	Smart Meter Entity Charge Variance Account	(169,958)	(8,361)	(178,319)
1580	RSVA – Wholesale Market Service	(11,533,581)	(282,348)	(11,815,930)
1584	RSVA - Network	(480,428)	(18,217)	(498,645)
1586	RSVA - Connection	(1,183,403)	(40,750)	(1,224,154)
1588	RSVA - Power	(1,697,426)	(9,659)	(1,707,084)
1589	RSVA - GA	(21,417,150)	(933,095)	(22,350,245)
1595	Disposition and Recovery/Refund of Regulatory Balances Control Account	(240,605)	120,948	(119,657)
	Total Balance	**(38,269,005)**	**(1,223,894)**	**(39,492,900)**

Alectra Utilities' proposed disposition of its Group 2 deferral and variance account balances are provided in Tables 26 to 31 below.

Table 26 - Alectra Utilities Group 2 DVA Disposition Amount

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	(201,259)	101,106	(100,154)
1508	Energy East Consultation Costs	135,774	34,646	170,420
1508	OEB Cost Assessments	17,032,979	2,323,373	19,356,352
1508	Other Post-Employment Benefit Deferral Account	(11,185,421)	-	(11,185,421)
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	1,544,751	-	1,544,751
1508	Hydro One Charges	(6,552)	6,552	-
1508	Pole Attachment Revenue Variance	(19,808,116)	(2,753,928)	(22,562,044)
1508	Impact of Post-merger Capitalization Policy	(37,417,860)	-	(37,417,860)
1508	Incremental Capital Expenditures	580,330	(4,076,508)	(3,496,178)
1508	LTLT Rate Impact Mitigation	31,186	5,382	36,568
1508	Collection of Account Charge-Related Lost Revenue	17,952,326	2,356,853	20,309,179
1508	GOCA Variance Account	7,087,302	568,488	7,655,790
1508	LEAP EFA Funding Deferral Account	2,763,955	112,075	2,876,029
1508	Gains on Sales of Properties	(8,800,000)	-	(8,800,000)
1508	Useful Life Changes	(39,952,082)	-	(39,952,082)
1508	Direct Labour Capitalization Change	(10,670,840)	-	(10,670,840)
1511	Incremental Cloud Computing Implementation Costs	1,785,155	145,477	1,930,632
1518	Retail Cost Variance Account - Retail	546,030	301,187	847,218
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(2,558,380)	(2,558,380)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	118,492	27,284	145,775
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	2,718,596	717,245	3,435,841
1536	Smart Grid Funding Adder Deferral Account	17,752	(21,375)	(3,623)
1548	Retail Cost Variance Account - STR	261,878	96,750	358,629
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	(232,581)	354,169	121,589
1557	Meter Cost Deferral Account (MIST Meters)	11,293,174	-	11,293,174
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(54,104,071)	(7,610,450)	(61,714,521)

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
	Total	**(118,509,103)**	**(9,870,055)**	**(128,379,158)**

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2 **Table 27 - Group 2 DVA Disposition - BRZ**

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	-	-	-
1508	Energy East Consultation Costs	-	-	-
1508	OEB Cost Assessments	3,427,943	529,052	3,956,995
1508	Other Post-Employment Benefit Deferral Account	-	-	-
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	-	-	-
1508	Hydro One Charges	-	-	-
1508	Pole Attachment Revenue Variance	(2,103,028)	(334,034)	(2,437,062)
1508	Impact of Post-merger Capitalization Policy	26,568,660	-	26,568,660
1508	Incremental Capital Expenditures	(1,019,034)	(1,189,902)	(2,208,935)
1508	LTLT Rate Impact Mitigation	-	-	-
1508	Collection of Account Charge-Related Lost Revenue	4,074,935	600,680	4,675,615
1508	GOCA Variance Account	1,373,834	137,272	1,511,107
1508	LEAP EFA Funding Deferral Account	425,561	25,140	450,701
1508	Gains on Sales of Properties	(1,353,244)	-	(1,353,244)
1508	Useful Life Changes	(6,160,091)	-	(6,160,091)
1508	Direct Labour Capitalization Change	(1,645,115)	-	(1,645,115)
1511	Incremental Cloud Computing Implementation Costs	275,366	27,516	302,882
1518	Retail Cost Variance Account - Retail	(148,825)	(10,276)	(159,101)
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(752,070)	(752,070)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	-	-	-
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	-	-	-
1536	Smart Grid Funding Adder Deferral Account	-	-	-
1548	Retail Cost Variance Account - STR	3,753	1,710	5,463

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	-	-	-
1557	Meter Cost Deferral Account (MIST Meters)	1,271,899	-	1,271,899
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(8,322,820)	(1,323,016)	(9,645,835)
	Total Balance	**16,669,796**	**(2,287,926)**	**14,381,870**

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2 **Table 28 - Group 2 DVA Disposition - ERZ**

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	-	-	-
1508	Energy East Consultation Costs	40,528	10,241	50,768
1508	OEB Cost Assessments	(106,935)	(65,168)	(172,103)
1508	Other Post-Employment Benefit Deferral Account	(2,507,922)	-	(2,507,922)
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	-	-	-
1508	Hydro One Charges	-	-	-
1508	Pole Attachment Revenue Variance	(3,062,406)	(407,813)	(3,470,219)
1508	Impact of Post-merger Capitalization Policy	(15,599,875)	-	(15,599,875)
1508	Incremental Capital Expenditures	(2,211,682)	(1,184,425)	(3,396,107)
1508	LTLT Rate Impact Mitigation	-	-	-
1508	Collection of Account Charge-Related Lost Revenue	1,260,000	153,624	1,413,624
1508	GOCA Variance Account	2,453,089	149,171	2,602,260
1508	LEAP EFA Funding Deferral Account	706,015	23,708	729,722
1508	Gains on Sales of Properties	(2,247,218)	-	(2,247,218)
1508	Useful Life Changes	(10,209,162)	-	(10,209,162)
1508	Direct Labour Capitalization Change	(2,726,750)	-	(2,726,750)
1511	Incremental Cloud Computing Implementation Costs	456,104	33,978	490,082
1518	Retail Cost Variance Account - Retail	(146,441)	15,676	(130,764)
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(380,376)	(380,376)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1532	Renewable Generation Connection OM&A Deferral Account	78,770	14,647	93,417
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	-	-	-
1536	Smart Grid Funding Adder Deferral Account	-	-	-
1548	Retail Cost Variance Account - STR	284,657	81,374	366,031
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	26,449	74,302	100,751
1557	Meter Cost Deferral Account (MIST Meters)	3,726,225	-	3,726,225
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(13,734,134)	(1,829,937)	(15,564,071)
	Total Balance	**(43,520,687)**	**(3,310,998)**	**(46,831,685)**

Table 29 - Group 2 DVA Disposition - GRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	-	-	-
1508	Energy East Consultation Costs	-	-	-
1508	OEB Cost Assessments	712,443	125,563	838,006
1508	Other Post-Employment Benefit Deferral Account	-	-	-
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	1,544,751	-	1,544,751
1508	Hydro One Charges	-	-	-
1508	Pole Attachment Revenue Variance	(1,655,088)	(295,548)	(1,950,636)
1508	Impact of Post-merger Capitalization Policy	(3,663,421)	-	(3,663,421)
1508	Incremental Capital Expenditures	-	-	-
1508	LTLT Rate Impact Mitigation	-	-	-
1508	Collection of Account Charge-Related Lost Revenue	995,389	177,149	1,172,538
1508	GOCA Variance Account	389,658	57,870	447,527
1508	LEAP EFA Funding Deferral Account	164,861	13,943	178,804
1508	Gains on Sales of Properties	(523,728)	-	(523,728)
1508	Useful Life Changes	(2,388,530)	-	(2,388,530)
1508	Direct Labour Capitalization Change	(637,820)	-	(637,820)
1511	Incremental Cloud Computing Implementation Costs	106,828	13,392	120,220

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1518	Retail Cost Variance Account - Retail	508,262	95,725	603,986
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	-	-
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	-	-	-
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	-	-	-
1536	Smart Grid Funding Adder Deferral Account	-	-	-
1548	Retail Cost Variance Account - STR	10,639	20,680	31,319
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	-	-	-
1557	Meter Cost Deferral Account (MIST Meters)	351,501	-	351,501
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(3,186,498)	(585,761)	(3,772,258)
	Total Balance	**(7,270,755)**	**(376,987)**	**(7,647,742)**

Table 30 - Group 2 DVA Disposition - HRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	-	-	-
1508	Energy East Consultation Costs	37,607	9,903	47,510
1508	OEB Cost Assessments	5,952,720	814,192	6,766,911
1508	Other Post-Employment Benefit Deferral Account	-	-	-
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	-	-	-
1508	Hydro One Charges	-	-	-
1508	Pole Attachment Revenue Variance	(8,055,151)	(1,059,723)	(9,114,875)
1508	Impact of Post-merger Capitalization Policy	(44,723,224)	-	(44,723,224)
1508	Incremental Capital Expenditures	-	-	-
1508	LTLT Rate Impact Mitigation	31,186	5,382	36,568
1508	Collection of Account Charge-Related Lost Revenue	-	-	-
1508	GOCA Variance Account	1,225,633	68,010	1,293,643

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	LEAP EFA Funding Deferral Account	532,082	17,864	549,946
1508	Gains on Sales of Properties	(1,691,405)	-	(1,691,405)
1508	Useful Life Changes	(7,699,561)	-	(7,699,561)
1508	Direct Labour Capitalization Change	(2,056,112)	-	(2,056,112)
1511	Incremental Cloud Computing Implementation Costs	344,434	25,629	370,063
1518	Retail Cost Variance Account - Retail	(1,923)	50,047	48,124
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(668,017)	(668,017)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	-	-	-
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	-	-	-
1536	Smart Grid Funding Adder Deferral Account	-	-	-
1548	Retail Cost Variance Account - STR	(25,891)	(5,552)	(31,443)
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	15,858	147,053	162,912
1557	Meter Cost Deferral Account (MIST Meters)	-	-	-
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(10,290,943)	(1,366,904)	(11,657,847)
	Total Balance	**(66,404,688)**	**(1,962,117)**	**(68,366,805)**

Table 31 - Group 2 DVA Disposition - PRZ

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	CGAAP-CWIP Differential Deferral Account	(201,259)	101,106	(100,154)
1508	Energy East Consultation Costs	57,639	14,502	72,141
1508	OEB Cost Assessments	7,046,809	919,734	7,966,543
1508	Other Post-Employment Benefit Deferral Account	(8,677,499)	-	(8,677,499)
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	-	-	-
1508	Hydro One Charges	(6,552)	6,552	-
1508	Pole Attachment Revenue Variance	(4,932,443)	(656,810)	(5,589,253)

Account	Description	Principal Balance ($)	Interest Balance ($)	Total Claim ($)
		A	B	C = A + B
1508	Impact of Post-merger Capitalization Policy	-	-	-
1508	Incremental Capital Expenditures	3,811,045	(1,702,181)	2,108,864
1508	LTLT Rate Impact Mitigation	-	-	-
1508	Collection of Account Charge-Related Lost Revenue	11,622,002	1,425,400	13,047,403
1508	GOCA Variance Account	1,645,087	156,166	1,801,253
1508	LEAP EFA Funding Deferral Account	935,436	31,420	966,856
1508	Gains on Sales of Properties	(2,984,405)	-	(2,984,405)
1508	Useful Life Changes	(13,494,738)	-	(13,494,738)
1508	Direct Labour Capitalization Change	(3,605,044)	-	(3,605,044)
1511	Incremental Cloud Computing Implementation Costs	602,424	44,961	647,385
1518	Retail Cost Variance Account - Retail	334,957	150,015	484,972
1522	Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges	-	(757,918)	(757,918)
1525	Misc. Deferred Debits	-	-	-
1531	Renewable Connection Capital Deferral Account	-	-	-
1532	Renewable Generation Connection OM&A Deferral Account	39,721	12,637	52,358
1533	Renewable Generation Connection Funding Adder Deferral Account	-	-	-
1535	Smart Grid OM&A Deferral Account	2,718,596	717,245	3,435,841
1536	Smart Grid Funding Adder Deferral Account	17,752	(21,375)	(3,623)
1548	Retail Cost Variance Account - STR	(11,280)	(1,462)	(12,742)
1555	Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs	(274,889)	132,814	(142,075)
1557	Meter Cost Deferral Account (MIST Meters)	5,943,549	-	5,943,549
1592	PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	(18,569,677)	(2,504,833)	(21,074,510)
	Total Balance	**(17,982,769)**	**(1,932,027)**	**(19,914,796)**

Alectra Utilities will continue/discontinue the following accounts.

Table 32 - Continuation and Discontinuation of Accounts

Account	Group 2 Accounts	Proposed To be Continued (Yes / No)	Settled To be Continued (Yes / No)
1508	Sub-account Deferred IFRS Transition Costs	No	No
1508	CGAAP-CWIP Differential Deferral Account	No	No
1508	Earnings Sharing Mechanism	No	No
1508	Energy East Consultation Costs	No	No
1508	OEB Cost Assessment Variance	Yes	Yes
1508	Other Post-Employment Benefit Deferral Account	Yes	Yes
1508	OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account	No	No
1508	Advanced Pricing Project	No	No
1508	Hydro One Charges	No	No
1508	Useful Life Changes	No	No
1508	Direct Labour Capitalization Changes	No	No
1508	Gains on Sales of Properties	No	No
1508	Pole Attachment Revenue Variance	No	No
1508	Capitalization Policy	No	No
1508	Incremental Capital Module	No	No
1508	Long-term Load Mitigation	No	No
1508	Collection of Account Charge-Related Lost Revenue	No	No
1508	Sub-account Green Button Initiative Costs	No	No
1508	Sub-account Customer Choice initiative Costs	Yes	Yes
1508	Sub-account ULO Implementation Cost	No	No
1508	Sub-account EVC Rate Implementation Cost	Yes	Yes
1508	Sub-account Local Initiatives Program Costs	Yes	Yes
1508	Sub-account Designated Broadband Project Impacts	Yes	Yes
1508	GOCA Variance Account	No	No
1508	LEAP Emergency Financial Assistance Funding Deferral Account	No	No
1508	Extended Horizons Variance Account	Yes	Yes
1508	Capacity Allocation Model	Yes	Yes
1509	Impacts Arising from the COVID-19 Emergency	No	No
1511	Incremental Cloud Computing Implementation Costs	Yes	No
1518	Retail Cost Variance Account (RCVA) Retail	No	No
1548	RCVA STR	No	No
1521	Special Purpose Charge Assessment Variance Account	No	No

Account	Group 2 Accounts	Proposed To be Continued (Yes / No)	Settled To be Continued (Yes / No)
1522	Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	Yes	Yes
1525	Miscellaneous Deferred Debits	Yes	Yes
1531	Renewable Connection Capital Deferral Account	No	No
1532	Renewable Connection OM&A Deferral Account	No	No
1533	Renewable Generation Connection Funding Adder Deferral Account	Yes	Yes
1534	Smart Grid Capital Deferral Account	No	No
1535	Smart Grid OM&A Deferral Account	No	No
1536	Smart Grid Funding Adder Deferral Account	No	No
1555	Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	No	No
1556	Smart Meter OM&A Variance	No	No
1557	Meter Cost Deferral Account	No	No
1568	Lost Revenue Adjustment Mechanism Variance Account	Yes	No
1567	Board-Approved CDM Variance Account	No	No
1572	Extra-Ordinary Event Costs	Yes	Yes
1575	IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	No	No
1576	Accounting Changes Under CGAAP Balance + Return Component	No	No
1592	Sub-account PILs and Tax Variance for 2006 and Subsequent Years - Sub-account CCA Changes	Yes	Yes
1592	Sub-Account HST/OVAT Input Tax Credits (ITCs)	No	No
2425	Other Deferred Credits	No	No

Alectra Utilities will establish the following new/modified accounts as proposed in the Application and as clarified during the proceeding.

Table 33 - New Deferral and Variance Accounts

New DVA	Description
Capital-Related Revenue Requirement Variance Account (CRRRVA)	The CRRRVA is an asymmetrical account to the benefit of ratepayers, intended to capture the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term. The account ensures that capital-related costs in excess of forecast are absorbed by the utility while protecting customers from overcollection relative to costs. If the cumulative revenue requirement from January 1, 2027 to December 31, 2031 is greater than zero, the variance account is set to zero, if not already at zero. If it is less than zero, there will be an entry to the variance account representing a potential refund to ratepayers.
Non-Wires Solution Deferral Account (NWSDA)	The NWSDA would be comprised of a Sub-account NWS Program OM&A, and a Sub-account NWS Program OM&A - Carrying Charges for the purpose of recording OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program. Incentive payments, calculated on a Margin-on-Payments as set out in Section 11 of the Distribution System Code would also be recorded in the NWSDA for recovery. Disposition of the NWSDA would be sought at the end of the 2027 to 2031 rate term via appropriate rate riders. If the NWSDA balance were to become material prior to 2031, Alectra Utilities may request approval for an earlier disposition of the account.
Earnings Sharing Mechanism Variance Account (ESMVA)	The ESMVA would share any excess earnings above a 150-basis point dead band above OEB-approved ROE, with a 50/50 split between customers and the utility. The ESMVA is asymmetrical, benefiting customers only when earnings exceed the threshold. The ESM is proposed to be calculated on a cumulative basis over the 2027 to 2031 rate term.

Table 34 - Alectra-specific Cloud Computing Account

New DVA	Description
Alectra Utilities Incremental Cloud Computing Implementation Costs	The Parties agree to establish a new account to record cloud computing implementation costs in respect of Alectra Utilities' Enterprise Asset Management and Work Force Management/Mobile Dispatch projects outlined in Table 3 in response to interrogatory 9-SEC-111. Any amounts recorded in the account must be offset by the revenue requirement of the on-premises Enterprise Asset Management and Work Force Management/Mobile Dispatch capital expenditures avoided during the rate term through the implementation of a cloud-based solution.

DVA Continuity Schedules for each Rate Zone have been updated and appended to the Settlement Proposal as Attachments 19 to 23.

Evidence

The evidence in relation to this issue includes the following:

Pre-filed Evidence	Exhibit 1, Tab 3, Schedule 2: Application Summary Exhibit 2B, Tab 6, Schedule 1: Capitalization Policy Exhibit 8, Tab 2, Schedule 9: Regulatory Assets Rate Riders Exhibit 9, Tab 1: Overview Exhibit 9, Tab 2: Planned Disposition of Deferral and Variance Accounts Exhibit 9, Tab 3: DVA Proposed for Disposition Exhibit 9, Tab 4: DVA Not Proposed for Disposition Exhibit 9, Tab 5: Summary of Proposed DVA Disposition Exhibit 9, Tab 6: DVA Allocation and Recovery Methodology Exhibit 9, Tab 7: Development of Rate Riders Exhibit 9, Tab 8: Establishment of New Deferral and Variance Accounts
Interrogatories	1-ED-1, 1-SEC-6, 1-Staff-1, 2-CCC-28, 2-ED-6 to 8, 2-Staff-47, 2-Staff-143, 2-Staff-152, 2A-EP-7, 2A-SEC-41, 4-Staff-173, 4-Staff-189, 6-Staff-209, 6-Staff-220 to 221, 7.0-VECC-68, 9-CCC-72 to 76, 9-CCMBC-6, 9-SEC-109 to 112, 9-Staff-243 to 274, 9-Staff-288 to 295, 9.0-VECC-82 to 84, U-CCC-1
Undertakings	JT-1.1.13, JT-1.1.7, JT-3.31, JT-3.42 to JT-3.48, JT-3.50, JT-4.9 to JT-4.10
Pre-Settlement	SC-CCC-6 to SC-CCC-7
Supporting Parties	AMPCO, BOMA, CCMBC, CCC, DRC, EP, ED, OAPPA, SEC, VECC

D. STUDIES, REPORTS AND OTHER COMMITMENTS

For the purposes of settlement, and further to the terms of settlement described in Parts B and C above, the Parties agree to the following:

General Matters and Commitments

1. **DER Connection Costs and Timing (issues: incentive rate setting):** Alectra shall track its performance in meeting each of the timeframes prescribed in the OEB's Distribution System Code ("DSC") and Distributed Energy Resources Connection Procedures ("DERCP") relating to DER connections, and report on its performance in its next CoS application. In tracking and reporting on its Micro DER connection performance, a connection shall only be considered on time if Alectra Utilities offered the customer a connection date within a prescribed timeframe

or if the customer specifically requests an appointment outside of the prescribed timeframe. Alectra shall also review its DER connections practices and endeavour to reduce DER connection costs and time, and report on the outcomes of this review in its next CoS application. The review will include examining all instances where Alectra has missed a prescribed timeline by more than 50%, determining the cause, and developing solutions aimed at avoiding the same problem occurring in the future.

2. **EV Charging Connection Tracking (issue: capital):** Alectra shall assess the feasibility of separately tracking commercial and multi-unit residential EV charging connections within its service area, and will report on the findings of its assessment, including any proposed changes to its tracking practices, in its next rebasing application. [reference: 1-DRC-2 c)]

3. **Cost-effective service upgrade alternatives (issue: capital):** Alectra shall assess the feasibility of alternatives to customer service upgrades (e.g. through devices such as a circuit pauser or smart panel) as a means to cost-effectively provide customer connections upgrades within its service area. If the solution is selected during Alectra's annual planning process, it will be implemented during the rate term, pending any requisite OEB approval. Alectra shall report on its assessment of this option and associated actions in its next rebasing application.

4. **Customer DER connection capacity (issue: capital):** Alectra shall examine solutions to reduce restrictions on customer DER connections, including those outlined in exhibits 2-ED-12(c) and 2-ED-13, implement the solutions that Alectra believes are appropriate, and provide details in its next rebasing application on the solutions considered, the actions taken, and plans for next steps. Alectra shall monitor and report on customer DER connection constraints within its service territory and shall assess and report on potential mitigation measures, including NWS and wires-based solutions, as part of its ongoing distribution system planning processes and next rebasing application. This assessment shall include consideration of system, process, cost, and data limitations, and Alectra shall report back on the outcome of this assessment and any proposed next steps in its next rebasing application.

5. **Work Commitments (issue: capital):** Alectra shall carry out the following work and activities:
    - Grid modernization activities as described in 2-ED-15;

- DER enabling activities as described in 2-ED-30; and
- NWS enabling activities as described in 2-ED-31.

Alectra shall also carry out the work and activities as described in Exhibit 1, Tab 7, Schedule 1 (specifically SEW Customer Engagement, Alectra Drive for Fleets, Alectra V2X Pilot), evaluate the results of these pilot programs and report on how such results inform future distribution system planning, customer programs, V2X customer support, and NWS procurement approaches in its next rebasing application. Alectra will carry out the works and activities described in this Commitment #5 in accordance with the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs (the "BCA Framework"), to the extent that it is applicable.

6. **AMI 2.0 – DER Installations (issue: capital):** Where a customer is installing a DER and meter replacement is needed to provide bi-directional capabilities, Alectra will endeavour to install an AMI 2.0 meter where AMI 2.0 communication infrastructure has been deployed in the relevant area to allow for an AMI 2.0 meter, and the supply and installation of the bidirectional meter will be funded under the AMI 2.0 program.

7. **AlectraDrive for Fleets and Alectra V2X Pilot:** Alectra shall make publicly available the final testing protocols for AlectraDrive for Fleets, including performance metrics and evaluation criteria, and shall report on testing outcomes and performance results following completion of the pilot in its next rebasing application. Alectra shall make publicly available, to the extent reasonably possible and in accordance with any confidentiality requirements (including but not limited to commercial sensitivity, confidential information or data, and intellectual property), the technology and evaluation report for the V2X Pilot, including the anticipated dataset of V2X performance characteristics and policy recommendations and report on how Alectra will implement learnings from the pilot in its next rebasing application. [ref: JT-1.3.6]

8. **Distribution losses guideline (issues: loss factors, operating costs, capital costs):** Alectra shall develop an internal losses guideline, which will provide internal guidance on forward-looking conductor and transformer standards and specifications and on any steps that are required to ensure that all cost-effective and reasonable means of reducing losses are

implemented. The guideline will incorporate a full lifecycle approach to assessing cost-effectiveness that accurately accounts for trade-offs between the upfront capital costs and the savings from more efficient equipment that results in fewer losses.

9. **Energy transition planning (issue: capital):** When Alectra develops its next capital plan and budget as part of its next rebasing application, it will include multiple energy transition scenarios. Alectra will consider the most cost-effective pathway for energy transition in Alectra's service area, in alignment with established Municipal Energy Plans. Furthermore, Alectra will consider system demand and capacity adequacy to ensure its system can meet future customer and energy transition needs, including DERs. This work will be considered in the development of Alectra's next DSP, and Alectra will provide details on the analysis and specific adjustments made in its next rebasing application. This commitment does not restrict the implementation of the adjustments required during the 2027-2031 rate term.

10. **DER Wholesale Market Preparedness:** Alectra shall report on the operational readiness and implementation of the DER Wholesale Market Preparedness toolsets, including any impacts of phased implementation on procurement, dispatch, and settlement processes for NWS, at the time of disposition of the NWS Deferral Account, subject to any confidentiality requirements (for reasons including but not limited to commercial sensitivity of information or data). [ref: JT-1.3.4]

11. **NWS/DER Stakeholder Engagement:** At the appropriate time, Alectra will undertake one stakeholder engagement to support the development and implementation of its technology-neutral NWS market framework. This stakeholder engagement may address market design concepts, service definitions, participation requirements and market rules. The objective of this engagement is to support awareness, education and feedback while preserving technological neutrality. Alectra will also undertake annual stakeholder engagement to review how the NWS market framework is working once it is fully implemented. Alectra will endeavour to include in its stakeholder engagements customers, aggregators, DER providers, market participants, community representatives and other interested persons, including but not limited to all parties to the Settlement Proposal.

12. **Managed EV Charging:** Alectra shall assess the feasibility of managed EV charging solutions in supporting distribution system needs and consider the integration of feasible solutions in future planning and NWS solutions and will report on this assessment as part of its next rebasing application. [1-DRC-6]

13. **ULOTOU:** Alectra will pursue reasonable opportunities to increase customer awareness of Ultra Low Overnight Time-of-Use ("ULOTOU") rates for Alectra's customers and will provide an update on the number of customers changing to or from ULOTOU in its next rebasing application. [1-DRC-5 f)]

Standby Charges

Standby Charges will apply as set out below to an account that requires the distributor to provide back-up service for the following: a) an on-site load displacement generator ("LDG"), b) redundant supply (without load displacement generation).

Alectra will provide separate line item(s) charge details on the customer's monthly invoice, specific to Standby charges.

1. **Back up service for On-site Load Displacement Generator**

(a) The Standby Charge is calculated by multiplying the customer's contracted demand, less actual demand billed in a given month, by 50% of the applicable General Service 50 to 4,999 kW, Large Use, or Large Use with Dedicated Assets Volumetric Rate. **(b)** Where the customer's contracted capacity less actual demand billed in a given month results in a value of less than zero, the Standby Charge will be zero for that month. **(c)** The total demand that is subject to Standby Charges cannot exceed the nameplate capacity of the customer's LDG asset. **(d)** Standby Charges will not apply for accounts with LDG with an installed capacity of less than 500 kW or accounts with LDG that are only used as emergency backup generators. **(e)** Annually, Alectra will collaboratively establish a customer's Standby determinants on a monthly contract demand basis

as proposed and applied as described[6]. **(f)** Notwithstanding the foregoing, customers shall have an option of electing Gross Load Billing in lieu of the application of Standby Charges.

2. **Back-up service for Redundant Supply**

The Standby charge for any new customer as of the date of the filing of the Settlement Proposal with back-up service for redundant supply (without load displacement generation) is calculated by multiplying the Reserved Capacity kW volume by 50% of the applicable General Service 50 to 4,999 kW, Large Use, or Large Use with Dedicated Assets Volumetric Rate.

All 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.

3. **Standby Rate Alternatives Analysis**

Alectra shall consider rate design alternatives to standby rates, including those that are (i) based on cost-causality and (ii) differentiate between standby service being used within and outside the times of distribution peaks. This review shall consider the goals of encouraging customers to avoid using the backup service at the time of feeder co-incident peak demand and eliminating and/or adjusting standby charges for customers who install DERs that provide net benefits to the distribution system. Alectra shall report on the outcomes of its review in its next rebasing application, including any potential alternatives.

E. ATTACHMENTS

Please see the following Attachments. Attachments 1 to 27 are filed as live Excel models.

- Attachment 1 – 2027 Revenue Requirement Workform
- Attachment 2 – 2028 Revenue Requirement Workform
- Attachment 3 – 2029 Revenue Requirement Workform

[6] Exhibit 8, Tab 2, Schedule 2, Page 17 and 18.

- Attachment 4 – 2030 Revenue Requirement Workform
- Attachment 5 – 2031 Revenue Requirement Workform
- Attachment 6 – OEB Appendix 2-AA Capital Projects Table and Updated JT-1.14 (Net Capital Expenditures and Net In-Service Additions)
- Attachment 7 – OEB Appendix 2-AB Capital Expenditures and In-Service Additions
- Attachment 8 – OEB Appendix 2-BA Fixed Asset Continuity Schedule
- Attachment 9 – Monthly Fixed Asset Continuity Schedule – Updated JT 3.37
- Attachment 10 – OEB Appendix 2-C Depreciation Expense
- Attachment 11 – OEB Appendix 2-H Other Revenue
- Attachment 12 – OEB Appendix 2-IB Customer, Connections, Load Forecast and Revenues Data and Analysis
- Attachment 13 – Load Forecast Reconciliation to 2-IB
- Attachment 14 – OEB Appendix 2-JA Operating, Administration and Maintenance Expenses
- Attachment 15 – OEB Appendix 2-OA Cost of Capital
- Attachment 16 – OEB Appendix 2-OB Debt Instruments
- Attachment 17 – OEB Appendix 2-ZA/ZB Cost of Power
- Attachment 18 – PILs Workform
- Attachment 19 – DVA Continuity Schedule BRZ
- Attachment 20 – DVA Continuity Schedule ERZ
- Attachment 21 – DVA Continuity Schedule GRZ
- Attachment 22 – DVA Continuity Schedule HRZ
- Attachment 23 – DVA Continuity Schedule PRZ
- Attachment 24 – Retail Transmission Service Rates (RTSR Workform)
- Attachment 25 – 2027 Cost Allocation Model
- Attachment 26 – 2027-2031 Tariffs Schedule and Bill Impacts Model
- Attachment 27 – OEB Appendix 2-M
- Attachment 28 – Alectra Utilities' Custom Scorecard
- Attachment 29 – 5 Year Harmonization
- Attachment 30 – Draft Accounting Order – Capital-Related Revenue Requirement Variance Account ("CRRRVA")

- Attachment 31 – Draft Accounting Order – Earning Sharing Mechanism Variance Account ("ESMVA")
- Attachment 32 – Draft Accounting Order – Non-Wires Solution Deferral Account ("NWSDA")
- Attachment 33 – Draft Accounting Order – Alectra Utilities Incremental Cloud Computing Implementation Costs Account

Attachments 1-27

Please see live Excel

Revised Attachments 1-5, 18-23, 25, and 26

Attachment 28

Alectra Utilities' Custom Scorecard

Alectra Utilities

2027-2031 Custom Performance Scorecard

Reporting Category	Performance Measures	Target by 2031
Reliability	SAIDI*	0.878 hours
	Failed Equipment – CHI**	434,239 hours
Cost Control	Planned Capital - Actual vs. Planned	100% (+/-5%)
	Fleet Availability	>85%
Infrastructure Renewal	Asset Replaced	Pole Renewal: 4,447
		Transformer Renewal: 3,882
		Switch Renewal: 150
		Switchgear Renewal: 300
		Cable Renewal: 307 km
	AMI 2.0 Meters Installed	950,000
Automation	Automated devices on the distribution system	2027: 85
		2028: 55
		2029: 75
		2030: 90
		2031: 90
Meeting Capacity Needs	Added Station Capacity	625MVA

* Excluding Major Event Days and Loss of Supply
**Excluding Major Event Days

Revised Attachment 29

5 Year Harmonization

Please see live Excel

Revised Attachment 30

Draft Accounting Order – Capital-Related Revenue Requirement Variance Account ("CRRRVA")

Draft Accounting Order - Capital-Related Revenue Requirement Variance Account ("CRRRVA")

Alectra Utilities will establish the following two (2) sub-accounts under Account 1508, Other Regulatory Assets:

- 1508, Other Regulatory Assets, Sub-account CRRRVA
- 1508, Other Regulatory Assets, Sub-account CRRRVA Carrying Charges

The variance account will record the revenue requirement impact of under-spending on Alectra Utilities' capital plan effective January 1, 2027, based on the difference between actual and forecasted cumulative in-service capital additions (net of capital contributions) for 2027-2031. A credit entry will be made in this account representing a refund to ratepayers, should in-service capital additions be lower than, or the pacing of in-service capital additions be slower than, forecast over the 2027-2031 period.

The variance account is asymmetrical in that overspending or a faster pace of spending will not result in recording debits in this account, and no amount will be collected related to excess capital additions.

The Capital-Related Revenue Requirement based on forecast in-service capital additions, as provided on Line 15 in the table below, will serve as the baseline for comparison against Capital-Related Revenue Requirement based on actual in-service capital additions, subject to the following modification: As 2027 opening average net fixed assets is based on forecast 2026 in-service capital additions, the baseline will be adjusted to exclude any difference between forecast and actual 2026 in-service capital additions to ensure the account only tracks the revenue requirement impact of changes over the 2027-2031 rate term.

Line	Component	2027	2028	2029	2030	2031
1	Average Net Fixed Assets	4,117.8	4,286.7	4,483.5	4,759.3	5,088.8
2	Working Capital Allowance	288.8	298.9	309.1	320.7	332.3
3	Rate Base	4,406.5	4,585.6	4,792.6	5,080.0	5,421.2
4	Return on Debt	112.7	117.3	122.6	129.9	138.6
5	Return on Equity	160.6	167.1	174.6	185.1	197.5
6	Depreciation	193.8	197.4	204.7	220.8	230.4
7	PILs Taxes	17.2	21.7	11.9	33.2	32.6
8	**Total Capital-Related Revenue Requirement**	**484.2**	**503.5**	**513.9**	**569.0**	**599.2**
9	Less Incremental Working Capital-Related Revenue Requirement	-	(0.3)	(0.9)	(1.6)	(2.3)
10	**Total Capital-Related Revenue Requirement (including working capital adjustment)**	**484.2**	**503.2**	**513.0**	**567.4**	**596.9**
11	Less: Incremental X Factor on Capital	-	(0.8)	(0.8)	(0.9)	(0.9)
12	Less: Prior Year X Factor on Capital	-	-	(0.8)	(1.5)	(2.4)
13	Less: Stretch & Productivity Factor (0.15%)	-	(0.8)	(0.8)	(0.9)	(0.9)
14	Less: Prior Years' Stretch & Productivity Factor	-	-	(0.8)	(1.5)	(2.4)
15	**Total Capital-Related Revenue Requirement for the CRRRVA (including working capital, Incremental X Factor and S&P Factors on Capital)**	**484.2**	**501.7**	**509.9**	**562.7**	**590.4**

Interest carrying charges will apply to the account balances based on the OEB's prescribed interest rates.

The sample journal entries are provided below:

Dr. 4080, Distribution Services Revenue

Cr. 1508, Other Regulatory Assets, Sub-account CRRRVA

To record the revenue requirement associated with the difference between actual and forecasted cumulative capital additions

Dr. 6035, Other Interest Expense

Cr. 1508, Other Regulatory Assets, Sub-account, CRRRVA Carrying Charges

To record carrying charges

Alectra Utilities will apply to the OEB to clear the balance in the CRRRVA through rate riders at the end of the 2027-2031 DSP period, i.e. in Alectra Utilities' next rebasing application.

Attachment 31

Draft Accounting Order – Earning Sharing Mechanism Variance Account (“ESMVA”)

Draft Accounting Order - Earnings Sharing Mechanism Variance Account (ESMVA)

Alectra Utilities will establish the following two sub-accounts under Account 1508, Other Regulatory Assets:

- 1508, Other Regulatory Assets, Sub-account ESMVA
- 1508, Other Regulatory Assets, Sub-account ESMVA Carrying Charges

Alectra Utilities will establish this account, effective January 1, 2027, to record amounts related to any earnings above Alectra Utilities' approved Return on Equity (ROE) to be shared on a 50/50 basis between Alectra Utilities and its ratepayers with a 150 basis points deadband.

The regulatory net income will be calculated, for the purpose of earnings sharing, in the same manner as net income for regulatory purposes under the Reporting and Record Keeping Requirements (RRR) filings. This will exclude revenue and expenses and other adjustments that are not otherwise included for regulatory purposes, such as:

- Settlement of any regulatory assets or regulatory liabilities; and
- Changes in taxes/PILS to which the USoA 1592 – PILs and Tax Variance for 2006 and Subsequent Years applies, which will be shared through that account rather than through the earning sharing mechanism.

Interest carrying charges will apply to the account balances based on the OEB's prescribed interest rates.

The sample journal entries are provided below:

Dr. 4080, Distribution Services Revenue
    Cr. 1508, Other Regulatory Assets, Sub-account, ESMVA
To record ratepayer share of excess earnings

Dr. 6035, Other Interest Expense

Cr. 1508, Other Regulatory Assets, Sub-account, ESMVA Carrying Charges

To record carrying charges

Alectra Utilities will apply to the OEB to clear the balance in the ESMVA through rate riders at the end of the 2027 to 2031 rate period (i.e., in Alectra Utilities' next rebasing application).

Attachment 32

Draft Accounting Order – Non-Wires Solution Deferral Account ("NWSDA")

Draft Accounting Order - Non-Wires Solutions Deferral Account (NWSDA)

Alectra Utilities will establish the following sub-accounts under Account 1508, Other Regulatory Assets:

- 1508, Other Regulatory Assets, Sub-account NWS Program, OM&A
- 1508, Other Regulatory Assets, Sub-account NWS Program, Margin-on-Payments
- 1508, Other Regulatory Assets, Sub-account NWS Program, Third-party Funding
- 1508, Other Regulatory Assets, Sub-account NWS Program, Carrying Charges

Effective January 1, 2027, Alectra Utilities will record in Account 1508, Other Regulatory Assets, Sub-account NWS Program, OM&A, the costs associated with acquiring and operating distribution-level Non-Wires Solutions (NWS). Eligible cost components are limited to OM&A required as payments to DER owners/aggregators, contracting costs, equipment and system costs, operation and maintenance, administrative costs and EM&V, and costs of coordination with the IESO. Incentive payments, calculated on a Margin-on-Payments as set out in Section 11 of the Distribution System Code would be recorded in Account 1508, Other Regulatory Assets, Sub-account NWS Program, Margin-on-Payments for recovery in addition to the company's actual OM&A costs incurred to acquire DERs and operate and manage the NWS Program. Any amount recorded in these sub-accounts will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants). Such amounts will be recorded in Account 1508, Other Regulatory Assets, Sub-account NWS Program, Third-party Funding.

Interest carrying charges will apply to the account balances based on the OEB's prescribed interest rates.

The sample journal entries are provided below:

Dr. 1508, Other Regulatory Assets, Sub-account NWS Program, OM&A
    Cr. Account(s) associated with the NWS OM&A costs
To record NWS OM&A not included in base rates

Dr. 1508, Other Regulatory Assets, Sub-account NWS Program, Margin-on-Payments

Cr. Account(s) associated with the NWS Margin-on-Payments

To record NWS Margin-on-Payments

Dr. Account(s) associated with the NWS Third-party Funding

Cr. 1508, Other Regulatory Assets, Sub-account NWS Program, Third-party Funding

To record NWS Third-party Funding

Dr. 1508, Other Regulatory Assets, Sub-account NWS Program OM&A Carrying Charges

Cr. 6035, Other Interest Expense

To record carrying charges on the monthly opening balance in NWSDA

Alectra Utilities will apply to the OEB to clear the balance in the NWSDA through rate riders at the end of the 2027 to 2031 DSP period. If the NWSDA balance were to become material prior to 2031, Alectra Utilities may request approval for an earlier disposition of the account.

Revised Attachment 33

Draft Accounting Order – Alectra Utilities Incremental Cloud Computing Implementation Costs Account

Draft Accounting Order - Alectra Utilities Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch

The Parties agree to establish a new Alectra-specific account, effective January 1, 2027, to record incremental cloud computing implementation and licensing costs in respect of Alectra Utilities' Enterprise Asset Management ("EAM") and Work Force Management ("WFM")/Mobile Dispatch projects. Any cloud computing implementation and licensing amounts recorded in the account must be incremental to the EAM and WFM/Mobile Dispatch OM&A costs embedded in rates and shall be offset by the revenue requirement of the on-premises EAM and WFM/Mobile Dispatch capital expenditures avoided during the rate term through the implementation of a cloud-based solution.

Alectra Utilities will establish the following two sub-accounts under Account 1508, Other Regulatory Assets:

- 1508, Other Regulatory Assets, Sub-account Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch
- 1508, Other Regulatory Assets, Sub-account Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch Carrying Charges

Any revenue requirement impact of the on-premises EAM and WFM/Mobile Dispatch capital expenditures avoided during the rate term through the implementation of a cloud-based solution will be calculated based on the amounts provided in Table 1 below[1].

[1] Please see response to interrogatory 9-SEC-111, Table 3

Table 1 - Capital expenditures built into the 2027 to 2031 revenue requirements for Alectra Utilities' Enterprise Asset Management and Work Force Management/Mobile Dispatch ($MM)

Capital Expenditures	2027	2028	2029	2030	2031
152935 Enterprise Asset Management	0.20	2.73	2.98	3.13	3.28
102263 Work Force Management/Mobile Dispatch	4.14	3.32	4.05		

The forecasted 2027 OM&A licensing costs embedded in rates for EAM and WFM/Mobile Dispatch projects are provided in Table 2 below[2].

Table 2 - OM&A licensing costs embedded in rates for EAM and WFM/Mobile Dispatch projects ($MM)

OM&A Cloud Licensing	2027
152935 Enterprise Asset Management	0
102263 Work Force Management/Mobile Dispatch	0.28

Consistent with Alectra Utilities' proposed rate framework, for the 2028-2031 period, the OM&A amounts in rates for these projects will be escalated using an index-based approach comprising the OEB inflation factor (i.e., 2% used as a placeholder), less Alectra Utilities' stretch factor of 0.15% and a growth factor of 0.86%. Table 3 provides the escalated OM&A amounts in rates for the 2028-2031 period using the index-based approach. To escalate the OM&A amounts in rates for 2028-2031, Alectra Utilities will update the OEB inflation factor each year once it becomes available.

[2] Please see response to Interrogatory 9-SEC-111, Table 4

Table 3 - 2028-2031 OM&A licensing costs embedded in rates escalated using an index-based approach for EAM and WFM/Mobile Dispatch projects ($MM)

OM&A Cloud Licensing	2028	2029	2030	2031
152935 Enterprise Asset Management	0	0	0	0
102263 Work Force Management/Mobile Dispatch	0.29	0.30	0.30	0.31

Interest carrying charges will apply to the account balances based on the OEB's prescribed interest rates.

The sample journal entries are provided below:

Dr. 1508, Other Regulatory Assets, Sub-account Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch

Cr. Account(s) associated with Cloud Computing Implementation Costs for the EAM and WFM/Mobile Dispatch

To record Incremental Cloud Computing Implementation Costs not included in base rates for the EAM and WFM/Mobile Dispatch projects

Dr. 4080, Distribution Services Revenue

Cr. 1508, Other Regulatory Assets, Sub-account Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch

To record the offsetting revenue requirement of the on-premises EAM and WFM/Mobile Dispatch capital expenditures avoided during the rate term through the implementation of a cloud-based solution

Dr. 1508, Other Regulatory Assets, Sub-account Incremental Cloud Computing Implementation Costs – EAM and WFM/Mobile Dispatch Carrying Charges

Cr. 6035, Other Interest Expense

To record carrying charges on the monthly opening balance in Account 1508, Sub-account Incremental Cloud Computing Implementation Costs

Alectra Utilities will apply to the OEB to clear the balance in Account 1508, Sub-account Alectra Utilities Incremental Cloud Computing Implementation Costs through rate riders at the end of the 2027 to 2031 rate period. If Account 1508, Sub-account Alectra Utilities Incremental Cloud Computing Implementation Costs were to become material prior to 2031, Alectra Utilities may request approval for an earlier disposition of the account.