

August 17, 2020

**VIA RESS**

Ms. Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
26th Floor, Box 2319  
Toronto, ON M4P 1E4

Dear Ms. Long;

**RE: ALECTRA UTILITIES CORPORATION (“ALECTRA UTILITIES”) INCENTIVE  
REGULATION MECHANISM (“IRM”) APPLICATION FOR 2021 ELECTRICITY  
DISTRIBUTION RATES AND CHARGES (EB-2020-0002)**

Alectra Utilities Corporation (“Alectra Utilities”) submits its electricity distribution rate (“EDR”) application for approval of proposed distribution rates and other charges in the Horizon Utilities, Brampton, PowerStream, Enersource, Guelph Hydro Rate Zones (“RZ”) effective January 1, 2021. The proposed 2021 rates are based on 2020 rates adjusted by the Ontario Energy Board’s (“OEB”) Price Cap Index Adjustment Mechanism formula.

This application is being filed in accordance with the OEB’s *Filing Requirements for Electricity Distribution Rate Applications – Chapter 3 Incentive Rate-Setting Applications*, updated May 14, 2020 (the “Chapter 3 Filing Requirements”). Alectra Utilities is also requesting an approval for incremental capital funding for the Brampton and PowerStream Rate Zones.

This application includes live versions of the following:

- Incremental Capital Module (“ICM”) Models
- HRZ Earnings Sharing Mechanism (“ESM”) Table of Allocations
- Rate Generator Models
- Global Adjustment (“GA”) Analysis Work Forms
- 1595 Analysis Work Forms
- Renewable Generation Connection Rate Protection (“RGCRP”) Models
- Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) Work Forms
- Participation and Cost Reports
- Alectra Utilities’ 2018 Conservation and Demand Management (“CDM”) Savings
- 2021 IRM Checklist

Alectra Utilities has filed an electronic version of this application via the Board’s RESS filing system.

Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in black ink, appearing to read "Indy J. Butany-DeSouza". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Indy J. Butany-DeSouza, MBA  
Vice President, Regulatory Affairs  
indy.butany@alecrautilities.com

cc: Charles Keizer, Torys LLP

**EXHIBIT LIST**

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Contents</b>
<b>1</b>	<b>ADMINISTRATIVE</b>		
	1	1	Exhibit List
		2	Legal Application
		3	Certificate of the Evidence
		4	Executive Overview
<b>2</b>	<b>INCREMENTAL CAPITAL MODULE (“ICM”)</b>		
	1	1	Eligibility for Incremental Capital – Brampton RZ
			Eligibility for Incremental Capital – PowerStream RZ
<b>3</b>	<b>INCENTIVE REGULATION MECHANISM (“IRM”)</b>		
	1	1	Manager’s Summary
		2	Horizon Utilities RZ Earnings Sharing Mechanism
		3	Horizon Utilities RZ Capital Investment Variance Account
		4	Capitalization Policy
		5	Annual Price Cap Adjustment Mechanism
		6	Electricity Distribution Retail Transmission Service Rates
		7	Review and Disposition of Group 1 Deferral and Variance Account Balances
		8	Adjustments to Deferral and Variance Accounts
		9	Renewable Generation Connection Rate Protection
		10	Disposition of LRAM Variance Account
		11	Tax Changes
		12	Summary of Bill Impacts

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Contents</b>
<b>4</b>	<b>ATTACHMENTS</b>		
	1	1	
Attachment 1			2019 ROE Calculation Alectra Utilities
Attachment 2			ICM Model BRZ
Attachment 3			ICM Business Cases BRZ
Attachment 4			ICM Project Listing BRZ
Attachment 5			ICM Model PRZ
Attachment 6			ICM Business Cases PRZ
Attachment 7			ICM Project Listing PRZ
Attachment 8			Current Tariff of Rates & Charges Jan 1, 2020 HRZ
Attachment 9			Current Tariff of Rates & Charges Jan 1, 2020 BRZ
Attachment 10			Current Tariff of Rates & Charges Jan 1, 2020 PRZ
Attachment 11			Current Tariff of Rates & Charges Jan 1, 2020 ERZ
Attachment 12			Current Tariff of Rates & Charges Jan 1, 2020 GRZ
Attachment 13			Table of Allocations 2019 HRZ ESM
Attachment 14			RGM Model HRZ
Attachment 15			RGM Model BRZ
Attachment 16			RGM Model PRZ
Attachment 17			RGM Model ERZ
Attachment 18			RGM Model GRZ
Attachment 19			Proposed Tariff of Rates & Charges Jan 1, 2021 HRZ
Attachment 20			Proposed Tariff of Rates & Charges Jan 1, 2021 BRZ
Attachment 21			Proposed Tariff of Rates & Charges Jan 1, 2021 PRZ
Attachment 22			Proposed Tariff of Rates & Charges Jan 1, 2021 ERZ
Attachment 23			Proposed Tariff of Rates & Charges Jan 1, 2021 GRZ
Attachment 24			GA Analysis Workform HRZ
Attachment 25			GA Analysis Workform BRZ
Attachment 26			GA Analysis Workform PRZ
Attachment 27			GA Analysis Workform ERZ
Attachment 28			GA Analysis Workform GRZ

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Contents</b>
	Attachment 29		1595 Workform HRZ
	Attachment 30		1595 Workform BRZ
	Attachment 31		1595 Workform GRZ
	Attachment 32		RGCRP BRZ
	Attachment 33		RGCRP PRZ
	Attachment 34		RGCRP ERZ
	Attachment 35		LRAMVA WorkForm HRZ
	Attachment 36		LRAMVA WorkForm BRZ
	Attachment 37		LRAMVA WorkForm PRZ
	Attachment 38		LRAMVA WorkForm ERZ
	Attachment 39		LRAMVA WorkForm GRZ
	Attachment 40		Participation and Cost Reports Alectra
	Attachment 41		Participation and Cost Reports Guelph
	Attachment 42		2018 Alectra Utilities CDM Savings
	Attachment 43		IndECO LRAM Review Letter
	Attachment 44		2021 IRM Checklist

**IN THE MATTER OF** the *Ontario Energy 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, 2021.

### **LEGAL APPLICATION**

1 Alectra Utilities Corporation (the “Applicant” or “Alectra Utilities”), is a corporation incorporated  
2 under the *Ontario Business Corporations Act*, and is licenced by the Ontario Energy Board  
3 (the “OEB”) to own and operate electricity distribution facilities under licence number ED-  
4 2016-0360.

5 Alectra Utilities hereby applies to the OEB pursuant to section 78 of the *Ontario Energy Board*  
6 *Act, 1998*, as amended (the “OEB Act”), for orders approving:

- 7 a. Electricity distribution rates and charges in the Horizon Utilities, Brampton,  
8 PowerStream, Enersource and Guelph Hydro Rate Zones (“RZs”) effective January 1,  
9 2021, based on 2020 rates adjusted by the OEB’s Price Cap Index Adjustment  
10 Mechanism formula;
- 11 b. Incremental Capital Module (“ICM”) funding in the Brampton and PowerStream RZs,  
12 through distribution rate riders effective January 1, 2021;
- 13 c. The calculation of the 2019 Horizon Utilities RZ Regulated Return on Equity (“ROE”)  
14 for the purposes of earnings sharing;
- 15 d. The calculation of the 2019 Horizon Utilities RZ capital additions for the purpose of  
16 calculating the 2019 entry to the Capital Investment Variance Account (“CIVA”);

- 1 e. Clearance of the balances recorded in Alectra Utilities' Group 1 deferral and variance  
2 accounts, by means of class-specific rate riders effective January 1, 2021 to December  
3 31, 2021;
- 4 f. Recovery of Renewable Generation Connection Rate Protection ("RGCRP") funding;  
5 and
- 6 g. Disposition of the balance in Alectra Utilities' Lost Revenue Adjustment Mechanism  
7 Variance Accounts ("LRAMVA").

8 This Application is prepared in accordance with the OEB's:

- 9 a. *Filing Requirements for Electricity Distribution Rate Applications*, issued May 14, 2020  
10 (the "Filing Requirements");
- 11 b. *Report of the Board – New Policy Options for the Funding of Capital Investments: The*  
12 *Advanced Capital Module*, issued September 18, 2014; and the subsequent *Report of*  
13 *the Board – New Policy Options for the Funding of Capital Investments: Supplemental*  
14 *Report*, issued January 22, 2016;
- 15 c. *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A*  
16 *Performance-Based Approach*, dated October 18, 2012; and
- 17 d. *Handbook for Utility Rate Applications*, dated October 13, 2016.

18 This Application is supported by pre-filed written evidence which may be amended from time  
19 to time. For the reasons set out in this Application, Alectra Utilities submits that the proposed  
20 distribution rates and other charges are just and reasonable.

## 21 **PROPOSED EFFECTIVE DATE**

22 Alectra Utilities requests that the OEB make its Final Rate Order effective January 1, 2021. If  
23 the OEB does not expect that the Final Rate Order will be issued by such date, the Applicant  
24 requests an Order declaring its current (i.e., 2020) distribution rates and charges to be  
25 effective on an interim basis as of January 1, 2021. Further, the Applicant requests that the  
26 OEB approve rate riders to facilitate the recovery of any differences between the interim rates

1 and the actual rates from January 1, 2021, until the implementation date of the OEB's Decision  
2 and Order establishing final rates and charges.

### 3 **FORM OF HEARING REQUESTED**

4 Alectra Utilities requests that the elements of this Application be heard by way of written  
5 hearing.

### 6 **CONTACT INFORMATION**

7 Alectra Utilities requests that copies of all documents filed with the OEB by each party to this  
8 proceeding be served on the Applicant and the Applicant's counsel as follows:

9 The Applicant:

10 Indy J. Butany-DeSouza  
11 Vice-President, Regulatory Affairs  
12 Alectra Utilities Corporation  
13 2185 Derry Road West  
14 Mississauga, Ontario, L5N 7A6  
15 Email: [indy.butany@alectrautilities.com](mailto:indy.butany@alectrautilities.com)  
16 Internet Address: <http://www.alectrautilities.com/>

17 The Applicant's Counsel:

18 Charles Keizer  
19 Torys LLP  
20 79 Wellington St West,  
21 Toronto, Ontario, M5K 1N2  
22 Tel: (416) 865-7512  
23 Email: [ckeizer@torys.com](mailto:ckeizer@torys.com)



1 Dated at Mississauga, Ontario this 17<sup>th</sup> day of August, 2020.

2

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**ALECTRA UTILITIES CORPORATION**

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Indy J. Butany-DeSouza, MBA


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Vice-President, Regulatory Affairs

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1 **CERTIFICATION OF THE EVIDENCE**

2 As Executive Vice-President and Chief Financial Officer of Alectra Inc., I certify that, to the best  
3 of my knowledge, the evidence filed in this Application is accurate and is consistent with Chapters  
4 One, and Three of the Ontario Energy Board's *Filing Requirements for Electricity Distribution Rate*  
5 *Applications* issued on May 14, 2020. I also certify that Alectra Utilities has robust processes and  
6 internal controls in place for the preparation, review, verification and oversight of the account  
7 balances being disposed.

8   
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9 John G. Basilio, CPA, CA  
10 Executive Vice-President and Chief Financial Officer

1    **EXECUTIVE OVERVIEW**

2    This Executive Overview provides a summary of the structure and key aspects of this Application.

3    **Application Structure**

4    Exhibit 2 sets out the evidence and relief requested that relate to Alectra Utilities' ICM request in  
5    the Brampton and PowerStream RZs. Exhibit 3 sets out the IRM-related evidence in respect of  
6    the Applicant's individual rate zones, including 2021 Price Cap Incentive Rate-setting ("IR")  
7    adjustments; deferral and variance account disposition; Lost Revenue Adjustment Mechanism  
8    Variance Account ("LRAMVA"); Horizon Utilities Rate Zone ("HRZ") Earnings Sharing Mechanism  
9    ("ESM") and Capital Investment Variance Account ("CIVA"); and Renewable Generation  
10    Connection Rate Protection ("RGCRP"). Exhibit 4 includes attachments in support of various  
11    aspects of the Application. The 2021 IRM Checklist is filed as Attachment 44.

12   **Incremental Capital Module**

13   As the OEB has confirmed in its own reports, the Mergers, Amalgamations, Acquisitions and  
14   Divestitures ("MAADs") Decision (EB-2016-0025) and Alectra Utilities' 2018 EDR Application  
15   Decision (EB-2017-0024), the ICM is available to consolidating distributors. The purpose of the  
16   ICM is to afford consolidating distributors the opportunity to finance capital investments without  
17   having to rebase earlier than expected.

18   As the OEB specifically indicated in the MAADs Decision:

19                   *"The 2015 Report extended the availability of the Incremental Capital Module*  
20                   *(ICM), an additional mechanism under the Price Cap IR rate-setting option to*  
21                   *consolidating distributors on Annual IR Index, to allow adjustment to rates for*  
22                   *any prudent discrete capital project that fits within an incremental capital*  
23                   *budget envelope, not just expenditures that were unanticipated or unplanned.*  
24                   *This provides consolidating distributors with the ability to finance capital*  
25                   *investments during the deferred rebasing period without being required to*  
26                   *rebase earlier than planned."* (p.6)

27   In making this decision, the OEB was aware of Alectra Utilities' intention to file ICM applications  
28   during the deferred rebasing period. As the OEB outlined in the MAADs Decision: *"The applicants*

1 *expect to file an ICM in each year for each rate zone under Price Cap IR during the deferred*  
2 *rebasing period.<sup>1</sup>*

3 Further, at page 12 of the MAADs Decision, the OEB stated that:

4 *“The Handbook provides guidance on how the OEB reviews consolidation*  
5 *applications and clarifies the OEB’s rate-making policy associated with*  
6 *consolidation. As with any articulated OEB policy, the OEB examines the facts*  
7 *of a specific application. The OEB has considered the specific facts in this*  
8 *application and is of the view that the features of this transaction are anticipated*  
9 *within the framework of the OEB’s policy and the outcomes are aligned with*  
10 *the articulated policy objective of improving the efficiency of electricity*  
11 *distribution.”*

12

13 In the OEB’s Partial Decision and Order in Alectra Utilities’ 2020 EDR Application (EB-2019-  
14 0018), the OEB provided the following three options for Alectra Utilities’ consideration related to  
15 requests for incremental capital funding:

- 16 1. File a cost-based application for rates effective in 2021 proposing updated capital  
17 requirements, in which case the rebasing deferral period would be terminated;
- 18 2. Amend the current application to request incremental capital funding in 2020 for projects  
19 that meet the ICM criteria. Further, the OEB provided that Alectra Utilities may consider a  
20 multi-year ICM; and
- 21 3. File an application for 2021 rates, in which Alectra Utilities would be eligible to request  
22 incremental capital funding through an ICM. The current 2020 interim rates would be made  
23 final upon request by Alectra Utilities.

24 In this Annual Filing, Alectra Utilities is requesting approval for incremental capital funding for the  
25 Brampton and PowerStream RZs for 2021. This application is consistent with OEB policy in  
26 relation to the availability of, and basis for, ICM funding to consolidating distributors.

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<sup>1</sup> EB-2016-0025, Decision of the Board, December 8, 2016, p.10.

1 *Brampton and PowerStream RZs*

2 Alectra Utilities has capital investment needs for the Brampton and PowerStream RZs for 2021  
3 that are not funded through existing distribution rates. These needs reflect significant,  
4 incremental, and discrete projects. Alectra Utilities is filing an ICM application in respect of each  
5 of these rate zones, to meet these capital investment needs. The specific projects that comprise  
6 the Brampton and PowerStream RZ's ICM requests are identified below and are set out in the  
7 Business Cases filed as Attachments 3 and 6, respectively

8 Connection and Cost Recovery Agreement ("CCRA")

9 Alectra Utilities has a Connection and Cost recovery Agreement ("CCRA") payment due to Hydro  
10 One Networks Inc. ("HONI") in the Brampton RZ in 2021. The payment relates to the Goreway  
11 Transformer Station ("TS") ten-year true up payment. The payment is non-discretionary and is  
12 above the basis on which rates were set. Under the Transmission System Code ("TSC"), and  
13 consequently the CCRA, Alectra Utilities is required to provide HONI with an initial capital  
14 contribution based on the difference between the total capital cost of constructing the TS and a  
15 projection of transformation revenue (the "HONI Revenue") earned on the conveyance of  
16 electricity through the TS. The difference represents a contingent debt obligation for Alectra  
17 Utilities, based on the extent to which historical actual and forecast HONI Revenue during the  
18 CCRA term are less than the amount of HONI Revenue projected as a basis for the determination  
19 of the initial capital contribution.

20 Road Authority Projects

21 Alectra Utilities has two Road Authority projects scheduled to be in-service in 2021: the Goreway  
22 Road Widening project in the Brampton RZ; and the Rutherford Road Widening project in the  
23 PowerStream RZ Road Authority investments are non-discretionary and are required to be  
24 initiated and completed in accordance with the direction from the Road Authorities. Alectra Utilities  
25 is required to remove, relocate, or reconstruct distribution system assets to accommodate projects  
26 conducted by road authorities (as defined under the *Public Service Works on Highways Act*, or  
27 "PSWHA"). Costs associated with the projects are dependent on the size, type and complexity of  
28 the project, and are divided between the parties as specified in the PSWHA.

1 **Incentive Regulation Mechanism**

2 In this Application, Alectra Utilities also applies for rate zone-specific relief as set out in Exhibit 3,  
3 including: its calculation of the Horizon Utilities RZ ESM and CIVA amounts for 2019; the Annual  
4 Price Cap IR adjustments; disposition of its Group 1 deferral and variance accounts; funding for  
5 RGCRP; and disposition of its 2018 LRAMVA balances.

6 **Proposed Effective Date of Rate Order**

7 A list of requested approvals is set out in the Legal Application at Exhibit 1, Tab 1, Schedule 2.  
8 Alectra Utilities proposes that the OEB make its Rate Order, together with the other relief sought  
9 in this Application, effective January 1, 2021. In addition, Alectra Utilities requests that the OEB  
10 declare each of the respective RZ's current (i.e., 2020) rates as interim effective January 1, 2021,  
11 as necessary, if the preceding approvals cannot be issued by the OEB in time to implement final  
12 rates, effective January 1, 2021. Further, Alectra Utilities requests that the Board approve rate  
13 riders (including in respect of ICM) that would provide for the recovery of foregone revenue for  
14 the period from January 1, 2021 to the implementation date of the 2021 Tariff of Rates and  
15 Charges.

16 **Conclusion**

17 Alectra Utilities respectfully requests that the Board approve the relief sought in this Annual Filing.

18

1 **INCREMENTAL CAPITAL MODULE (“ICM”)**

2 Alectra Utilities is requesting approval for incremental capital funding for the Brampton and  
3 PowerStream RZs for 2021. Alectra Utilities has capital investment needs for the Brampton and  
4 PowerStream RZs that are not funded through existing distribution rates.

5 **Eligibility for Incremental Capital - Brampton RZ**

6 In order to be eligible for incremental capital, an ICM claim must be incremental to a distributor’s  
7 capital requirements within the context of its financial capacities underpinned by existing rates;  
8 and satisfy the eligibility criteria of materiality, need and prudence set out in section 4.1.5 of the  
9 *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced*  
10 *Capital Module* (EB-2014-0219), issued on September (“the ACM Report”).

11 These criteria are discussed in detail, below.

12 The OEB’s Capital Module for ACM and ICM (“ICM Model”) for the Brampton RZ is filed as  
13 Attachment 2.

14 **Materiality**

15 **Materiality Threshold Test**

16 The Board states in the ACM Report that “a capital budget will be deemed to be material, and  
17 as such reflect eligible projects, if it exceeds the Board-defined materiality threshold. Any  
18 incremental capital amounts approved for recovery must fit within the total eligible  
19 incremental capital amount (as defined in this ACM Report) and must clearly have a  
20 significant influence on the operation of the distributor; otherwise they should be dealt with at  
21 rebasing”

22 The Board-defined materiality threshold is represented by the following formula:

23 
$$\text{Threshold Value (\%)} = 1 + \left[ \left( \frac{RB}{d} \right) \times (g + PCI \times (1 + g)) \right] \times ((1 + g) \times (1 + PCI)^{n-1}) + 10\%$$

24 *RB = rate base from the distributor’s last cost of service*

25 *d = depreciation from the distributor’s last cost of service*

1 *g = growth calculated based on the percentage difference in distribution revenues between the most recent*  
2 *complete year and the distribution revenues from the most recent approved test year in a cost of service*  
3 *application*

4 *PCI = Price Cap Index (IPI-stretch\_factor) from the distributor's most recent Price Cap IR application as a*  
5 *placeholder for the initial application filing to be updated when new information becomes available*

6 *n = number of years since the last rebasing*

7 The materiality threshold has been calculated for the Brampton RZ using the Board-  
8 approved rate base and depreciation amounts from its 2015 Cost of Service Application  
9 (EB-2014-0083), a price cap index (PCI) of 1.7% and a growth rate of 1.40%.

10 The PCI of 1.7% is a placeholder to be updated with the OEB's approved PCI for 2021  
11 when it is available. It is based on inflation of 2.0% less a productivity factor of 0% and a  
12 stretch factor of 0.3% as identified in Table 1 below.

13 The growth rate of 1.40% has been calculated in accordance with the ACM Report and is  
14 equal to the increase in revenue based on Brampton RZ's 2019 actual billing determinants  
15 divided by Brampton's 2015 OEB approved billing determinants, using 2020 approved  
16 rates. The growth rate calculation is identified in Table1 below.

17 Table 1 below summarizes the calculation of the threshold capital expenditure amount  
18 using the Board's formula approved in the ACM Report. The threshold value for 2021 is  
19 207% which results in a threshold capital expenditure value of \$31,499,198.



1 **Table 1 – Threshold Capital Expenditure Calculation – Brampton RZ**

Description	BRZ
Inflation	2.00%
Less: Productivity Factor	0.00%
Less: Stretch Factor	0.30%
Price Cap Index	1.70%
Growth Factor	1.40%
Rebasing Year	2015
# Years since rebasing	6
Price Cap Index	1.70%
Growth Factor	1.40%
Dead Band	10%
Rate Base	\$404,618,522
Depreciation	\$15,227,319
<b>Threshold Value % - 2021</b>	<b>207%</b>
<b>Threshold Capital Expenditure \$ - 2021</b>	<b>\$31,499,198</b>

2  
3 **Eligible Capital Amount**

4 Alectra Utilities provides a summary of its historical and proposed capital investments by  
5 category for the Brampton RZ in Table 2 below. Amounts shown are net of contributed  
6 capital. Alectra Utilities has filed at Attachment 4, details by project for the proposed 2021  
7 capital spending plan.

8 **Table 2 – Capital Expenditures by Category Brampton RZ (\$MM)**

Category	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020	Budget 2021
<b>System Access</b>	\$15.0	\$5.6	\$6.2	\$2.3	\$7.4	\$11.4	\$13.2
<b>System Service</b>	\$6.2	\$4.3	\$6.0	\$5.1	\$2.8	\$2.5	\$1.6
<b>System Renewal</b>	\$9.8	\$7.2	\$11.9	\$13.6	\$14.6	\$17.3	\$21.9
<b>General Plant</b>	\$11.7	\$0.5	\$2.1	\$7.8	\$3.1	\$4.6	\$5.5
<b>Total</b>	<b>\$42.7</b>	<b>\$17.6</b>	<b>\$26.1</b>	<b>\$28.8</b>	<b>\$27.9</b>	<b>\$35.7</b>	<b>\$42.2</b>

9

1 Table 3 below compares the 2021 capital budget for the Brampton RZ to the Threshold  
2 Capital Expenditure to calculate the maximum eligible incremental capital of \$10,661,703  
3 for the Brampton RZ.

4 **Table 3 – Maximum Eligible Incremental Capital – Brampton RZ**

Eligible Incremental Capital - 2021	Capital Expenditures
2021 DSP Capital Forecast	42,160,901
Less: Materiality Threshold	31,499,198
<b>Maximum Eligible Incremental Capital</b>	<b>\$10,661,703</b>

6 Table 4 below identifies the eligible capital projects for which the Brampton RZ is seeking  
7 approval. The business cases for these projects is filed as Attachment 3.

8 **Table 4 – 2021 Eligible Capital Projects – Brampton RZ**

Project Description	Gross	Contribution	Capital Expenditure
Goreway TS Expansion CCRA - 10 Yr True-Up Payment	5,682,220	-	5,682,220
Goreway Road Widening	3,245,197	(1,155,000)	2,090,197
<b>Total BRZ Incremental Capital</b>	<b>\$ 8,927,417</b>	<b>(\$1,155,000)</b>	<b>\$ 7,772,417</b>

10 **Need**

11 **Means Test**

12 In addition to the materiality criteria, a distributor must pass the Means Test (as defined in  
13 the ACM Report) in order to qualify for funding through an ICM in an Incentive Rate Setting  
14 term.

15 If a distributor’s regulated return, as calculated in its most recent calculation (Reporting  
16 and Record Keeping Requirements (“RRR”) 2.1.5.6), exceeds 300 basis points above the  
17 deemed return on equity (“ROE”) embedded in the distributor’s rates, the funding for any  
18 incremental capital project will not be allowed.

19 Alectra Utilities’ 2019 annual Reporting and Record Keeping Requirements (“RRRs”) were  
20 filed for Alectra Utilities, and not individually, by rate zone. Alectra Utilities 2019 ROE was  
21 calculated to be 7.21%, 174 basis points below a calculated ROE for Alectra of 8.95%.  
22 Alectra Utilities calculated a consolidated deemed ROE percentage, using the weighted

1 average of the OEB-approved deemed equity portion rate base amounts for each rate  
2 zone, from the most recent OEB-approved rebasing application for each of the  
3 predecessor companies. Therefore, Alectra Utilities meets the Means Test. Alectra  
4 Utilities ROE calculation for 2019, filed in RRR 2.1.5.6, is filed as Attachment 1.

#### 5 **Discrete and Material Projects**

6 As identified on page 17 of the ACM report, amounts must be based on discrete projects,  
7 and should be directly related to the claimed driver.

8 The Goreway CCRA true-up and Goreway Road Widening project are discrete capital  
9 projects that meets or exceeds the materiality level for the Brampton RZ. These projects  
10 are also significant relative to Alectra Utilities' overall capital expenditures and are not  
11 funded through existing rates. The projects are distinct, unrelated to a recurring annual  
12 capital projects, and have been evaluated in the asset management and capital planning  
13 process as required in 2021. Alectra Utilities overall 2021 capital budget for all rate zones  
14 is \$250.3MM.

#### 15 **Prudence**

16 The eligible capital projects for which Alectra Utilities is requesting approval for the  
17 Brampton RZ are non-discretionary and are above the basis on which rates were set. The  
18 CCRA true-up payment is a contractual obligation related to the CCRA between Alectra  
19 Utilities and HONI; and for the Road Authority project, Alectra Utilities is obligated to  
20 remove, relocate or reconstruct distribution system assets to accommodate projects  
21 conducted by road authorities as defined under the PSWHA.

22 A description of the project's need and prudence can be found in the business case summaries,  
23 set out immediately below. The project-related business cases can be found at Attachment 3.

<b>Project/  Budget/ In  Service Date  (“ISD”)</b>	<b>Project Need and Description</b>
<b>Goreway TS  True-Up</b>  Budget: \$5.7MM  Forecast ISD: Q2/Q3/2021	<u><b>Goreway TS CCRA True-Up</b></u>  <u>Project Description and Drivers</u> <ul style="list-style-type: none"> <li>• This investment relates to the contractual payment terms guided by a Connection and Cost Recovery Agreement (“CCRA”) between Alectra Utilities for the Brampton RZ and HONI for the construction of the Goreway Transformer Station (“TS”) expansion. This work was requested by the former Hydro One Brampton, in order to increase available transformation capacity for anticipated load growth in the North East area of Brampton.</li> <li>• The CCRA utilizes initial project costs and projected incremental load (revenue) over a 25-year horizon as inputs to determine the capital contribution payment at the project in-service date. At pre-set true-up points (5, 10 and possibly 15 years after in-service), the economic evaluation is updated to reflect actual loading, and the updated load forecast to settle for demand forecast excesses or shortfalls.</li> <li>• Additional capital contributions may be required at a true-up point if an economic shortfall is calculated (i.e., if the actual/forecast load has decreased). Conversely, a refund may be paid at the final true-up point if an economic surplus is calculated (i.e., if the actual/forecast load has increased).</li> <li>• Alectra Utilities experienced lower than forecast energy demand in the Brampton RZ due to a downturn in the economy in 2008, government-driven conservation initiatives as well as natural conservation. This reduced electrical demand at the Goreway TS in 2008 and subsequent years, resulted in a five-year anniversary true-up payment of \$0.68MM in 2015. The ten-year true-up payment is due in 2021 and Alectra estimates a shortfall of revenue to HONI versus the forecasted demand. Request for financial settlement is anticipated from HONI in 2021 in the amount of \$5.7MM with the final amount and payment terms to be negotiated between HONI and Alectra at that time.</li> </ul>

<b>Project/  Budget/ In  Service Date  (“ISD”)</b>	<b>Project Need and Description</b>
	<p><u>Project Options</u></p> <ul style="list-style-type: none"> <li>The CCRA is a legally binding contract between Alectra Utilities and HONI. Alectra Utilities must fulfil the obligations of the contract, which includes payment of true-up settlements. As the full ten years of peak data will not be available until after the August 2020 anniversary date, no formal review between Alectra Utilities and HONI can be completed; and therefore, a review of any other options is not available at this time.</li> </ul> <p>As the CCRA true-up payment is a contractual obligation, the payment is still required if ICM funding is not approved. Alectra Utilities would need to reassess other planned projects, and whether, and to what extent, these projects would have to be deferred and the resulting impact on customers.</p>
<p><b>Goreway Road Widening</b></p> <p>Budget:  \$2.1MM</p> <p>Q4/2021</p>	<p><b><u>Goreway Road Widening Project</u></b></p> <p><b><u>System Access: \$2.1MM</u></b></p> <p><u>Project Description and Drivers</u></p> <ul style="list-style-type: none"> <li>This project addresses the investment need as a result of the mandatory relocation of electrical distribution assets on Rutherford Road, as requested by the road authority under the <i>Public Service Work on Highway Act</i> (“PSWHA”).</li> <li>To expand the transportation system, in order to accommodate growth and increased travel demands resulting from development in the City of Brampton. In 2018 the municipality undertook a class C assessment which identified the road (Goreway) would go from a two-lane rural cross section, to a four-lane urban cross section, including significant culvert works. The cross section will also include a multi-use path.</li> <li>The length of the road widening is approximately 3.5km in the City of Brampton. The 2021 scope of the relocation of Alectra Utilities assets includes both overhead distribution system, as well as transfers of the existing underground distribution system assets. This work includes the installation of new poles, transfer of conductor to the new poles and removal of old poles on the overhead portion and transfer or relocation of the underground cables and terminations.</li> </ul>

<b>Project/ Budget/ In Service Date ("ISD")</b>	<b>Project Need and Description</b>
	<p><u>Project Options</u></p> <ul style="list-style-type: none"> <li>• Option 1 - Status Quo: This is a mandatory investment. Not proceeding with this project would be in direct violation of the PSWHA and Section 3.4 of the Distribution System Code.</li> <li>• Option 2 - Installation of underground feeder cables in place of an overhead system: Alectra examined the option of replacing the overhead system with underground feeders. The benefit of undergrounding an overhead system includes protection from elements such as weather-related events, animal contacts and collisions from vehicles. However, the option to underground the distribution system was significantly higher cost and therefore it was determined to be uneconomical, relative to relocating the overhead system.</li> <li>• Option 3 (recommended solution) - Relocate Overhead and Underground Assets based on current configuration: Alectra will comply with the PSWHA and work with the Regional Municipality of Peel, and the City of Brampton to relocate plant in a safe, cost effective manner.</li> </ul> <p>If this project is not approved, this mandatory work will still need to be completed to comply with the DSC and PSWHA. Alectra Utilities would need to reassess other planned projects, and whether, and to what extent, these projects would have to be deferred and the resulting impact on customers.</p>

1 **Calculation of Revenue Requirement**

2 The incremental revenue requirement associated with the ICM funding request of \$7,772,417 is  
3 \$715,963. Table 5 below summarizes the incremental revenue requirement for the eligible  
4 projects.

5 **Table 5 – Incremental Revenue Requirement – Brampton RZ**

<b>Incremental Revenue Requirement</b>	<b>Amount</b>
Return on Rate base - Total	\$553,381
Amortization	\$188,504
Incremental Grossed Up PILs	(\$25,923)
<b>Total</b>	<b>\$715,963</b>

6  
7 The Rate of Return has been calculated using the Board's deemed debt/equity ratios and the cost  
8 of capital parameters determined by the Board in its letter dated November 20, 2014 "*Cost of*  
9 *Capital Parameter Updates for 2015 Applications*", consistent with those approved in Brampton's  
10 2015 Cost of Service application (EB-2014-0083).

11 Project costs have been assigned to the property plant and equipment accounts as defined in the  
12 Accounting Procedures Handbook effective January 1, 2012. Amortization has been calculated  
13 on a straight-line basis over the life of the asset.

14 A full year of depreciation has been included for recovery consistent with OEB policy in *Report of*  
15 *the Board, New Policy Options for the Funding of Capital Investments: The Advanced Capital*  
16 *Module* EB-2014-0219, issued September 18, 2014.

17 Similarly, PILs has been calculated using a full year of Capital Cost Allowance ("CCA").

18 The detailed calculation of incremental revenue requirement by project is provided in the Board's  
19 ICM Model filed as Attachment 2.

20 As provided in the Chapter 3 filing requirements, "*the materiality criteria for an ICM includes a*  
21 *requirement that any incremental capital amounts must clearly have a significant influence on the*  
22 *operation of the distributor. The OEB may take the accelerated CCA into consideration in*  
23 *assessing the impact of the proposed capital project(s) on the operations of the utility in*  
24 *determining if ICM funding is warranted.*"

1 **Table 6 – Impact of Accelerated CCA on ICM Revenue Requirement**

<b>2021 Revenue Requirement</b>	<b>Without CCA Impact</b>	<b>With CCA Impact</b>
Brampton Rate Zone	\$ 715,963	\$ 617,529

2  
3 Alectra Utilities submits that the revenue requirement inclusive of the accelerated CCA is material  
4 for the utility.

5 **Rate Riders**

6 Alectra Utilities is seeking Board approval for the ICM rate riders, for the Brampton RZ, identified  
7 in Table 7 to recover the revenue requirement of \$715,963 identified in Table 5 above. The  
8 revenue requirement has been allocated to rate classes based on the current allocation of  
9 revenue using Tab 8. Revenue Proportions of the ICM Model filed as Attachment 2. The revenue  
10 requirement for the residential class will be recovered via a fixed rate rider as per the OEB's letter  
11 issued July 16, 2015 (EB-2012-0410). Rate riders for all other rate classes are based on the  
12 current fixed/variable revenue split identified in the ICM Model Sheets 8 and 12.

13 **Table 7 – Incremental Capital Funding Rate Riders – Brampton RZ**

<b>Rate Class</b>	<b>Unit</b>	<b>Service Charge Rate Rider</b>	<b>Volumetric Rate Rider</b>
Residential	kWh	\$0.22	\$0.0000
General Service Less Than 50 kW	kWh	\$0.24	\$0.0002
General Service 50 To 699 kW	kW	\$1.18	\$0.0268
General Service 700 To 4,999 kW	kW	\$10.66	\$0.0311
Large Use	kW	\$44.35	\$0.0235
Unmetered Scattered Load	kWh	\$0.01	\$0.0002
Street Lighting	kW	\$0.02	\$0.1087
Embedded Distributor	kW	\$39.20	\$0.0000
Distributed Generation [Dgen]	kWh	\$0.98	\$0.0000

14



1 **Bill Impacts - ICM Rate Riders**

2 Table 8 below identifies the monthly bill impacts by rate class, as a result of the addition of the  
3 2021 Incremental Capital funding rate riders.

4 **Table 8 – ICM Monthly Bill Impacts – Brampton RZ**

Rate Class	Unit	kWh	kW	ICM Monthly Rate Rider (before HST)	% Increase vs 2020 Total Bill (before HST)
Residential	kWh	750		\$0.22	0.16%
General Service Less Than 50 kW	kWh	2,000		\$0.64	0.18%
General Service 50 To 699 kW	kW	182,500	500	\$14.58	0.05%
General Service 700 To 4,999 kW	kW	627,216	1,432	\$55.20	0.05%
Large Use	kW	10,220,000	20,000	\$514.35	0.03%
Unmetered Scattered Load	kWh	21,296		\$4.27	0.11%
Street Lighting	kW	2,787,508	7,922	\$861.14	0.15%
Embedded Distributor	kW	1,417,701	4,000	\$39.20	0.02%
Distributed Generation [Dgen]	kWh	156		\$0.98	0.73%

6 **Eligibility for Incremental Capital - PowerStream RZ**

7 **Materiality**

8 **Materiality Threshold Test**

9 The materiality threshold has been calculated for the PowerStream RZ using the Board-  
10 approved rate base and depreciation amounts from its 2017 Cost of Service Application  
11 (EB-2015-0003), a price cap index (PCI) of 1.7% and a growth rate of 0.20%.

12 The PCI of 1.7% is a placeholder to be updated with the OEB's approved PCI for 2019  
13 when it is available. It is based on inflation of 2.0% less a productivity factor of 0% and a  
14 stretch factor of 0.3% as identified in Table 9 below.

15 The growth rate of 0.20% has been calculated in accordance with the ACM Report and is  
16 equal to the increase in revenue based on PowerStreams's 2019 actual billing  
17 determinants divided by PowerStream's 2017 OEB approved billing determinants, using  
18 2020 approved rates. The growth rate calculation is identified in Table 9 below.

1 Table 9 below summarizes the calculation of the threshold capital expenditure amount  
2 using the Board’s formula approved in the ACM Report. The threshold value for 2021 is  
3 152% which results in a threshold capital expenditure value of \$79,319,412.

4 **Table 9 – Threshold Capital Expenditure Calculation – PowerStream RZ**

Description	PRZ
Inflation	2.00%
Less: Productivity Factor	0.00%
Less: Stretch Factor	0.30%
Price Cap Index	1.70%
Growth Factor	0.20%
Rebasing Year	2017
# Years since rebasing	4
Price Cap Index	1.70%
Growth Factor	0.20%
Dead Band	10%
Rate Base	\$1,082,805,162
Depreciation	\$52,272,173
<b>Threshold Value % - 2021</b>	<b>152%</b>
<b>Threshold Capital Expenditure \$ - 2021</b>	<b>\$79,319,412</b>

5

6 **Eligible Capital Amount**

7 Alectra Utilities provides a summary of its historical and proposed capital investments by  
8 category in Table 10 below. Alectra Utilities has filed at Attachment 7, details by project  
9 for the proposed 2021 capital spending plan.

10 **Table 10 – Capital Expenditures by Category PowerStream RZ (\$MM)**

Category	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020	Budget 2021
<b>System Access</b>	\$25.6	\$22.8	\$36.7	\$42.0	\$37.7	\$27.0	\$28.7
<b>System Service</b>	\$23.5	\$27.5	\$29.9	\$12.0	\$9.8	\$14.8	\$9.0
<b>System Renewal</b>	\$47.0	\$42.0	\$39.4	\$38.1	\$39.6	\$42.2	\$50.2
<b>General Plant</b>	\$22.1	\$9.8	\$8.2	\$9.7	\$7.9	\$11.6	\$13.8
<b>Total</b>	<b>\$118.3</b>	<b>\$102.1</b>	<b>\$114.1</b>	<b>\$101.8</b>	<b>\$95.0</b>	<b>\$95.6</b>	<b>\$101.8</b>

11

1 Table 11 below compares the 2021 capital forecast for the PowerStream RZ to the  
2 Threshold Capital Expenditure to calculate the maximum eligible incremental capital of  
3 \$22,435,002 for the PowerStream RZ.

4 **Table 11 – Maximum Eligible Incremental Capital – PowerStream RZ**

Eligible Incremental Capital - 2021	Capital Expenditures
2021 DSP Capital Forecast	101,754,413
Less: Materiality Threshold	79,319,412
<b>Maximum Eligible Incremental Capital</b>	<b>\$22,435,002</b>

5  
6 Table 12 below identifies the eligible capital project for which the PowerStream RZ is  
7 seeking approval. The business case for this project is filed as Attachment 6.

8 **Table 12 – 2021 Eligible Capital Project– PowerStream RZ**

Project Description	Gross	Contribution	Capital Expenditure
Rutherford Road Widening	4,425,574	(1,540,000)	2,885,574
<b>Total PRZ Incremental Capital</b>	<b>\$ 4,425,574</b>	<b>(\$1,540,000)</b>	<b>\$ 2,885,574</b>

9  
10 **Need**

11 **Means Test**

12 As identified in Exhibit 2, Tab 1, Schedule 1, p.8, Alectra Utilities passes the means test  
13 for ICM eligibility.

14 **Discrete and Material Projects**

15 As identified on page 17 of the ACM report, amounts must be based on discrete projects,  
16 and should be directly related to the claimed driver.

17 The Rutherford Road Widening project is a discrete capital project that meets or exceeds  
18 the materiality level for the PowerStream RZ. The project is also significant relative to  
19 Alectra Utilities' overall capital expenditures and is not funded through existing rates. The  
20 project is distinct, unrelated to a recurring annual capital project, and has been evaluated

1 in the asset management and capital planning process as required in 2021. Alectra  
2 Utilities overall 2021 capital budget for all rate zones is \$250.3MM.

3 **Prudence**

4 The eligible capital project for which Alectra Utilities is requesting approval for the  
5 PowerStream RZ is non-discretionary and is above the basis on which rates were set.  
6 Alectra Utilities is obligated to remove, relocate or reconstruct distribution system assets  
7 to accommodate projects conducted by road authorities as defined under the PSWHA.

8 A description of the project’s need and prudence can be found in the business case summary set  
9 out immediately below. The project-related business case can be found at Attachment 6.

<b>Project/ Budget/ In Service Date ("ISD")</b>	<b>Project Need and Description</b>
<b>Rutherford Road Widening</b>  Budget: \$2.9MM Q3/2021	<u><b>Rutherford Road Widening Project</b></u> <u><b>System Access: \$2.9MM</b></u> <u>Project Description and Drivers</u> <ul style="list-style-type: none"> <li>• This project addresses the investment need as a result of the mandatory relocation of electrical distribution assets on Rutherford Road, as requested by the road authority under the <i>Public Service Work on Highway Act</i> ("PSWHA").</li> <li>• To expand the transportation system, in order to accommodate growth and increased travel demands resulting from development in the City of Vaughan, the Regional Municipality of York is widening Rutherford Road from Bathurst Street to Peter Rupert Avenue from four to six lanes, as well as a dedicated multi-use path for pedestrians and cyclists.</li> <li>• The length of the road widening is approximately 2.8km in the City of Vaughan. The 2021 scope of the relocation of Alectra Utilities’ assets includes both overhead distribution system, as well as transfers of the existing underground distribution system assets. This work includes the installation of new poles, transfer of conductor to the new poles and removal of old poles on the overhead portion and transfer or relocation of the underground cables and terminations.</li> </ul>

Project Options

- Option 1 - Status Quo: This is a mandatory investment. Not proceeding with this project would be in direct violation of the PSWHA and Section 3.4 of the Distribution System Code.
- Option 2 - Installation of underground feeder cables in place of an overhead system: Alectra examined the option of replacing the overhead system with underground feeders. The benefit of undergrounding an overhead system includes protection from elements such as weather-related events, animal contacts and collisions from vehicles. However, the option to underground the distribution system was significantly higher cost and therefore it was determined to be uneconomical, relative to relocating the overhead system.
- Option 3 (recommended solution) - Relocate Overhead and Underground Assets based on current configuration: Alectra will comply with the PSWHA and work with the Regional Municipality of York, the City of Vaughan and Town of Richmond Hill to relocate plant in a safe, cost effective manner.

If this project is not approved, this mandatory work will still need to be completed to comply with the DSC and PSWHA. Alectra Utilities would need to reassess other planned projects, and whether, and to what extent, these projects would have to be deferred and the resulting impact on customers.

1 **Calculation of Revenue Requirement**

2 The incremental revenue requirement associated with the ICM funding request of \$2,885,574 is  
3 \$204,411. Table 13 below summarizes the incremental revenue requirement for the eligible  
4 projects.

5 **Table 13 – Incremental Revenue Requirement – PowerStream RZ**

<b>Incremental Revenue Requirement</b>	<b>Amount</b>
Return on Rate base - Total	\$164,265
Amortization	\$64,124
Incremental Grossed Up PILs	(\$23,979)
<b>Total</b>	<b>\$204,411</b>

6  
7 The Rate of Return has been calculated using the Board’s deemed debt/equity ratios and the cost  
8 of capital parameters determined by the Board in its letter dated October 27, 2016 “*Cost of Capital*  
9 *Parameter Updates for 2017 Cost of Service and Custom Incentive Rate-setting Applications*”,  
10 consistent with those approved in PowerStream’s 2017 Cost of Service application (EB-2015-  
11 0003).

12 Project costs have been assigned to the property plant and equipment accounts as defined in the  
13 Accounting Procedures Handbook effective January 1, 2012. Amortization has been calculated  
14 on a straight-line basis over the life of the asset.

15 A full year of depreciation has been included for recovery consistent with OEB policy in *Report of*  
16 *the Board, New Policy Options for the Funding of Capital Investments: The Advanced Capital*  
17 *Module* EB-2014-0219, issued September 18, 2014.

18 Similarly, PILs have been calculated using a full year of Capital Cost Allowance (“CCA”).

19 The detailed calculation of incremental revenue requirement by project is provided in the Board’s  
20 ICM Model filed as Attachment 5.

21 As provided in the Chapter 3 filing requirements, “*the materiality criteria for an ICM includes a*  
22 *requirement that any incremental capital amounts must clearly have a significant influence on the*  
23 *operation of the distributor. The OEB may take the accelerated CCA into consideration in*

1 *assessing the impact of the proposed capital project(s) on the operations of the utility in*  
2 *determining if ICM funding is warranted.”*

3 **Table 14 – Impact of Accelerated CCA on ICM Revenue Requirement**

2021 Revenue Requirement	Without CCA Impact	With CCA Impact
PowerStream Rate Zone	\$ 204,411	\$ 162,795

5 Alectra Utilities submits that the revenue requirement inclusive of the accelerated CCA is material  
6 for the utility.

7 **Rate Riders**

8 Alectra Utilities is seeking Board approval for the ICM rate riders, for the PowerStream RZ,  
9 identified in Table 15 to recover the revenue requirement of \$204,411 identified in Table 13 above.  
10 The revenue requirement has been allocated to rate classes based on the current allocation of  
11 revenue using Tab 8. Revenue Proportions of the ICM Model filed as Attachment 5. The revenue  
12 requirement for the residential class will be recovered via a fixed rate rider as per the OEB's letter  
13 issued July 16, 2015 (EB-2012-0410). Rate riders for all other rate classes are based on the  
14 current fixed/variable revenue split identified in the ICM Model Sheets 8 and 12.

15 **Table 15 – Incremental Capital Funding Rate Riders – PowerStream RZ**

Rate Class	Unit	Service Charge Rate Rider	Volumetric Rate Rider
Residential	kWh	\$0.03	\$0.0000
General Service Less Than 50 kW	kWh	\$0.03	\$0.0000
General Service 50 To 4,999 kW	kW	\$0.14	\$0.0042
Large Use	kW	\$6.12	\$0.0023
Unmetered Scattered Load	kWh	\$0.01	\$0.0000
Sentinel Lighting	kW	\$0.00	\$0.0099
Street Lighting	kW	\$0.00	\$0.0064

16

1 **Bill Impacts - ICM Rate Riders**

2 Table 16 below identifies the monthly bill impact by rate class as a result of the addition of the  
3 2021 Incremental Capital funding rate riders.

4 **Table 16 – ICM Monthly Bill Impacts – PowerStream RZ (before HST)**

Rate Class	Unit	kWh	kW	ICM Monthly Rate Rider (before HST)	% Increase vs 2020 Total Bill (before HST)
Residential	kWh	750		\$0.03	0.02%
General Service Less Than 50 kW	kWh	2,000		\$0.03	0.01%
General Service 50 To 4,999 kW	kW	80,000	250	\$1.19	0.01%
Large Use	kW	2,800,000	7,350	\$23.03	0.01%
Unmetered Scattered Load	kWh	150		\$0.01	0.03%
Sentinel Lighting	kW	180	1	\$0.01	0.02%
Street Lighting	kW	280	1	\$0.01	0.01%

5



1 **INCENTIVE REGULATION MECHANISM (“IRM”)**

2 **MANAGER’S SUMMARY**

3 Alectra Utilities is applying for distribution rates and other charges, pursuant to a Price Cap IR,  
4 effective January 1, 2021. This application impacts customers in 17 communities including: the  
5 Cities of Hamilton and St. Catharines in the Horizon Utilities RZ; the City of Brampton in the  
6 Brampton RZ; the Cities of Barrie, Markham, Vaughan and the Towns of Aurora, Richmond Hill,  
7 Alliston, Beeton, Bradford West Gwillimbury, Penetanguishene, Thornton, and Tottenham, in the  
8 PowerStream RZ; the City of Mississauga, in the Enersource RZ; and the City of Guelph and the  
9 Village of Rockwood, in the Guelph Hydro RZ.

10 Alectra Utilities has completed the OEB’s Rate Generator Model (“RGM”) and LRAMVA, 1595  
11 Analysis and GA Analysis Workforms, where applicable. This Application has been prepared in  
12 accordance with the updated *Chapter 3 of the Board’s Filing Requirements for Electricity*  
13 *Distribution Rate Applications – 2020 Edition for 2021 Rate Applications* (the “Chapter 3 Filing  
14 Requirements”), dated May 14, 2020, including the key OEB reference documents listed therein,  
15 and *the Letter from the Board to Rate-regulated Electricity Distributors and All Other Interested*  
16 *Stakeholders re: Updated Filing Requirements for Electricity Distribution Rate Applications, dated*  
17 *May 14, 2020.*

18 This Application incorporates, or will incorporate, the following guidelines, reports and policy  
19 changes, where appropriate for all rate zones:

- 20 • *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A*  
21 *Performance-Based Approach - October 18, 2012;*
- 22 • *Report of the Board: Rate Setting Parameters and Benchmarking under the Renewed*  
23 *Regulatory Framework for Ontario’s Electricity Distributors - corrected December 4,*  
24 *2013;*
- 25 • *Report of the Board on the Cost of Capital for Ontario’s Regulated Utilities - December*  
26 *11, 2009;*
- 27 • *Guidelines for Electricity Distributors’ Conservation and Demand Management - April 26,*  
28 *2012 (2012 CDM Guidelines);*

- 1 • *Guidelines for Electricity Distributors' Conservation and Demand Management -*  
2 *December 19, 2014 (2014 CDM Guidelines);*
- 3 • *Report of the Board: New Policy Options for the Funding of Capital Investments: The*  
4 *Advanced Capital Module - September 18, 2014;*
- 5 • *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity*  
6 *Distributors - July 14, 2008;*
- 7 • *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's*  
8 *Electricity Distributors - September 17, 2008;*
- 9 • *Addendum to the Supplemental Report of the Board on 3rd Generation Incentive*  
10 *Regulation for Ontario's Electricity Distributors - January 28, 2009;*
- 11 • *Guideline (G-2008-0001) on Retail Transmission Service Rates - October 22, 2008*  
12 *(Revision 3.0 June 22,2011 and any subsequent updates);*
- 13 • *Guideline G-2011-0001: Smart Meter Funding and Cost Recovery - Final Disposition,*  
14 *December 15, 2011;*
- 15 • *Report of the Board on Electricity Distributors' Deferral and Variance Account Review*  
16 *Initiative (EDDVAR) - July 31, 2009;*
- 17 • *Chapter 5 - Filing Requirements for Electricity Transmission and Distribution*  
18 *Applications: Consolidated Distribution System Plan Filing Requirements - July 12, 2018;*
- 19 • *Report of the Board - Performance Measurement for Electricity Distributors: A Scorecard*  
20 *Approach - March 5, 2014;*
- 21 • *Board Policy (EB-2012-0410) - A New Distribution Rate Design for Residential Electricity*  
22 *Customers - April 2, 2015;*
- 23 • *Report of the Ontario Energy Board - Defining Ontario's Typical Electricity Customer –*  
24 *April 14, 2016;*

- 1 • *Report of the Ontario Energy Board - New Policy Options for the Funding of Capital*  
2 *Investments: Supplemental Report – January 22, 2016;*
- 3 • *Report of the Ontario Energy Board - Updated Policy for the Lost Revenue Adjustment*  
4 *Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation*  
5 *and Demand Management Programs – May 19, 2016;*
- 6 • *Guidelines for Electricity Distributors' Conservation and Demand Management -*  
7 *December 19, 2014 (2014 CDM Guidelines) – Updated August 11, 2016;*
- 8 • *Handbook for Utility Rate Applications – October 13, 2016;*
- 9 • *Report of the Ontario Energy Board - Regulatory Treatment of Pension and Other Post-*  
10 *employment Benefits (OPEBs) Costs;*
- 11 • *Guidance on Wholesale Market Service Accounting for Capacity Based Demand*  
12 *Response (CBDR) and new IESO Charge Type 9920 – March 29, 2016;*
- 13 • *Guidance on the Disposition of Accounts 1588 and 1589 – May 23, 2017;*
- 14 • *Updated Guidance on LRAM Variance Account 1568 – New Sub-Account 1568-0001*  
15 *LRAMVA Demand Response – July 18, 2017;*
- 16 • *OEB Letter: Accounting Guidance related to Accounts 1588 RSVA Power, and 1589*  
17 *RSVA Global Adjustment – February 21, 2019;*
- 18 • *OEB Letter: Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory*  
19 *or Legislated Tax Rules for Capital Cost Allowance – July 25, 2019; and*
- 20 • *OEB Letter: Adjustments to Correct for Errors in Electricity Distributor “Pass-Through”*  
21 *Variance Accounts After Disposition – October 31, 2019.*

22 Alectra Utilities provides a summary of the relief sought in respect of specific rate zones, below.

23 **Horizon Utilities RZ**

24 Horizon Utilities filed a Custom Incentive Rate-setting Application (the “Custom IR Application”,  
25 (EB-2014-0002)) with the OEB on April 16, 2014, pursuant to section 78 of the *OEB Act*,

1 (Schedule B), seeking approval for five years of distribution rates effective on January 1 of each  
2 year from 2015 to 2019.

3 Alectra Utilities is now seeking adjustments to 2021 rates for the Horizon Utilities RZ, in  
4 accordance with the Settlement Proposal and the Decision and Order on Horizon Utilities' Custom  
5 IR Application; and the Decision and Orders on the 2016 to 2020 Annual Filings, with respect to  
6 the Horizon Utilities RZ ESM and CIVA. All other aspects of the Annual Filing for the Horizon  
7 Utilities RZ is pursuant to a Price Cap IR.

8 Alectra Utilities is seeking OEB approval of the following items for the Horizon Utilities RZ:

- 9 a. The final calculation of the 2019 Regulated Return on Equity ("ROE") for the purposes  
10 of earnings sharing;
- 11 b. The final calculation of its 2019 capital additions for the purpose of calculating the  
12 2019 entry to the Capital Investment Variance Account;
- 13 c. 2021 distribution rates effective January 1, 2021 based on 2020 rates adjusted by the  
14 Board's Price Cap Index Adjustment Mechanism formula;
- 15 d. The clearance of the 2019 balances recorded in Group 1 deferral and variance  
16 accounts by means of class-specific rate riders effective January 1, 2021 to  
17 December 31, 2021;
- 18 e. The clearance of the balance in the 1589 Account RSVA - Global Adjustment and  
19 1580 Account RSVA Wholesale Market Service Charge – Sub Account CBR B  
20 attributed to new Class A and new Class B customers as of July 1, 2018 and July 1,  
21 2019, by means of customer-specific bill adjustments for each new Class A and new  
22 Class B customer;
- 23 f. An adjustment to the retail transmission service rates effective January 1, 2021;
- 24 g. Disposition of LRAMVA amounts related to CDM activities in 2018 over a one-year  
25 period; and
- 26 h. Current (i.e., 2020) rates provided in Attachment 8 be declared interim effective  
27 January 1, 2021, as necessary, if the preceding approvals cannot be issued by the  
28 OEB in time to implement final rates effective January 1, 2021.

1 **Brampton RZ**

2 Alectra Utilities is seeking OEB approval of the following items for the Brampton RZ:

- 3 a. 2021 distribution rates effective January 1, 2021 based on 2020 rates adjusted by the  
4 Board's Price Cap Index Adjustment Mechanism formula;
- 5 b. The clearance of the 2019 balances recorded in Group 1 deferral and variance  
6 accounts by means of class-specific rate riders effective January 1, 2021 to  
7 December 31, 2021;
- 8 c. The clearance of the balance in the 1589 Account RSVA - Global Adjustment and  
9 1580 Account RSVA Wholesale Market Service Charge – Sub Account CBR B  
10 attributed to new Class A and new Class B customers as of July 1, 2018 and July 1,  
11 2019, by means of customer-specific bill adjustments for each new Class A and new  
12 Class B customer;
- 13 d. An adjustment to the retail transmission service rates effective January 1, 2021;
- 14 e. Recovery of Renewable Generation Connection Rate Protection funding;
- 15 f. Disposition of LRAMVA amounts related to CDM activities in 2018 over a one-year  
16 period; and
- 17 g. Current (i.e., 2020) rates provided in Attachment 9 be declared interim effective  
18 January 1, 2021, as necessary, if the preceding approvals cannot be issued by the  
19 OEB in time to implement final rates effective January 1, 2021.

20 **PowerStream RZ**

21 Alectra Utilities is seeking OEB approval of the following items for the PowerStream RZ:

- 22 a. 2021 distribution rates effective January 1, 2021 based on 2020 rates adjusted by the  
23 Board's Price Cap Index Adjustment Mechanism formula;
- 24 b. The clearance of the balances recorded in Group 1 deferral and variance accounts by  
25 means of class-specific rate riders effective January 1, 2021 to December 31, 2021;
- 26 c. The clearance of the balance in the 1589 Account RSVA - Global Adjustment and  
27 1580 Account RSVA Wholesale Market Service Charge – Sub Account CBR B

- 1 attributed to new Class A and new Class B customers as of July 1, 2019, by means of  
2 customer-specific bill adjustments for each new Class A and new Class B customer;
- 3 d. An adjustment to the retail transmission service rates effective January 1, 2021;
- 4 e. Recovery of Renewable Generation Connection Rate Protection funding;
- 5 f. Disposition of LRAMVA amounts related to CDM activities in 2018 over a one-year  
6 period; and
- 7 g. Current (i.e., 2020) rates provided in Attachment 10 be declared interim effective  
8 January 1, 2021, as necessary, if the preceding approvals cannot be issued by the  
9 OEB in time to implement final rates effective January 1, 2021.

10 **Enersource RZ**

11 Alectra Utilities is seeking OEB approval of the following items for the Enersource RZ:

- 12 a. 2021 distribution rates effective January 1, 2021 based on 2020 rates adjusted by the  
13 Board's Price Cap Index Adjustment Mechanism formula;
- 14 b. The clearance of the balances recorded in Group 1 deferral and variance accounts by  
15 means of class-specific rate riders effective January 1, 2021 to December 31, 2021;
- 16 c. The clearance of the balance in the 1589 Account RSVA - Global Adjustment and  
17 1580 Account RSVA Wholesale Market Service Charge – Sub Account CBR B  
18 attributed to new Class A and new Class B customers as of July 1, 2019, by means of  
19 customer-specific bill adjustments for each new Class A and new Class B customer;
- 20 d. An adjustment to the retail transmission service rates effective January 1, 2021;
- 21 e. Recovery of Renewable Generation Connection Rate Protection funding;
- 22 f. Disposition of LRAMVA amounts related to CDM activities in 2018 over a one-year  
23 period; and
- 24 g. Current (i.e., 2020) rates provided in Attachment 11 be declared interim effective  
25 January 1, 2021, as necessary, if the preceding approvals cannot be issued by the  
26 OEB in time to implement final rates effective January 1, 2021.

1 **Guelph Hydro RZ**

2 Alectra Utilities is seeking OEB approval of the following items for the Guelph Hydro RZ:

- 3 a. 2021 distribution rates effective January 1, 2021 based on 2020 rates adjusted by the  
4 Board's Price Cap Index Adjustment Mechanism formula;
- 5 b. The clearance of the 2019 balances recorded in Group 1 deferral and variance  
6 accounts by means of class-specific rate riders effective January 1, 2021 to December  
7 31, 2021;
- 8 c. The clearance of the balance in the 1589 Account RSVA - Global Adjustment and  
9 1580 Account RSVA Wholesale Market Service Charge – Sub Account CBR B  
10 attributed to new Class A and new Class B customers as of July 1, 2018 and July 1,  
11 2019, by means of customer-specific bill adjustments for each new Class A and new  
12 Class B customer;
- 13 d. An adjustment to the retail transmission service rates effective January 1, 2021;
- 14 e. Disposition of LRAMVA amounts related to CDM activities in 2018 over a one-year  
15 period; and
- 16 f. Current (i.e., 2020) rates provided in Attachment 12 be declared interim effective  
17 January 1, 2021, as necessary, if the preceding approvals cannot be issued by the  
18 OEB in time to implement final rates effective January 1, 2021.

1 **HORIZON UTILITIES RZ EARNINGS SHARING MECHANISM (“ESM”)**

2 Alectra Utilities reports on its results for 2019 for the Horizon Utilities RZ in this Application, the  
3 fifth and final year for which the ESM is in place. The 2019 regulatory net income and ROE have  
4 been calculated in accordance with the Settlement Agreement, which provided for earnings in  
5 excess of the approved ROE to be shared on a 50/50 basis between Horizon Utilities and its  
6 customers.

7 Alectra Utilities moved quickly to operate and report as one company in 2017, consistent with the  
8 OEB’s direction in the MAADs decision. Alectra Utilities is able to track distribution revenue, other  
9 revenues and certain costs by rate zone, however operating costs, general plant, taxes and other  
10 costs cannot be attributed to a specific rate zone, and therefore requires an allocation  
11 methodology to allocate costs and revenues to rate zones for the purpose of the ESM calculation.  
12 The supporting details for the ESM calculation including the related cost category and allocation  
13 methodology are provided in sections a) to d), below.

14 In order to determine regulatory net income, rate base and ROE for the Horizon Utilities RZ, total  
15 net income was calculated for the Horizon Utilities RZ’s share of Alectra Utilities’ audited financials  
16 for the 12 months ending December 31, 2019.

17 Alectra Utilities’ 2019 regulatory net income reported in RRR 2.1.7 and filed with the OEB has  
18 been reconciled to the December 31, 2019 financial statements for Alectra Utilities.

19 The methodology used to calculate Horizon Utilities RZ’s share of Alectra Utilities’ 2019 financial  
20 data is described further in sections (c) Horizon Utilities RZ 2019 Rate Base and (d) Horizon  
21 Utilities RZ 2019 Regulatory Net Income. Alectra Utilities ESM Model is filed as Attachment 13.

22 In the OEB’s Decision in Alectra Utilities’ 2018 EDR Application (EB-2017-0024), issued on April  
23 5, 2018 (revised April 6, 2018), the OEB stated that: *“For the remainder of the Custom IR term,  
24 the effect on earnings resulting from the change in the capitalization policy will be dealt with  
25 through the ESM.”* In the OEB’s Decision in Alectra Utilities’ 2020 EDR Application, the OEB  
26 confirmed that it will not amend its approach and that: *“The OEB previously determined that the  
27 method for addressing the capitalization policy change for the Horizon RZ would be through the  
28 ESM until the end of the Custom IR term.”*



1 As directed by the Board in its Decision, the impact of the capitalization policy change has been  
2 addressed through the ESM.

3 **Table 17 – Summary of ESM Calculation – Horizon Utilities RZ**

2019 Regulatory ROE for ESM	2019 Actuals ESM	Annual Filing EB-2018-0016	Variance
Adjusted Regulatory net income	\$ 18,715,953	\$ 19,960,670	(\$ 1,244,717)
Deemed equity	\$ 226,723,328	\$ 222,279,180	\$ 4,444,148
ROE	8.255%	8.980%	-0.725%
% Return in excess of approved in rates		-0.725%	
\$ Return in excess of approved in rates		\$0	
Amount payable to rate payers		\$0	

4  
5 Regulatory net income for the purposes of earnings sharing results in an achieved ROE of  
6 8.255%, as identified in Table 17 above. Alectra Utilities' approved ROE for the Horizon Utilities  
7 RZ for 2019 was 8.980%. Alectra Utilities' actual earnings are lower than the 2019 approved ROE;  
8 as a result, the ESM has not been triggered and no amounts are due to ratepayers for the  
9 purposes of earnings sharing. A detailed calculation of the achieved ROE as compared to the  
10 approved ROE is provided in an excel model as Attachment 13. Attachment 13 also provides  
11 detailed actual or allocated results by rate zone, including supporting cost of capital calculations  
12 and total additions / deductions for tax.

13 The 2019 actual ESM regulatory net income and deemed equity have been adjusted in  
14 accordance with the OEB's guidance for RRR 2.1.5.6 and the Settlement Agreement, as  
15 discussed below. The approved 2019 Annual Filing EB-2018-0016 amounts are without  
16 adjustment.

17 Alectra Utilities seeks approval for the calculation of the Horizon Utilities RZ's 2019 achieved ROE  
18 of 8.255%, and net income of \$18,715,953, which results in under earnings of \$1,643,802 in  
19 comparison to the approved ROE.

20 **(a) Regulatory Net Income for ESM**

21 Table 18 below shows the calculation of Horizon Utilities RZ regulatory net income starting with  
22 the 2019 regulatory net income for Alectra Utilities and adjustments required for purposes of the  
23 OEB's ROE calculation and the Settlement Agreement.

**Table 18 – Calculation of Regulatory Net Income – Horizon Utilities RZ**

2019 Regulatory ROE	Alectra	Annual Filing EB-2018-0016
<b>Regulated net income (loss) per RRR 2.1.7</b>	<b>\$ 124,479,034</b>	
Add CDM net expense	\$ 749,499	
Remove renewable generation, water & non-rate regulated depreciation	(\$ 1,887,583)	
Add back net merger savings	(\$ 25,355,700)	
Add back Non-recoverable donations	\$ 72,741	
Add actual interest cost	\$ 72,182,016	
Deduct income tax expense	\$ 1,823,068	
Deduct other rate zones regulatory net income before interest and taxes	(\$ 140,427,127)	
<b>HRZ regulatory net income before interest and taxes</b>	<b>\$ 31,635,948</b>	
Deemed interest expense - short term	(\$ 639,360)	
Deemed interest expense - long term	(\$ 11,877,185)	
<b>Regulatory Net Income before Tax</b>	<b>\$ 19,119,403</b>	<b>\$ 23,126,966</b>
Income taxes/PILs - current	\$ 347,755	\$ 3,166,296
<b>HRZ regulatory net income before ESM adjustments</b>	<b>\$ 18,771,648</b>	<b>\$ 19,960,670</b>

Adjusted Net Income for ESM	2019 Actuals ESM
Regulatory Net income	\$ 18,771,648
Add back taxes	\$ 347,755
Add back 2019 ESM accrual	\$ 0
Add non-allowable donations (non-LEAP)	\$ 0
Adjust DVA interest (income) expense	\$ 84,089
Adjustment for 2017/18 ESM actual vs. accrued	\$ 335,520
Deduct ROE on Stranded meters	\$ 0
Deduct 1/5th of Application costs	(\$ 495,385)
<b>Adjusted NIBT for ESM</b>	<b>\$ 19,043,627</b>
PILS	\$ 327,674
<b>Adjusted Net Income for ESM</b>	<b>\$ 18,715,953</b>

- 1 The 2019 regulatory net income reported by Alectra Utilities for the Horizon Utilities RZ, before
- 2 ESM adjustments, was \$18,771,648, as identified in Table 18. The 2019 regulatory net income is
- 3 based on RRR MIFRS.
- 4 The second part of Table 18 shows the adjustments made to the regulatory net income to
- 5 determine regulatory net income after tax of \$18,715,953, reported on the same basis as RRR
- 6 2.1.5.6 and for the purposes of earnings sharing.

1 Alectra Utilities has adjusted regulatory net income reported on the same basis as RRR 2.1.5.6,  
2 by the following revenue and expense items approved on page 30 of the Settlement Agreement,  
3 to determine regulatory net income for the purpose of earnings sharing:

- 4 • Exclude net interest expense on deferral and variance accounts;
- 5 • Exclude the actual 2017/2018 ESM expense adjustment recorded in the 2019 regulatory  
6 net income reported in RRR 2.1.7 and 2.1.5.6;
- 7 • Include one-time costs incurred for Horizon Utilities' Custom IR Application, calculated as  
8 one-fifth of \$2,476,925 in each of 2015 through 2019; and
- 9 • Recalculate PILs to reflect the adjusted net income as a result of any revenue and expense  
10 adjustments.

11 Alectra Utilities has adjusted 2019 regulatory net income reported in RRR 2.1.7 for the following:

- 12 (i) revenue and expense items prescribed by the OEB for the purposes of determining  
13 whether a distributor's performance falls outside of the  $\pm 300$  basis points deadband; and
- 14 (ii) revenue and expense items specifically included or excluded for the purposes of  
15 earnings sharing.

16 Adjustments to the regulatory net income reported in RRR 2.1.7 in order to determine  
17 regulatory net income for RRR 2.1.5.6 are as follows:

- 18 • Exclude merger related costs, consistent with the calculation of ROE in Horizon Utilities'  
19 Custom IR Application. These costs are also excluded from regulatory net income  
20 reported in RRR 2.1.5.6;
- 21 • Exclude 2017 & 2018 ESM costs included in 2019 costs due to differences between the  
22 accrual and final amount;
- 23 • Exclude net interest revenue/expense on Deferral and Variance Accounts ("DVAs").  
24 Interest revenues and expenses related to DVAs were not included in the calculation of  
25 ROE in Horizon Utilities' Custom IR Application;
- 26 • Exclude non-rate regulated items not approved in the distributor's last cost of service  
27 application;

- 1 • Calculate the cost of debt based on the deemed debt ratio of 56% long term debt and 4%  
2 short term debt; and the Cost of Capital parameters approved in Alectra Utilities'2019  
3 Annual Filing; and
- 4 • Recalculate PILs to reflect the adjusted net income as a result of any revenue and expense  
5 adjustments. A reconciliation of current income tax is provided in Table 19 below.  
6 Additionally, the regulatory net income for the purposes of the ESM calculations  
7 incorporates current tax only (i.e. excludes deferred taxes) which is consistent with the  
8 PILs calculation in Horizon Utilities' Custom IR Application.

9 **Table 19 – Calculation of Current Taxes – Horizon Utilities RZ**

Adjustments	Income before Tax	Current Tax Impact	Tax Rate
Regulatory Net income	\$ 19,119,403	\$ 347,755	1.82%
Add back 2019 ESM accrual	\$ 0	\$ 0	
Add non-allowable donations (non-LEAP)	\$ 0	\$ 0	
Adjustments for DVA interest (income) expense	\$ 84,089	\$ 22,284	
Adjustment for 2017/18 ESM actual vs. accrued	\$ 335,520	\$ 88,913	
Deduct 1/5th of Application costs	(\$ 495,385)	(\$ 131,277)	26.50%
<b>Adjusted NIBT for ESM</b>	<b>\$ 19,043,627</b>	<b>\$ 327,674</b>	<b>1.72%</b>

10

11 **(b) Deemed Equity for ESM**

12 The calculation of deemed equity used to determine the ROE is 40% of rate base. Table 20 below  
13 uses the rate base amount to calculate the deemed short-term debt, long term debt and equity  
14 based on the deemed debt equity structure underpinning Alectra Utilities' 2019 approved  
15 distribution rates in the Horizon Utilities RZ.

16 **Table 20 – Calculation of Deemed Debt and Equity – Horizon Utilities RZ**

Deemed Debt and Equity	%	2019 Actuals ESM	Annual Filing EB-2018-0016	Variance
Deemed ST Debt	4.00%	\$ 22,672,333	\$ 22,227,918	\$ 444,415
Deemed LT Debt	56.00%	\$ 317,412,660	\$ 311,190,852	\$ 6,221,808
Deemed Equity	40.00%	\$ 226,723,328	\$ 222,279,180	\$ 4,444,148
<b>Total Rate Base</b>	<b>100.00%</b>	<b>\$ 566,808,321</b>	<b>\$ 555,697,950</b>	<b>\$ 11,110,371</b>

17

1 Rate base is consistent with Alectra Utilities' 2019 rate application. The calculation of rate base is  
2 discussed in the Horizon Utilities RZ Rate Base section, below.

3 **(c) 2019 Rate Base - Horizon Utilities RZ**

4 The calculation of Horizon Utilities RZ rate base is shown in Table 21, below.

5 **Table 21 – Calculation of Rate Base – Horizon Utilities RZ**

Rate Base	2019 Actuals ESM	Annual Filing EB-2018-0016	Variance
<b>Average Net Fixed Assets</b>	<b>\$ 500,040,340</b>	<b>\$ 476,716,587</b>	<b>\$ 23,323,753</b>
Working Capital Allowance:			
Cost of Power	\$ 492,802,018	\$ 594,620,633	<b>(\$ 101,818,615)</b>
Controllable expenses	\$ 63,597,821	\$ 63,557,394	<b>\$ 40,427</b>
Working Capital Base	\$ 556,399,839	\$ 658,178,026	<b>(\$ 101,778,187)</b>
<b>Working Capital Allowance</b>	<b>\$ 66,767,981</b>	<b>\$ 78,981,363</b>	<b>(\$ 12,213,382)</b>
<b>Rate Base</b>	<b>\$ 566,808,321</b>	<b>\$ 555,697,950</b>	<b>\$ 11,110,371</b>

6  
7 The average net fixed assets amount is the average of the opening and closing in-service property,  
8 plant and equipment ("PP&E"), work-in-progress and non-distribution assets, as summarized in  
9 Table 22.

10 **Table 22 – Calculation of Average Net Fixed Assets – Horizon Utilities RZ**

Description	Jan 1/19	Dec 31/19	Average
Distribution Assets	\$ 435,596,371	\$ 474,691,813	\$ 455,144,092
General Plant	\$ 43,412,612	\$ 46,379,884	\$ 44,896,248
<b>Total</b>	<b>\$ 479,008,983</b>	<b>\$ 521,071,697</b>	<b>\$ 500,040,340</b>

11  
12 The January 1, 2019 opening PP&E is equal to the 2018 closing PP&E as filed in Alectra Utilities'  
13 2020 EDR Application (EB-2019-0018) for the Horizon Utilities, Brampton, PowerStream and  
14 Enersource RZs. Effective January 1, 2019, Guelph Hydro amalgamated with Alectra Utilities and  
15 its PP&E balances have been added to the opening and closing PP&E for Alectra Utilities.

16 The December 31, 2019 closing PP&E is derived from Alectra Utilities' Fixed Asset Continuity  
17 Schedules. Alectra Utilities' Brampton, Horizon Utilities, PowerStream and Enersource RZs,

1 migrated to Alectra Utilities' Enterprise Resource Planning ("ERP") system in July 2019. Legacy  
2 ERP systems and processes were relied upon to produce fixed asset continuity schedules for  
3 each RZ. As these legacy systems are no longer in place, and due to the complexities and costs  
4 required to maintain four additional sets of general ledgers, Alectra Utilities has relied on an  
5 allocation based on July to December 2019 capital expenditures by rate zone to determine  
6 Distribution Plant ("DP") capital by rate zone for the July 1, to December 31, 2019 period. Fixed  
7 asset continuity schedules were prepared for the legacy utilities for the January to June 2019  
8 period. The resulting DP capital in the Horizon Utilities rate zone was \$474,691,813 as at  
9 December 31, 2019.

10 General plant ("GP") is not identifiable by rate zone; GP assets support the operations of all rate  
11 zones. The recording of GP additions in 2019 were recorded in the general ledgers and fixed  
12 asset records of the various rate zones based on the legacy system used by the employees  
13 processing the transactions and not based on use by rate zone. Alectra Utilities' GP net book  
14 value as at December 31, 2019 was allocated to the rate zones based on the ratio of the pre-  
15 merger net book value of general plant for each rate zone to the total. Adjustments were made to  
16 remove merger impacts.

17 Cost of Power ("COP") is the actual amount for the Horizon Utilities RZ. Alectra Utilities continues  
18 to track energy sales and COP by rate zone. Energy Sales and Cost of Power amounts were  
19 determined in accordance with the OEB's guidance on the recording of retail settlement  
20 variances.

21 Operating expenses for the Horizon Utilities RZ have been determined based on a pre-merger  
22 allocation which is further discussed in section (d) below.

#### 23 **(d) Horizon Utilities RZ 2019 Regulatory Net Income**

24 The Horizon Utilities RZ 2019 regulatory net income is summarized in Table 23, below.  
25 Determining the regulatory net income for the Horizon Utilities RZ required a review of Alectra  
26 Utilities' financial amounts to identify which items are directly attributable to the rate zones and  
27 those that need to be allocated amongst rate zones. This process is described below for each  
28 line item contributing to Regulatory net income

1 **Table 23 – 2019 Regulatory Net Income – Horizon Utilities RZ**

<b>Regulatory Net Income</b>	<b>2019 Actual</b>
Distribution revenue	\$ 113,961,792
Other revenue	\$ 6,812,758
<b>Revenue</b>	<b>\$ 120,774,550</b>
OM&A	\$ 63,597,821
Depreciation	\$ 25,540,781
Deemed interest on ST Debt	\$ 639,360
Deemed interest on LT Debt	\$ 11,877,185
<b>Total expenses</b>	<b>\$ 101,655,147</b>
<b>Regulatory Net Income before Tax</b>	<b>\$ 19,119,403</b>
PILS	\$ 347,755
<b>Regulatory Net income</b>	<b>\$ 18,771,648</b>

2

3 (1) Distribution revenue consists of actual distribution revenues from Horizon Utilities RZ  
4 customers for the entire year. Distribution revenue excludes any prior period ESM accruals.

5 (2) Other revenue consists mainly of rate zone specific revenues such as specific service charges  
6 and cost recoveries. Other revenues recorded by each rate zone were reviewed to identify  
7 the rate zone specific items and to reallocate the cost recoveries to offset OM&A.

8 (3) Operating expenses are not identifiable by rate zone. Alectra Utilities' OM&A was allocated  
9 to the rate zones based on the reported 3-year pre-merger legacy actual OM&A amounts  
10 adjusted to remove transaction costs. These allocators and the resulting percent allocation  
11 are show in Table 24, below.

12 **Table 24 – OM&A by Rate Zone Allocators (3 Year Average)**

	<b>Enersource</b>	<b>Horizon</b>	<b>Brampton</b>	<b>PowerStream</b>	<b>Guelph</b>	<b>Total Alectra</b>
3 Year Pre-Merger RRR Average	\$56,496,098	\$59,571,548	\$27,912,160	\$86,715,846	\$15,463,272	\$246,158,923
Adjust to Alectra Overhead capitalization	(\$1,490,365)	(\$7,742,666)	\$1,975,695	\$0	\$0	(\$7,257,336)
<b>Revised OM&amp;A</b>	<b>\$55,005,733</b>	<b>\$51,828,882</b>	<b>\$29,887,856</b>	<b>\$86,715,846</b>	<b>\$15,463,272</b>	<b>\$238,901,587</b>
<b>% of total</b>	<b>23.02%</b>	<b>21.69%</b>	<b>12.51%</b>	<b>36.30%</b>	<b>6.47%</b>	<b>100.00%</b>

13

14 Alectra Utilities' OM&A for 2019 was \$267,793,987 which is reflective of the 2019 annual RRR  
15 filing and was adjusted to remove non-distribution related amounts. In addition, before the  
16 allocation of OM&A to the rate zones, merger costs were adjusted, as summarized in Table 25,  
17 below.

1 **Table 25 – Alectra Utilities OM&A for Allocation to Rate Zones**

	Amount
Alectra Utilities	\$ 267,793,987
Plus net merger OM&A savings	\$ 25,355,700
<b>Adjusted Alectra OM&amp;A for allocation to rate zone</b>	<b>\$ 293,149,687</b>
<b>Total for allocation</b>	<b>\$ 293,149,687</b>

2  
3 The adjusted Alectra Utilities OM&A was then allocated to the rate zones, using the allocators  
4 from Table 24, resulting in the allocated amounts summarized in Table 26, below.

5 **Table 26 – Allocation of Alectra Utilities OM&A to Rate Zones**

Rate Zone	Alectra 2019	Allocation %	Allocated Amount	OM&A by Rate Zone
Brampton		12.51%	\$ 36,674,581	\$ 36,674,581
Enersource		23.02%	\$ 67,496,049	\$ 67,496,049
Horizon		21.69%	\$ 63,597,821	\$ 63,597,821
PowerStream		36.30%	\$ 106,406,673	\$ 106,406,673
Guelph		6.47%	\$ 18,974,563	\$ 18,974,563
Alectra	\$ 293,149,687			\$ -
<b>Total</b>	<b>\$ 293,149,687</b>	<b>100.00%</b>	<b>\$ 293,149,687</b>	<b>\$ 293,149,687</b>

6  
7 (4) Depreciation and amortization are based on the PP&E attributable to the Horizon Utilities RZ  
8 as discussed in section (c), above. This includes actuals for the Horizon Utilities RZ for  
9 January to June 2019; an allocation for July to December 2019 for distribution plant; and an  
10 allocation of general plant depreciation expense. This same combination of actual and  
11 allocated amounts is consistent with the reporting of derecognition expense. This is  
12 summarized in Table 27, below.



1 **Table 27 – Horizon Utilities RZ Depreciation Expense**

<b>Depreciation Expense</b>	<b>2019 Total</b>
Distribution Assets	\$17,107,701
General Plant	\$7,071,559
<b>Subtotal</b>	<b>\$24,179,260</b>
Derecognition expense	\$1,361,521
<b>Total</b>	<b>\$25,540,781</b>

2 The 2019 general plant depreciation expense of \$33,953,917 was allocated to the rate zones  
3 based on the ratio of each rate zone’s pre-merger general plant depreciation expense to the total  
4 for all rate zones. This is shown in Table 28, below.

5 **Table 28 – Alectra Utilities’ General Plant Depreciation Allocated to Rate Zones**

<b>General Plant Rate Zone</b>	<b>Pre-Merger Depreciation Amount</b>	<b>Allocation Alectra Percentage</b>	<b>2019 Depreciation Expense Amount</b>
Horizon (2016)	\$7,006,612	20.83%	\$ 7,071,559
Enersource (2016)	\$7,487,110	22.26%	\$ 7,556,510
Brampton (2016)	\$2,184,969	6.49%	\$ 2,205,223
PowerStream (2016)	\$15,019,619	44.65%	\$ 15,158,841
Guelph (2018)	\$1,943,767	5.78%	\$ 1,961,785
<b>Total</b>	<b>\$33,642,078</b>	100.00%	\$ 33,953,917

6  
7 (5) Interest expense is based on the deemed short term and long-term debt amounts, discussed  
8 above in section (b) at the interest rates underpinning Alectra Utilities’ 2019 approved rates  
9 for the Horizon Utilities RZ.

10 (6) Income tax expense

11 The Horizon Utilities RZ 2019 regulatory net income before taxes of \$19,119,403 from Table  
12 23 above was adjusted by Horizon Utilities RZ’s share of Alectra Utilities adjustments for tax  
13 resulting in taxable income of \$2,108,284. Using the tax rate of 26.5% and actual tax credits  
14 of \$210,940 related to the Horizon Utilities RZ, results in current income tax expense of  
15 \$347,755 as shown in Table 29, below.

1 **Table 29 – Adjustments to Determine Horizon Utilities Rate Zone Taxable Income**

<b>Taxable Income</b>	<b>Actual</b>	<b>Annual Filing EB-2018-0016</b>
Regulatory net income before tax	\$ 19,119,403	\$ 19,960,670
Net additions (deductions) for tax	(\$ 17,011,119)	(\$ 10,360,499)
Taxable income	\$ 2,108,284	\$ 9,600,171
Rate rate	26.50%	26.50%
Income taxes	\$ 558,695	\$ 2,544,045
Tax credits	(\$ 210,940)	(\$ 232,000)
Current taxes payable	\$ 347,755	\$ 2,312,045
PILs Gross-up	\$ 0	\$ 833,595
Income taxes	\$ 347,755	\$ 3,145,640

2

1 **HORIZON UTILITIES RZ CAPITAL INVESTMENT VARIANCE ACCOUNT**

2 Horizon Utilities' 2015 - 2019 Custom IR Settlement Agreement provided for the introduction of a  
3 deferral account (1508 Sub-account "Capital Additions Variance Account", referred to in the  
4 Settlement Agreement as the Capital Investment Variance Account ("CIVA")) to refund to  
5 ratepayers any difference in the revenue requirement should its cumulative in-service capital  
6 additions be lower than, or the pacing of capital additions be slower than, forecast over the 2015-  
7 2019 period.

8 The Parties agreed to track variances in the revenue requirement due to variances in the capital  
9 budget. Over the term of the plan, if Horizon Utilities spends less than its capital forecast, the  
10 reduced revenue requirement impact of this will be returned to customers. The Parties agreed,  
11 and the OEB approved, that the CIVA balance would be disposed of following the end of the five-  
12 year Custom IR term, if applicable.

13 Alectra Utilities reports the capital additions for 2019 for the Horizon Utilities RZ in this Annual  
14 Filing, the final year for which the CIVA is in place. In the 2019 EDR Application Decision (EB-  
15 2018-0016), the OEB deferred all ratemaking matters related to the change in capitalization policy  
16 to Alectra Utilities' 2020 EDR Application. The OEB stated that:

17 *"The change in the capitalization policy increases the in-service capital additions*  
18 *for the same amount of capital work to implement the strategy. The question for*  
19 *the OEB is whether the capital additions for the CIVA account should be based on*  
20 *the capitalization policy in place at the time the Custom IR framework for the*  
21 *Horizon rate zone was approved, or the new post-merger capitalization policy for*  
22 *Alectra Utilities.<sup>2</sup>"*

23 In the 2020 EDR Application Decision, the OEB stated that:

24 *"The OEB has reviewed the wording in the settlement proposal accepted by the OEB*  
25 *that states, "Over the term of the plan, if Horizon Utilities spends less than its capital*

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<sup>2</sup> Partial Decision and Order, December 20, 2018, EB-2018-0016, page 7

1        *forecast, the reduced revenue requirement impact of this will be returned to*  
2        *customers”. Furthermore, the settlement proposal requires the variance account to be*  
3        *disposed at the end of the five-year term, not each year of the term. It is clear from*  
4        *Table 3 above that even if the pre-merger capitalization policy is the basis for the*  
5        *CIVA, the total actual capital additions exceed the forecast capital additions from the*  
6        *Custom IR application and therefore no entries need to be recorded in the CIVA for*  
7        *2019. The OEB concludes that this meets the intent of the CIVA.<sup>3</sup>”*

8        Alectra Utilities reports its 2019 capital additions for the purpose of calculating the entry to the CIVA  
9        based on Alectra Utilities’ post-merger capitalization policy. For comparative purposes, Alectra  
10       Utilities also reports its 2019 capital additions based on the pre-merger capitalization policy of  
11       Horizon Utilities. Alectra Utilities submits, that under both scenarios, no entry is recorded to the  
12       CIVA, as the total actual cumulative capital additions for 2015-2019 exceed the forecast capital  
13       additions from the Custom IR application.

14       **Table 30 – Accounting Policy Impacts on Horizon Utilities RZ CIVA**

Year	Capital Additions under Pre-merger Capitalization Policy	Capital Additions under Post-merger Capitalization Policy	Custom IR Application (EB-2014-002)	CIVA under Pre-merger Capitalization Policy	CIVA under Post-merger Capitalization Policy
2015	\$ 46,643,216	\$ 46,643,216	\$ 38,314,524	\$ 8,328,692	\$ 8,328,692
2016	\$ 44,295,265	\$ 44,295,265	\$ 41,147,533	\$ 3,147,732	\$ 3,147,732
2017	\$ 46,995,010	\$ 52,393,539	\$ 45,626,114	\$ 1,368,896	\$ 6,767,425
2018	\$ 44,131,111	\$ 49,373,848	\$ 47,142,504	(\$ 3,011,393)	\$ 2,231,344
2019	\$ 61,444,517	\$ 69,187,183	\$ 49,472,477	\$ 11,972,040	\$ 19,714,706
<b>Total</b>	<b>\$ 243,509,119</b>	<b>\$ 261,893,051</b>	<b>\$ 221,703,152</b>	<b>\$ 21,805,967</b>	<b>\$ 40,189,899</b>

15       Alectra Utilities’ 2019 actual capital additions in the Horizon Utilities RZ were \$69,187,183,  
16       \$19,714,706 higher than the capital additions of \$49,472,477 forecasted in its Custom IR  
17       Application. The capital additions presented for 2017 to 2019 are inclusive of the capitalization  
18       policy change that was a result of the consolidation that formed Alectra Utilities. Alectra Utilities  
19       is applying the impact of the capitalization policy change consistently, both in its computation of

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<sup>3</sup> Partial Decision and Order, January 30, 2020, EB-2019-0018, page 49

1 the Horizon Utilities RZ ESM per the OEB’s decision in the 2018 EDR Application (EB-2017-  
2 0024), and in its statement of capital additions in 2017 to 2019.

3 **Table 31 – 2015 to 2019 Capital Additions - Actual vs. Custom IR Application**

Capital Additions	Actual	Custom IR Application (EB-2014-0002)	Variance	EDR Application
2015	\$ 46,643,216	\$ 38,314,524	\$ 8,328,692	EB-2016-0077
2016	\$ 44,295,265	\$ 41,147,533	\$ 3,147,732	EB-2017-0024
2017	\$ 52,393,539	\$ 45,626,114	\$ 6,767,425	EB-2018-0016
2018	\$ 49,373,848	\$ 47,142,504	\$ 2,231,344	EB-2019-0018
2019	\$ 69,187,183	\$ 49,472,477	\$ 19,714,706	EB-2020-0002
<b>Cumulative total</b>	<b>\$ 261,893,051</b>	<b>\$ 221,703,152</b>	<b>\$ 40,189,899</b>	

4  
5 Total cumulative forecasted capital additions for 2015 to 2019 of \$221,703,152 were approved by  
6 the Board in Horizon Utilities’ Settlement Agreement for its Custom IR Application (refer to  
7 Settlement Table 9, page 33).

8 Horizon Utilities’ actual 2015 capital additions of \$46,643,216 were approved by the OEB in  
9 Horizon Utilities 2017 EDR Application (EB-2016-0077) and actual 2016 capital additions of  
10 \$44,295,265 were approved by the OEB in Alectra Utilities 2018 EDR Application (EB-2017-  
11 0024). In Alectra Utilities’ 2020 EDR Application, the OEB accepted Alectra Utilities proposal that  
12 no amounts are required to be recorded in the CIVA for 2019.

13 As shown in Table 31 above, the Horizon Utilities RZ capital additions for the years 2015 to 2019  
14 exceed the corresponding amounts approved in its Custom IR Application (EB-2014-0002).  
15 Therefore, Alectra Utilities has not established, or made an entry to, the 1508 Sub-account  
16 “Capital Investment Variance Account” (“CIVA”) for the Horizon Utilities RZ.

17 Alectra Utilities seeks approval of 2019 capital additions for the purpose of calculating the entry  
18 to the CIVA.

19 Table 32 below presents the 2019 capital additions by rate zone, that along with work-in-progress,  
20 forms the additions reported in its RRR 2.1.5.2 Capital filed April 30, 2020.

1 **Table 32 – Alectra Utilities 2019 Actual Capital Additions by Rate Zone**

Horizon Utilities Rate Zone	Brampton	Enersource	Horizon	PowerStream	Guelph	Alectra	Total
1) Distribution Plant (DP)	\$ 20,053,654	\$ 45,236,496	\$ 59,148,964	\$ 113,958,021	\$ 11,528,642		\$ 249,925,777
2) General Plant (GP)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,084,576	\$ 55,084,576
2 Total new capital additions	\$ 20,053,654	\$ 45,236,496	\$ 59,148,964	\$ 113,958,021		\$ 55,084,576	\$ 305,010,352

3 Capital additions consist of distribution system plant and general plant additions. Distribution plant  
4 is identifiable and tracked by rate zone as these assets are located in and serve a specific rate  
5 zone. Alectra Utilities’ Brampton, Horizon Utilities, PowerStream and Enersource rate zones,  
6 migrated to Alectra Utilities’ Enterprise Resource Planning (“ERP”) system in July 2019. Legacy  
7 ERP systems and processes were relied upon maintain fixed asset continuity schedules by rate  
8 zone. As these legacy systems are no longer in place, and due to the complexities and costs  
9 required to maintain four additional sets of general ledgers, Alectra Utilities has relied on an  
10 allocation based on July to December 2019 capital expenditures by rate zone to determine  
11 Distribution Plant capital additions by rate zone for the July 1 to December 31, 2019 period. Fixed  
12 asset continuity schedules were prepared for the legacy utilities for the January to June 2019  
13 period and were used to identify Distribution plant additions by rate zone for this period.

14 General plant consists mainly of facilities, computers, software, office equipment and fleet. These  
15 assets support the overall distribution business rather than a particular rate zone.

16 For purposes of the Alectra Utilities CIVA calculation for the Horizon Utilities RZ, it is necessary  
17 to allocate the general plant additions to the rate zones. The purpose of general plant is to support  
18 the overall business, thus general plant should be allocated to the rate zones based on the  
19 proportion each represents of the overall distribution business. Alectra Utilities has used the 2016  
20 rate base from 2016 ROE filings by the legacy utilities as the allocator that represents each rate  
21 zone’s proportion of the total distribution business. This allocation has been updated to include  
22 Guelph Hydro’s 2018 rate base from its 2018 ROE filings due to the merger with Guelph effective  
23 January 1, 2019. This is summarized in Table 33 below.

24 **Table 33 – Rate Zone Proportions**

	Brampton	Enersource	Horizon	PowerStream	Guelph	Total
Rate Base from ROE filing	\$ 421,744,471	\$ 777,690,672	\$ 506,465,550	\$ 1,064,944,076	\$ 154,944,539	\$ 2,925,789,308
Proportion	14.4%	26.6%	17.3%	36.4%	5.3%	100.0%

26

1 Alectra Utilities' 2019 capital additions for the Horizon Utilities RZ (net of capital contributions) are  
2 summarized in Table 34, below. These consist of the directly identifiable and allocated distribution  
3 plant additions and the general plant additions, including the Alectra Utilities additions allocated  
4 to the Horizon Utilities RZ.

5 **Table 34 – Horizon Utilities RZ 2019 Capital Additions**

<b>Horizon Utilities Rate zone</b>	<b>Capital Additions</b>
DP capital additions	\$ 59,148,964
Share of Alectra GP additions	\$ 10,038,219
<b>Total capital additions</b>	<b>\$ 69,187,183</b>

6  
7 Alectra Utilities general plant additions have been allocated to the Horizon Utilities RZ in the  
8 amount of \$10,038,219 for 2019, based on the rate base allocator of 17.3% in Table 33 as  
9 discussed above.

1 **CAPITALIZATION POLICY**

2

3 Alectra Utilities conformed its capitalization policy in 2017 (as a result of the consolidation through  
4 which Alectra Utilities was formed, and as required under the International Financial Reporting  
5 Standards (“IFRS”)) to align the capitalization policies for the Alectra Utilities rate zones.

6 IFRS 10 *Consolidated Financial Statements*, states that uniform accounting policies have to be  
7 adopted for like transactions in a group of companies. Further, IFRS 3 *Business Combinations*  
8 prescribes that the accounting policies of the parties to the merger should align to the acquirer’s  
9 policy. IFRS 3 provides guidance on identifying the acquirer by assessing the relative voting rights  
10 in the combined entity after the merger; the acquirer being the combining entity whose owners,  
11 as a group, receive the largest portion of voting rights in the combined entity.

12 For the predecessor companies that formed Alectra Utilities, PowerStream is the acquirer in  
13 accordance with IFRS 3 and IFRS 10. Consequently, Alectra Utilities adopted the PowerStream  
14 capitalization policy.

15 In 2017, the capitalization policies of the former Enersource, Horizon Utilities, and Brampton  
16 changed to conform to the capitalization policy of the acquirer (as identified by IFRS), the former  
17 PowerStream. In 2019, the capitalization policy of the former Guelph Hydro was changed to  
18 conform to the capitalization policy of the former PowerStream.

19 In the 2018 EDR Application proceeding (EB-2017-0024), the OEB issued a Decision and Partial  
20 Accounting Order<sup>4</sup>, directing Alectra Utilities to establish three new deferral accounts to track the  
21 change in capitalization policy for the Horizon Utilities, Enersource and Brampton RZs. In the  
22 2018 EDR Application Decision, the OEB stated that:

23 *“For the remainder of the Custom IR term, the effect on earnings resulting from the*  
24 *change in the capitalization policy will be dealt with through the ESM. Once the*  
25 *Custom IR term ends, the Horizon Utilities RZ will move to Price Cap IR per the*  
26 *MAADs policy, and it will be treated consistently with the Brampton and Enersource*

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<sup>4</sup> Decision and Partial Accounting Order, EB-2017-0024, December 20, 2017



1        *RZs. Alectra Utilities shall retain the deferral account opened for Horizon Utilities RZ,*  
2        *however, the first entries to the account shall begin January 1, 2020. The Brampton*  
3        *and Enersource RZs are on Price Cap IR. For these rates zones, the OEB finds it*  
4        *appropriate to retain the balances recorded in the deferral accounts approved in the*  
5        *Decision and Partial Accounting Order effective February 1, 2017.*

6        In its Decision on Confidentiality and Procedural Order No. 3 in Alectra Utilities' 2019 EDR  
7        Application, the OEB deferred the capitalization policy issue, of calculating the capitalization  
8        impact for the purpose of recording balances in the deferral accounts, to Alectra Utilities' 2020  
9        EDR Application.

10       In the OEB's Partial Decision and Order in Alectra Utilities' 2020 EDR Application, the OEB found  
11       that the impact of the change in capitalization policy should be determined using the Account  
12       1576 approach, and consistent with this approach, the balances should be disposed at Alectra  
13       Utilities next rebasing application. Further, the OEB established a deferral account for the Guelph  
14       Hydro RZ on the same basis as the deferral accounts for Horizon Utilities, Brampton and  
15       Enersource RZs, with the first entry to the account effective January 1, 2020.<sup>5</sup>

16       During the 2020 EDR Application proceeding, Alectra Utilities indicated that its Brampton, Horizon  
17       Utilities, PowerStream and Enersource RZs, migrated to Alectra Utilities' Enterprise Resource  
18       Planning ("ERP") system in July 2019. As these legacy systems are no longer in place, and due  
19       to the complexities and costs required to maintain four additional sets of general ledgers, Alectra  
20       Utilities can no longer determine the capitalization policy impact based on legacy systems. Alectra  
21       Utilities proposed to rely on the actual impacts derived prior to the ERP convergence to determine  
22       the actual impacts of the capitalization policy change in 2019, and the remainder of the rebasing  
23       deferral period.

24       In the OEB's Partial Decision and Order, the OEB found:

25        *"The OEB finds Alectra Utilities' approach to allocations acceptable based on the*  
26        *information provided in this proceeding. Allocation methodologies are not an exact*

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<sup>5</sup>Partial Decision and Order, EB-2019-0018, January 30, 2020, pp. 35-39.

1        *science, and typically there are a number of different approaches that can be applied.*  
2        *Alectra Utilities is now a merged utility seeking to pursue synergies. One of these has*  
3        *been to consolidate to a new ERP. As a result, estimates are required to allocate*  
4        *financial information to each RZ. The OEB accepts this approach. However, the OEB*  
5        *concludes that it is appropriate to continue to monitor the results of the allocation*  
6        *methodology for unexpected results that might lead to the conclusion that an*  
7        *amendment is required to the allocation approach on a prospective basis.”<sup>6</sup>*

8        In this Filing, Alectra reports on the actual balance in the capitalization deferral accounts as at  
9        December 31, 2019 for the Brampton and Enersource RZs. These balances reconcile to the  
10       reported balance in Account 1508, Sub-Account, Impact of Post-merger Capitalization Policy  
11       Changes in Alectra Utilities 2019 Reporting and Record Keeping Requirements (“RRR”) Filing.

12       **Table 35 – 2017-2019 Actual Capitalization Policy Impact – Enersource RZ**

<b>Account 1576 - Accounting Changes between Rebasing Years</b>			
<b>Enersource Rate Zone</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>PP&amp;E Values under former Accounting Policy</b>			
Opening net PP&E	0	0	0
Net Additions - Note 3			
Net Depreciation (amounts should be negative)			
<b>Closing net PP&amp;E (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PP&amp;E Values under revised Accounting Policy</b>			
Opening net PP&E	0	1,819,390	3,441,469
Net Additions - Note 3	1,866,041	1,711,518	1,490,365
Net Depreciation (amounts should be negative)	(46,651)	(89,439)	(126,698)
<b>Closing net PP&amp;E (2)</b>	<b>1,819,390</b>	<b>3,441,469</b>	<b>4,805,136</b>
<b>Difference in Closing net PP&amp;E, former Accounting Policy vs revised Accounting Policy</b>	<b>(1,819,390)</b>	<b>(3,441,469)</b>	<b>(4,805,136)</b>

13

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<sup>6</sup>Partial Decision and Order, EB-2019-0018, January 30, 2020, pp. 38-39.

1 **Table 36 – 2017-2019 Actual Capitalization Policy Impact – Brampton RZ**

<b>Account 1576 - Accounting Changes between Rebasing Years Brampton Rate Zone</b>			
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
<b>PP&amp;E Values under former Accounting Policy</b>			
Opening net PP&E	0	0	0
Net Additions - Note 3			
Net Depreciation (amounts should be negative)			
<b>Closing net PP&amp;E (1)</b>	0	0	0
<b>PP&amp;E Values under revised Accounting Policy</b>			
Opening net PP&E	0	(1,784,769)	(3,308,453)
Net Additions - Note 3	(1,830,532)	(1,609,690)	(1,975,695)
Net Depreciation (amounts should be negative)	45,763	86,006	135,398
<b>Closing net PP&amp;E (2)</b>	(1,784,769)	(3,308,453)	(5,148,751)
<b>Difference in Closing net PP&amp;E, former Accounting Policy vs revised Accounting Policy</b>	1,784,769	3,308,453	<b>5,148,751</b>

2

1 **ANNUAL PRICE CAP ADJUSTMENT MECHANISM**

2 As part of the *RRFE*, the OEB initiated a review of utility performance, per the *Defining and*  
3 *Measuring Performance of Electricity Transmitters and Distributors* (EB-2010-0379) proceeding.  
4 As part of this proceeding, the Board contracted Pacific Economics Group Research, LLC (“PEG”)  
5 to prepare a report to the Board (the “PEG Report”) entitled, *Empirical Research in Support of*  
6 *Incentive Rate Setting in Ontario: Report to the Ontario Energy Board*. The original PEG Report  
7 was issued on May 3, 2013. It established the parameters for use to determine the Price Cap  
8 Index for the 4th Generation IRM (now referred to as Price Cap IR), including: a productivity factor  
9 of 0.00%, the approach to determine the Industry Specific Inflation Factor (replacing the 3rd  
10 Generation IRM GDP-IPi inflation factor), and the initial stretch factor assignments.

11 *Stretch Factor*

12 The Stretch Factor assignments for 2021 IRM filers have not yet been updated by the Board.  
13 Alectra Utilities has used a Stretch Factor of 0.3% in this Application, in accordance with the most  
14 recent PEG Report, issued on August 15, 2019. The August 2019 Report placed Alectra Utilities  
15 in Group III for the purpose of calculating stretch factors for 2020.

16 *Inflation Factor*

17 The Industry Specific Inflation Factor for 2021 filers has not yet been updated by the Board.  
18 Alectra Utilities has used the Industry Specific Inflation Factor published for 2020 IRM filers, i.e.,  
19 2.0%, as a proxy for 2021.

20 Alectra Utilities will update the RGM with the 2021 stretch factor and inflation factor, in order to  
21 calculate the Price Cap Index once these factors are published by the Board.

22 The Price Cap Index, as determined in the RGM, filed as Attachments 14 to 18 is 1.7%, as  
23 identified in Table 37, below.

1 **Table 37 – Calculation of Price Cap Index**

<b>Factor</b>	<b>%</b>
Inflation Factor	2.00%
Less: Productivity Factor	0.00%
Less: Stretch Factor	-0.30%
<b>Price Cap Index</b>	<b>1.70%</b>

2 The Price Cap Index of 1.7% has been applied to Alectra Utilities' 2020 Service Charges and  
3 Distribution Volumetric Rates by rate class to determine the 2021 Service Charges and  
4 Distribution Volumetric Rates. The Alectra Utilities 2021 Proposed Tariff of Rates and Charges  
5 for the Horizon Utilities, Brampton, PowerStream, Enersource and Guelph Hydro RZs are filed as  
6 Attachments 19 to 23.

1 **ELECTRICITY DISTRIBUTION RETAIL TRANSMISSION SERVICE RATES**

2 The Board's *Guideline for Electricity Distribution Retail Transmission Service Rates* ("RTSR  
3 Guideline") (G-2008-0001) was issued June 28, 2012. On December 19, 2019, the OEB issued  
4 its Decision and Order in respect of the 2020 Uniform Transmission Rates ("UTRs") (EB-2019-  
5 0296). On December 17, 2019, the OEB issued its Decision and Order in respect of Hydro One  
6 Networks Inc. ("HONI") application for electricity distribution rates and other charges beginning  
7 January 1, 2020, which contain HONI's sub transmission rates ("STRs") (EB-2019-0043). The  
8 most recent UTRs and STRs are identified in Table 38 below.

9 **Table 38 – Current Board-Approved UTRs and STRs**

<b>UTRs</b>	<b>\$</b>
Network Service Rate	\$3.92
Line Connection Service Rate	\$0.97
Transformation Connection Service Rate	\$2.33

<b>STRs</b>	<b>\$</b>
Network Service Rate	\$3.3980
Line Connection Service Rate	\$0.8045
Transformation Connection Service Rate	\$2.0194

10

11 Alectra Utilities has updated Tabs 11-15 of the RGM, filed as Attachments 14 to 18, to  
12 incorporate: i) the most recent UTRs and STRs approved by the Board; and ii) an update to  
13 Alectra Utilities demand in the Horizon Utilities, Brampton, PowerStream, Enersource and Guelph  
14 Hydro RZs from 2018 to 2019 actual values. The RTSRs are calculated in Tab 15 of the RGM.

15 For the PowerStream RZ, the change in the RTSRs exceeds the OEB's 4% threshold. The  
16 primary driver for the decrease in the proposed 2021 retail transmission service charges is the  
17 decrease in the units billed by the IESO and Hydro One Networks Inc. ("HONI") due to lower peak  
18 demand in 2019 compared to 2018.

19 Alectra Utilities will update the RTSRs for all rate zones, should the actual UTRs and STRs be  
20 approved prior to the OEB issuing the final rate order for this application.

1 **REVIEW AND DISPOSITION OF GROUP 1 DEFERRAL AND VARIANCE ACCOUNT**  
2 **BALANCES**

3 As discussed in the *Report of the Board on the Electricity Distributors' Deferral and Variance*  
4 *Account Review Initiative* (EB-2008-0046), (the "EDDVAR Report"), issued July 31, 2009, under  
5 the Price Cap IR or the Annual IR Index, the distributor's Group 1 account balances will be  
6 reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh (debit or credit) is  
7 met. Consistent with a Letter from the Board to Licensed Electricity Distributors re: *Process for*  
8 *2015 Incentive Regulation Mechanism ("IRM") Distribution Rate Applications*, dated July 25, 2014,  
9 distributors may also elect to dispose of Group 1 account balances below the threshold.

10 On February 21, 2019, the OEB issued a letter to all rate-regulated electricity distributors re:  
11 Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global  
12 Adjustment. The OEB provided an update to the Accounting Procedures Handbook ("APH"),  
13 standardizing requirements for regulatory accounting and Regulated Price Plan ("RPP")  
14 settlements. Distributors were expected to implement the new guidance no later than August 31,  
15 2019, retroactive to January 2019. Distributors were also expected to consider this accounting  
16 guidance in the context of historical pre-2019 balances that have yet to be disposed on a final  
17 basis.

18 Alectra Utilities confirms that it has fully implemented the OEB's February 21, 2019 accounting  
19 guidance. As previously provided in response to OEB Staff question G-Staff-3 in Alectra Utilities'  
20 2020 EDR Application, Alectra Utilities incorporated the updated regulatory accounting and RPP  
21 settlement guidance into its processes as of August 1, 2019, retroactive to January 2019, for its  
22 five rate zones. Further, Alectra Utilities confirmed in its 2020 proceeding, that it completed an  
23 assessment of the impact of the updated regulatory accounting and RPP settlement guidance on  
24 its Account 1588 and Account 1589 balances for the 2018 period and prior years not disposed of  
25 on a final basis<sup>7</sup>.

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<sup>7</sup> EB-2019-0018, Argument-in-Chief Addendum, dated September 5, 2019, pp. 1-7.

1 This analysis, which quantified the impact of the updated guidance on historical Account 1588  
2 and 1589 balances, is reproduced below. In assessing the impact, Alectra Utilities was guided by  
3 the OEB’s materiality threshold to be used in assessing total adjustments to historical balances  
4 of each commodity account, of 0.5% of annual Global Adjustment (“GA”) and Cost of Power from  
5 the year pertaining to the balance requested for disposition<sup>8</sup>.

6 Alectra Utilities’ materiality threshold for each of its rate zones for 2017 and 2018 is provided in  
7 Tables 39 and 40, below. The annual GA and Cost of Power balances were based on Alectra  
8 Utilities’ and Guelph Hydro’s 2017 and 2018 RRR filings.

9 **Table 39 – 2017 Accounting Guidance Materiality Threshold**

USofA	Account	ERZ	HRZ	BRZ	PRZ	GRZ
4705 Energy	2017 RRR	\$ 299,720,196	\$ 236,373,860	\$ 191,521,877	\$ 432,693,218	\$ 126,442,921
4707 GA	2017 RRR	\$ 376,696,418	\$ 191,802,567	\$ 211,396,941	\$ 445,380,145	\$ 44,780,581
	<b>Threshold</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>
4705 Energy	Threshold \$	\$ 1,498,601	\$ 1,181,869	\$ 957,609	\$ 2,163,466	\$ 632,215
4707 GA	Threshold \$	\$ 1,883,482	\$ 959,013	\$ 1,056,985	\$ 2,226,901	\$ 223,903

10

11 **Table 40 – 2018 Accounting Guidance Materiality Threshold**

USofA	Account	ERZ	HRZ	BRZ	PRZ	GRZ
4705 Energy	2018 RRR	\$ 303,403,469	\$ 248,525,420	\$ 202,232,910	\$ 425,972,501	\$ 93,136,364
4707 GA	2018 RRR	\$ 333,964,432	\$ 164,813,542	\$ 179,400,898	\$ 374,044,804	\$ 82,228,769
	<b>Threshold</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>
4705 Energy	Threshold \$	\$ 1,517,017	\$ 1,242,627	\$ 1,011,165	\$ 2,129,863	\$ 465,682
4707 GA	Threshold \$	\$ 1,669,822	\$ 824,068	\$ 897,004	\$ 1,870,224	\$ 411,144

12

13 A summary of the 2017 and 2018 Accounting Guidance and RPP Settlements impact by rate  
14 zone, for Account 1588 and Account 1589 is provided in Tables 41 and 42, below.

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<sup>8</sup> Accounting Procedures Handbook Guidance, Q&A’s for Accounting Guidance on Accounts 1588 and 1589



1 **Table 41 – 2017 RPP Settlement and Regulatory Accounting Impact**

<b>2017 Impact</b>	<b>ERZ</b>	<b>HRZ</b>	<b>BRZ</b>	<b>PRZ</b>	<b>GRZ</b>
Account 1588	(\$2,083,770)	\$211,564	\$ -	(\$2,151,401)	\$ 579,392
Account 1589	\$ 1,140,596	(\$815,959)	\$ -	\$ 1,124,209	(\$2,301,444)
<b>Total Impact</b>	<b>(\$943,174)</b>	<b>(\$604,394)</b>	<b>\$ -</b>	<b>(\$1,027,192)</b>	<b>(\$1,722,053)</b>

3 **Table 42 – 2018 RPP Settlement and Regulatory Accounting Impact**

<b>2018 Impact</b>	<b>ERZ</b>	<b>HRZ</b>	<b>BRZ</b>	<b>PRZ</b>	<b>GRZ</b>
Account 1588	\$ 1,847,509	\$639,635	\$ 208,975	\$ 2,052,196	\$ 1,157,460
Account 1589	(\$1,824,671)	\$ 157,536	\$ -	(\$810,714)	\$2,277,705
<b>Total Impact</b>	<b>\$ 22,838</b>	<b>\$797,171</b>	<b>\$ 208,975</b>	<b>\$ 1,241,482</b>	<b>\$3,435,166</b>

4  
5 Alectra Utilities compared the cumulative 2017 and 2018 impact of the Accounting Guidance and  
6 RPP Settlements on its Energy and GA balances, to an average materiality threshold based on  
7 2017 and 2018 RRR balances in Accounts 4705 Energy and 4707 GA, to determine whether an  
8 adjustment was required to its Continuity Schedules.

9 **Table 43 – Comparison of Total Net Impact to the Materiality Threshold by RZ**

<b>2017/2018 Impact</b>	<b>ERZ</b>	<b>HRZ</b>	<b>BRZ</b>	<b>PRZ</b>	<b>GRZ</b>
Account 1588	(\$236,261)	\$ 851,199	\$ 208,975	(\$99,206)	\$ 1,736,852
Account 1589	(\$684,075)	(\$658,423)	\$ -	\$ 313,495	(\$23,739)
<b>Total Impact</b>	<b>(\$920,336)</b>	<b>\$ 192,776</b>	<b>\$ 208,975</b>	<b>\$ 214,289</b>	<b>\$ 1,713,113</b>
4705 Threshold	\$ 1,507,809	\$1,212,248	\$ 984,387	\$ 2,146,664	\$ 548,948
4707 Threshold	\$ 1,776,652	\$ 891,540	\$ 976,995	\$ 2,048,562	\$ 317,523

10  
11 Alectra Utilities proposes to adjust its Account 1588 and Account 1589 balances in the Guelph  
12 RZ by \$1,736,852 and (\$23,739), respectively, as the impact to Account 1588 exceeds the  
13 materiality threshold. In accordance with the Accounting Guidance Q&A's (Q.29), in the case  
14 where an adjustment affects both accounts, but only adjustments to one account is above the  
15 materiality threshold, the adjustment to both accounts must be made to ensure that the books are

1 balanced upon making any adjustments. Alectra Utilities' continuity schedule in the 2021 RGM  
2 and GA Analysis Workform for the Guelph RZ reflects these adjustments.

3 As identified in its 2020 EDR Application, Alectra Utilities did not reflect any adjustments in the  
4 continuity schedules for the Enersource, Horizon Utilities, Brampton or PowerStream rate zones,  
5 as the cumulative impact of the adjustments on Account 1588 and Account 1589 for each of these  
6 rate zones are within the defined materiality thresholds for each respective account.

7 Alectra Utilities received approval for interim disposition of 2017 Group 1 account balances for  
8 the Horizon Utilities, Brampton, PowerStream and Enersource rate zones in Alectra Utilities' 2019  
9 EDR Application (EB-2018-0016), and in Alectra Utilities' predecessor, Guelph Hydro's 2019 EDR  
10 Application (EB-2018-0036). Alectra Utilities did not request disposition of Group 1 account  
11 balances for the Horizon Utilities, Brampton and Guelph rate zones in Alectra Utilities' 2020 EDR  
12 Application. In the 2020 EDR Application Decision, the OEB approved final disposition of Alectra  
13 Utilities' Group 1 account balances in the PowerStream and Enersource rate zones<sup>9</sup>.

14 In this Annual Filing, Alectra Utilities requests disposition of Group 1 account balances for all rate  
15 zones as of December 31, 2019, including interest projected to December 31, 2020 on a final  
16 basis.

17 Group 1 accounts consist of the following Uniform System of Accounts ("USoA"):

- 18 • 1550 - Low Voltage Account;
- 19 • 1551 - SME Charge Account;
- 20 • 1580 - RSVA Wholesale Market Service Charge Account;
- 21 • 1584 - RSVA Retail Transmission Network Charge Account;
- 22 • 1586 - RSVA Retail Transmission Connection Charge Account;
- 23 • 1588 - RSVA Power Account;

---

<sup>9</sup> EB-2019-0018, Partial Decision and Interim Rate Order, dated December 12, 2019, p.13,16.

- 1       • 1589 - RSVA Global Adjustment Account;
- 2       • 1590 - Recovery of Regulatory Asset Balances Account (if applicable); and
- 3       • 1595 - Disposition and Recovery/Refund of Regulatory Balances Account.

4 Alectra Utilities provides the relief sought for its Group 1 deferral and variance account balances  
5 by rate zone, below.

6 **Horizon Utilities RZ**

7 The Group 1 balances as of December 31, 2019, in the amount of \$7,234,258 have been adjusted  
8 for the following items to determine the amount for disposition of \$6,428,669 as identified in Table  
9 44, below:

- 10       • Only eligible residual balances in Account 1595 for which rate riders have expired are  
11       included;
- 12       • Principal adjustments which are not included in the audited financial statements have been  
13       identified separately as an adjustment to the balance requested for disposition  
14       Consequently, the account balances on Tab 3. Continuity Schedule differ from the annual  
15       RRR filing; and
- 16       • Projected carrying charges for each Group 1 Account balance to the proposed rate rider  
17       implementation date are included (i.e. the amount for disposition includes projected  
18       carrying charges to December 31, 2020).

19 **Table 44 – Group 1 Balances for Disposition – Horizon Utilities RZ**

Description	Amount
<b>Group 1 Account Balances as of December 31, 2019</b>	<b>\$7,234,258</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers	\$0
Add Principal Adjustments	(\$531,020)
Add Projected Carrying Charges	\$95,125
Deduct 1595 Residual Balances to be disposed in a future rate proceeding	\$369,694
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>	<b>\$6,428,669</b>

20

21 Alectra Utilities has computed the disposition threshold for the Horizon Utilities RZ, based on the  
22 adjusted Group 1 balances to be \$0.0012/kWh, as identified in Table 45, below.

1 **Table 45 - Calculation of Disposition Threshold – Horizon Utilities RZ**

Description	Account	Amount
Low Voltage	1550	\$1,021,671
Smart Meter Entity Charge	1551	(\$199,102)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,774,706)
RSVA - Wholesale Market Service Charge - Capacity Based Recovery ("CBR") Class B	1580	(\$349,504)
RSVA - Retail Transmission Network Charge	1584	\$2,826,357
RSVA - Retail Transmission Connection Charge	1586	\$1,490,567
RSVA - Power	1588	(\$791,804)
RSVA - Global Adjustment	1589	\$5,294,541
Disposition and Recovery/Refund of Regulatory Balances	1595	(\$283,762)
<b>Group 1 Account Balances as of December 31, 2019</b>		<b>\$7,234,258</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers		\$0
Add Principal Adjustments		(\$531,020)
Add Projected Carrying Charges		\$95,125
Deduct 1595 Residual Balances to be disposed in a future rate proceeding		\$369,694
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>		<b>\$6,428,669</b>
2019 kWhs		5,290,067,124
<b>Threshold Test \$/kWh</b>		<b>\$0.0012</b>

2

3

4 Alectra Utilities has completed and filed the RGM as Attachment 14 for the Horizon Utilities RZ.

5 Alectra Utilities has reconciled the Group 1 balances filed in the 2019 RRR, section 2.1.7 for the

6 Horizon Utilities RZ. The variance to the RRR balance is equal to the principal adjustments made

7 in the current disposition period. A reconciliation of the balance requested for disposition is

8 provided in Table 46, below. Further, Alectra Utilities has confirmed the accuracy of the billing

9 determinants to the 2019 RRR, section 2.1.5.4. Alectra Utilities relied upon the Board's prescribed

10 interest rates to calculate carrying charges on the deferral and variance account balances. The

11 prescribed interest rates of 2.18% for 2020 Q1-Q2 and 0.57% for 2020 Q3-Q4 were used to

12 calculate forecasted interest for 2020. Refer to the section on 'Adjustments to Deferral and

13 Variance Accounts' in Exhibit 3, Tab 1, Schedule 9, for adjustments made to deferral and variance

14 account balances previously approved by the Board on a final basis.

1 **Table 46 – Deferral and Variance Account Reconciliation – Horizon Utilities RZ**

Account Description	Account	Principal Amounts as of Dec 31, 2019	Carrying Charges to Dec 31, 2019	Principal Disposition during 2019	Interest Disposition during 2019	Projected Carrying Charges to Dec 31, 2020	Total Disposition before Principal Adjustment	Principal Adjustment	Projected Carrying Charges to December 31, 2020	1595 Balances Not Claimed in 2019	Total Disposition
<b>Group 1 Accounts:</b>											
Low Voltage	1550	\$1,010,381	\$11,290	-	-	\$13,893	\$1,035,564	-	-	-	\$1,035,564
Smart Meter Entity Charge	1551	(\$191,874)	(\$7,228)	-	-	(\$2,638)	(\$201,741)	-	-	-	(\$201,741)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,766,282)	(\$8,424)	-	-	(\$24,286)	(\$1,798,993)	-	-	-	(\$1,798,993)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$343,927)	(\$5,576)	-	-	(\$4,729)	(\$354,233)	-	-	-	(\$354,233)
RSVA - Retail Transmission Network Charge	1584	\$2,786,533	\$39,825	-	-	\$38,315	\$2,864,672	-	-	-	\$2,864,672
RSVA - Retail Transmission Connection Charge	1586	\$1,423,442	\$67,125	-	-	\$19,572	\$1,510,140	-	-	-	\$1,510,140
RSVA - Power	1588	(\$824,218)	\$32,414	-	-	(\$11,333)	(\$803,137)	\$305,898	\$4,206	-	(\$493,033)
<b>Sub-total not including RSVA Power Global Adjustment</b>		<b>\$2,094,054</b>	<b>\$129,424</b>	<b>-</b>	<b>-</b>	<b>\$28,793</b>	<b>\$2,252,272</b>	<b>\$305,898</b>	<b>\$4,206</b>	<b>-</b>	<b>\$2,562,376</b>
RSVA - Power Global Adjustment	1589	\$5,238,415	\$56,126	-	-	\$72,028	\$5,366,569	(\$836,918)	(\$11,508)	\$0	\$4,518,144
<b>Total including RSVA Power Global Adjustment</b>		<b>\$7,332,469</b>	<b>\$185,550</b>	<b>-</b>	<b>-</b>	<b>\$100,821</b>	<b>\$7,618,841</b>	<b>(\$531,020)</b>	<b>(\$7,302)</b>	<b>\$0</b>	<b>\$7,080,520</b>
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	(\$461,013)	(\$184,499)	-	-	(\$6,339)	(\$651,851)	-	-	-	(\$651,851)
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$405,532	(\$119,896)	-	-	\$5,576	\$291,211	-	-	\$291,211	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	\$172,186	(\$96,072)	-	-	\$2,368	\$78,482	-	-	\$78,482	-
<b>Total 1595</b>		<b>\$116,705</b>	<b>(\$400,467)</b>	<b>-</b>	<b>-</b>	<b>\$1,605</b>	<b>(\$282,157)</b>	<b>-</b>	<b>-</b>	<b>\$369,694</b>	<b>(\$651,851)</b>
<b>Total Group 1</b>		<b>\$7,449,174</b>	<b>(\$214,916)</b>	<b>-</b>	<b>-</b>	<b>\$102,426</b>	<b>\$7,336,684</b>	<b>(\$531,020)</b>	<b>(\$7,302)</b>	<b>\$369,694</b>	<b>\$6,428,669</b>
<b>Total Amount for Disposition</b>		<b>\$7,449,174</b>	<b>(\$214,916)</b>	<b>-</b>	<b>-</b>	<b>\$102,426</b>	<b>\$7,336,684</b>	<b>(\$531,020)</b>	<b>(\$7,302)</b>	<b>\$369,694</b>	<b>\$6,428,669</b>

2

1 Alectra Utilities is seeking a one-year disposition period for the Group 1 balances for the Horizon  
2 Utilities RZ. This approach is consistent with the EDDVAR Report which states on page 6 that  
3 *“the default disposition period used to clear the account balances through a rate rider should be*  
4 *one year”*.

#### 5 **Wholesale Market Participants (“WMPs”)**

6 WMPs participate directly in the IESO administered market and settle commodity and market-  
7 related charges directly with the IESO. Alectra Utilities has established separate rate riders to  
8 dispose of the balances in the RSVAs for WMPs. The balances in Account 1588 RSVA – Power,  
9 Account 1580 RSVA – Wholesale Market Service Charge (including CBR) and Account 1589  
10 RSVA – Global Adjustment have not been allocated to WMPs.

#### 11 **Global Adjustment and Capacity Based Response (“CBR”) Disposition**

12 Alectra Utilities has also established separate rate riders to dispose of the GA and CBR account  
13 balances for the Horizon Utilities RZ. The GA and CBR rate riders are applicable for non-RPP  
14 Class B customers only. Alectra Utilities’ Class A customers are invoiced actual GA and CBR,  
15 therefore, none of the variance in the GA and CBR account balance is attributed to these  
16 customers.

17 There were 35 Alectra Utilities customers in the Horizon Utilities RZ that transitioned between  
18 Class A and Class B during 2018 and 2019, under the IESO’s Industrial Conservation Initiative  
19 (“ICI”). These transition customers paid GA and CBR as Class B customers prior to their transition  
20 to Class A. As such, these customers will only be allocated the portion of the GA and CBR account  
21 balance which accrued to them as a Class B customer.

22 These GA and CBR amounts will be settled through twelve equal adjustments to bills as directed  
23 in the Chapter 3 Filing Requirements. These customers will not be charged or refunded the  
24 general GA and CBR rate riders.

25 Table 47 below identifies the GA and CBR balances disposed of through rate riders and specific  
26 bill adjustments.

27 Alectra Utilities requests disposition of its total GA balance of \$4,518,144, of which \$4,367,980  
28 will be disposed of via rate rider; and \$150,163 will be disposed of via specific bill adjustments,  
29 as discussed above. Alectra Utilities requests disposition of its total CBR balance of (\$354,233),

1 of which (\$347,861) will be disposed of via rate rider; and (\$6,372) will be disposed of via specific  
2 bill adjustments, as discussed above. Tab “6.1a GA Allocation” and “6.2a CBR B Allocation” in  
3 the RGM identifies the detailed calculation of the bill adjustments.

4 **Table 47 –Disposition of GA Balances – Horizon Utilities RZ**

Description	Amount
Global Adjustment - Non-RPP Class B Customers	\$4,367,980
Global Adjustment - Transition Customers	\$150,163
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>	<b>\$4,518,144</b>
<hr/>	
Capacity Based Recovery - Non-RPP Class B Customers	(\$347,861)
Capacity Based Recovery - Transition Customers	(\$6,372)
<b>Class B Non-RPP Customers only - CBR Rate Rider/Bill Adjustment</b>	<b>(\$354,233)</b>

5  
6 A summary of the rate riders applicable to each group of customers is identified in Table 48 below.

7 **Table 48 – Rate Riders by Customer Group – Horizon Utilities RZ**

Customers	DVA Rate Rider 1 <sup>1</sup>	DVA Rate Rider 2 <sup>2</sup>	CBR B Rate Rider	GA Rate Rider	Specific Bill Adjustment
WMPs	x				
Class A (Full Year)	x	x			
Transition Customers	x	x			x
Class B non-RPP Customers (Full Year)	x	x	x	x	
Class B RPP Customers	x	x	x		

1. DVA Rate Rider 1 = disposition of low voltage, SME, Network, Connection, IRM balances

2. DVA Rate Rider 2 = disposition of Power and Wholesale Market Service Charges (excluding CBR)

8  
9 WMPs are charged DVA Rate Rider 1 only, which includes account balances for low voltage  
10 charges, retail transmission network charges, retail transmission connection charges.

11 Class A customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2, the latter of  
12 which includes account balances for power and wholesale market service charges excluding  
13 CBR.

14 Transition customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2; and a  
15 customer specific bill adjustment for their portion of the GA and CBR account balances.

16 Class B, non-RPP customers are charged the sum of DVA Rate Riders 1 and 2; and the GA and  
17 CBR Rate Rider.

18 Class B RPP customers are charged the sum of DVA Rate Riders 1 and 2.

19 The Group 1 DVAs disposition by customer group is identified in Table 49, below.

1 **Table 49 – Group 1 DVAs Disposition by Customer Group – Horizon Utilities RZ**

Description	Account	Amount
Low Voltage	1550	\$1,035,564
Smart Meter Entity Charge (Residential and GS<50kW Classes Only)	1551	(\$201,741)
Retail Transmission Network Charge	1584	\$2,864,672
Retail Transmission Connection Charge	1586	\$1,510,140
Disposition and Recovery/Refund of Regulatory Balances	1595	(\$651,851)
<b>All Customers - DVA Rate Rider 1</b>		<b>\$4,556,784</b>
		<b>\$0</b>
Power	1588	(\$493,033)
Wholesale Market Service Charge excluding CBR	1580	(\$1,798,993)
<b>All Customers ex WMPs - DVA Rate Rider 2</b>		<b>(\$2,292,026)</b>
		<b>\$0</b>
Wholesale Market Service Charge - CBR Class B	1580	(\$347,861)
Capacity Based Recovery - Transition Customers	1580	(\$6,372)
<b>All Class B Customers ex WMPs - CBR B Bill Adjustment</b>		<b>(\$354,233)</b>
		<b>\$0</b>
Global Adjustment - Non-RPP Class B Customers	1589	\$4,367,980
Global Adjustment - Transition Customers	1589	\$150,163
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>		<b>\$4,518,144</b>
		<b>\$0</b>
<b>Total (Repayment to)/Recovery from Customers</b>		<b>\$6,428,669</b>
Disposition via Rate Rider		\$6,284,878
Global Adjustment - Transition Customers		\$150,163
Capacity Based Recovery - Transition Customers		(\$6,372)

2

3

4 All balances claimed are allocated to the rate classes based on the default cost allocation  
5 methodology as identified in the EDDVAR report. The 2019 actuals reported in Alectra Utilities  
6 2019 RRRs have been used to calculate the rate riders as per the Chapter 3 Filing Requirements  
7 issued by the OEB on May 14, 2020.

8 The billing determinants, billing adjustments and calculation of the rate riders are provided in Tabs  
9 4 through 7 in the RGM Model filed as Attachment 14. Alectra Utilities requests disposition of the  
10 Horizon Utilities RZ adjusted Group 1 balances, through the rate riders identified in Table 50,  
11 below.



1 **Table 50 – Deferral and Variance Account Riders – Horizon Utilities RZ**

Customer Class	Deferral/Variance Account Rate Rider		Deferral/Variance Account Rate Rider for Non-WMP		Global Adjustment Rate Rider Non-RPP Class B		CBR B Rate Rider Class B Consumer	
	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW
Residential	0.0003				0.0035		(0.0001)	
General Service Less Than 50 Kw	0.0004				0.0035		(0.0001)	
General Service 50 To 4,999 Kw		0.3160		(0.1780)	0.0035			(0.0328)
Large Use (1)		0.2048						
Large Use (2)		0.5076		(0.2329)				
Unmetered Scattered Load	0.0004				0.0035		(0.0001)	
Sentinel Lighting		0.1387			0.0035			(0.0363)
Street Lighting		0.0963			0.0035			(0.0361)

2

1    **GA Analysis Workform**

2    The GA Analysis Workform (“GA Workform”) for the Horizon Utilities RZ is filed as Attachment 24.  
3    The GA Workform compares the principal activity in the general ledger for Account 1589, Global  
4    Adjustment to the expected principal balance based on monthly GA volumes, revenue and costs.  
5    The GA Workform provides a tool to assess if the principal activity in Account 1589 for a specific  
6    year is reasonable. Distributors are required to submit a GA Workform for each year that has not  
7    previously been approved by the OEB for disposition. Alectra Utilities has completed the GA  
8    Workform for 2018 and 2019 for the Horizon Utilities RZ.

9    **GA 2018**

10   The principal activity in Account 1589 recorded in 2018 was (\$4,015,065) as identified in Table  
11   51 below. The principal activity balance, after known adjustments of (\$298,836) was (\$4,313,900).  
12   This is compared to the expected principal balance in Account 1589 of (\$3,256,262) calculated in  
13   Attachment 24, which results in an unreconciled difference of (\$1,057,638). This represents  
14   0.83% of Alectra Utilities 2018 IESO purchases in the Horizon Utilities RZ, which is within the  
15   OEB’s threshold (+/- 1% of IESO purchases).

16   **Table 51 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	(\$4,015,065)
Add Known Adjustments	(\$298,836)
Adjusted Principal Activity in RSVA(GA)	(\$4,313,900)
Expected Principal Activity in RSVA(GA)	(\$3,256,262)
Variance \$	(\$1,057,638)
Total 2018 IESO Purchases	\$127,570,948
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.83%</b>

17

18   **GA 2019**

19   The principal activity in Account 1589 recorded in 2019 was \$9,552,315 as identified in Table 52  
20   below. The principal activity balance, after known adjustments of (\$8,825,758) was \$726,557.  
21   This is compared to the expected principal balance in Account 1589 of \$462,116 calculated in  
22   Attachment 24, which results in an unreconciled difference of \$264,441. This represents 0.19%

1 of Alectra Utilities 2019 IESO purchases in the Horizon Utilities RZ, which is within the OEB's  
2 threshold (+/- 1% of IESO purchases).

3 **Table 52 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	\$9,552,315
Add Known Adjustments	(\$8,825,758)
Adjusted Principal Activity in RSVA(GA)	\$726,557
Expected Principal Activity in RSVA(GA)	\$462,116
Variance \$	\$264,441
Total 2019 IESO Purchases	\$139,127,728
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.19%</b>

1 **1595 Analysis Workform**

2 The 1595 Workform compares the principal and interest amounts previously approved for  
3 disposition to the residual balances remaining after the amounts have been recovered or refunded  
4 to customers through rate riders. As discussed in the Chapter 3 Filing Requirements, *“the*  
5 *balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts*  
6 *attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if*  
7 *applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the*  
8 *original amounts previously approved for disposition would be considered material.”* The 1595  
9 Workform provides a tool to assess if the residual balance in Account 1595 for a specific year is  
10 reasonable. As provided in the OEB’s July 2, 2020 presentation on ‘Accounting Related Matters’,  
11 distributors can only seek disposition of the balance in Account 1595, as at the end of two years  
12 after the expiry of the rate rider (i.e. the fourth rate year after expiry of the rate rider).

13 The total Group 1 and Group 2 balances excluding Account 1589; and the balance in Account  
14 1589 – Global Adjustment generates a variance of 3.3% and (3.5%) respectively, which is within  
15 the OEB’s threshold of +/- 10%. Alectra Utilities request disposition of its Account 1595 (2017)  
16 residual balance for the Horizon Utilities RZ. The 1595 Analysis Workform is filed as Attachment  
17 29.

18 **Table 53 – 1595 Workform Summary**

<b>Description</b>	<b>Total Balances Approved for Disposition</b>	<b>Residual Balances</b>	<b>Collections/ Returns Variance (%)</b>
Total Group 1 and Group 2 Balances excluding Account 1589	(\$11,142,115)	(\$369,248)	3.3%
Account 1589 - Global Adjustment	\$2,657,566	(\$91,765)	-3.5%
<b>Total Group 1 and Group 2 Balances</b>	<b>(\$8,484,549)</b>	<b>(\$461,013)</b>	<b>5.4%</b>

19

1 **Brampton RZ**

2 The Group 1 balances as of December 31, 2019, in the amount of (\$268,477) have been adjusted  
3 for the following items to determine the amount for disposition of (\$99,243) as identified in Table  
4 54, below:

- 5 • Only eligible residual balances in Account 1595 for which rate riders have expired are  
6 included;
- 7 • Principal adjustments which are not included in the audited financial statements have been  
8 identified separately as an adjustment to the balance requested for disposition  
9 Consequently, the account balances on Tab 3. Continuity Schedule differ from the annual  
10 RRR filing; and
- 11 • Projected carrying charges for each Group 1 Account balance to the proposed rate rider  
12 implementation date are included (i.e. the amount for disposition includes projected  
13 carrying charges to December 31, 2020).

14 **Table 54 – Group 1 Balances for Disposition – Brampton RZ**

Description	Amount
<b>Group 1 Account Balances as of December 31, 2019</b>	<b>(\$268,477)</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers	\$0
Add Principal Adjustments	\$110,662
Add Projected Carrying Charges	\$2,805
Deduct 1595 Residual Balances to be disposed in a future rate proceeding	(\$55,767)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>	<b>(\$99,243)</b>

15  
16  
17 Alectra Utilities has computed the disposition threshold for the Brampton RZ, based on the  
18 adjusted Group 1 balances to be (\$0.00002/kWh), which is below the OEB's pre-set disposition  
19 threshold, as identified in Table 55, below. Alectra Utilities did not request disposition of its Group  
20 1 account balances for the Brampton RZ in its 2020 EDR Application. Alectra Utilities elects to  
21 request disposition of its Group 1 account balances in this Annual Filing for the Brampton RZ.

1 **Table 55 - Calculation of Disposition Threshold – Brampton RZ**

Description	Account	Amount
Low Voltage	1550	\$510,993
Smart Meter Entity Charge	1551	(\$172,424)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,483,038)
RSVA - Wholesale Market Service Charge - Capacity Based Recovery ("CBR") Class B	1580	(\$301,267)
RSVA - Retail Transmission Network Charge	1584	\$1,283,378
RSVA - Retail Transmission Connection Charge	1586	\$1,119,866
RSVA - Power	1588	(\$8,118,314)
RSVA - Global Adjustment	1589	\$6,870,341
Disposition and Recovery/Refund of Regulatory Balances	1595	\$21,989
<b>Group 1 Account Balances as of December 31, 2019</b>		<b>(\$268,477)</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers		\$0
Add Principal Adjustments		\$110,662
Add Projected Carrying Charges		\$2,805
Deduct 1595 Residual Balances to be disposed in a future rate proceeding		(\$55,767)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>		<b>(\$99,243)</b>
2019 kWhs		4,027,190,940
<b>Threshold Test \$/kWh</b>		<b>(\$0.00002)</b>

3 Alectra Utilities has completed and filed the RGM as Attachment 25 for the Brampton RZ. Alectra  
4 Utilities has reconciled the Group 1 balances filed in the 2019 RRR, section 2.1.7 for the Brampton  
5 RZ. The variance to the RRR balance is equal to the principal adjustments made in the current  
6 disposition period. A reconciliation of the balance requested for disposition is provided in Table  
7 56, below. Further, Alectra Utilities has confirmed the accuracy of the billing determinants to the  
8 2019 RRR, section 2.1.5.4. Alectra Utilities relied upon the Board's prescribed interest rates to  
9 calculate carrying charges on the deferral and variance account balances. The prescribed interest  
10 rates of 2.18% for 2020 Q1-Q2 and 0.57% for 2020 Q3-Q4 were used to calculate forecasted  
11 interest for 2020. No adjustments have been made to any deferral and variance account balances  
12 previously approved by the Board on a final basis.

1 **Table 56 – Deferral and Variance Account Reconciliation – Brampton RZ**

Account Description	Account	Principal Amounts as of Dec 31, 2019	Carrying Charges to Dec 31, 2019	Principal Disposition during 2019	Interest Disposition during 2019	Projected Carrying Charges to Dec 31, 2020	Total Disposition before Principal Adjustment	Principal Adjustment	Projected Carrying Charges to December 31, 2020	1595 Balances Not Claimed in 2019	Total Disposition
<b>Group 1 Accounts:</b>											
Low Voltage	1550	\$500,583	\$10,409	-	-	\$6,883	\$517,876	-	-	-	\$517,876
Smart Meter Entity Charge	1551	(\$167,322)	(\$5,102)	-	-	(\$2,301)	(\$174,725)	-	-	-	(\$174,725)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,456,455)	(\$26,583)	-	-	(\$20,026)	(\$1,503,064)	-	-	-	(\$1,503,064)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$296,846)	(\$4,421)	-	-	(\$4,082)	(\$305,348)	-	-	-	(\$305,348)
RSVA - Retail Transmission Network Charge	1584	\$1,275,164	\$8,214	-	-	\$17,534	\$1,300,912	-	-	-	\$1,300,912
RSVA - Retail Transmission Connection Charge	1586	\$1,078,365	\$41,501	-	-	\$14,828	\$1,134,693	-	-	-	\$1,134,693
RSVA - Power	1588	(\$8,021,054)	(\$97,260)	-	-	(\$110,289)	(\$8,228,604)	\$2,504,029	\$34,430	-	(\$5,690,144)
<b>Sub-total not including RSVA Power Global Adjustment</b>		<b>(\$7,087,564)</b>	<b>(\$73,242)</b>	<b>-</b>	<b>-</b>	<b>(\$97,454)</b>	<b>(\$7,258,260)</b>	<b>\$2,504,029</b>	<b>\$34,430</b>	<b>-</b>	<b>(\$4,719,801)</b>
RSVA - Power Global Adjustment	1589	\$6,877,296	(\$6,955)	-	-	\$94,563	\$6,964,904	(\$2,393,367)	(\$32,909)	-	\$4,538,628
<b>Total including RSVA Power Global Adjustment</b>		<b>(\$210,269)</b>	<b>(\$80,197)</b>	<b>-</b>	<b>-</b>	<b>(\$2,891)</b>	<b>(\$293,357)</b>	<b>\$110,662</b>	<b>\$1,522</b>	<b>-</b>	<b>(\$181,173)</b>
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	\$78,382	\$2,471	-	-	\$1,078	\$81,930	-	-	-	\$81,930
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$234,537	(\$273,661)	-	-	\$3,225	(\$35,898)	-	-	(\$35,898)	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(\$9,326)	(\$10,415)	-	-	(\$128)	(\$19,869)	-	-	(\$19,869)	-
<b>Total 1595</b>		<b>\$303,593</b>	<b>(\$281,605)</b>	<b>-</b>	<b>-</b>	<b>\$4,174</b>	<b>\$26,163</b>	<b>-</b>	<b>-</b>	<b>(\$55,767)</b>	<b>\$81,930</b>
<b>Total Group 1</b>		<b>\$93,324</b>	<b>(\$361,801)</b>	<b>-</b>	<b>-</b>	<b>\$1,283</b>	<b>(\$267,194)</b>	<b>\$110,662</b>	<b>\$1,522</b>	<b>(\$55,767)</b>	<b>(\$99,243)</b>
<b>Total Amount for Disposition</b>		<b>\$93,324</b>	<b>(\$361,801)</b>	<b>-</b>	<b>-</b>	<b>\$1,283</b>	<b>(\$267,194)</b>	<b>\$110,662</b>	<b>\$1,522</b>	<b>(\$55,767)</b>	<b>(\$99,243)</b>

2

1 Alectra Utilities is seeking a one-year disposition period for the Group 1 balances for the Brampton  
2 RZ. This approach is consistent with the EDDVAR Report which states on page 6 that “*the default*  
3 *disposition period used to clear the account balances through a rate rider should be one year*”.

#### 4 **Wholesale Market Participants (“WMPs”)**

5 WMPs participate directly in the IESO administered market and settle commodity and market-  
6 related charges directly with the IESO. Alectra Utilities has established separate rate riders to  
7 dispose of the balances in the RSVAs for WMPs. The balances in Account 1588 RSVA – Power,  
8 Account 1580 RSVA – Wholesale Market Service Charge (including CBR) and Account 1589  
9 RSVA – Global Adjustment have not been allocated to WMPs.

#### 10 **Global Adjustment and Capacity Based Response (“CBR”) Disposition**

11 Alectra Utilities has also established separate rate riders to dispose of the GA and CBR account  
12 balances for the Brampton RZ. The GA and CBR rate riders are applicable for non-RPP Class B  
13 customers only. Alectra Utilities’ Class A customers are invoiced actual GA and CBR, therefore,  
14 none of the variance in the GA account balance is attributed to these customers.

15 There were 41 Alectra Utilities customers in the Brampton RZ that transitioned between Class A  
16 and Class B during 2018 and 2019, under the IESO’s Industrial Conservation Initiative (“ICI”).  
17 These transition customers paid GA as Class B customers prior to their transition to Class A. As  
18 such, these customers will only be allocated the portion of the GA and CBR account balance  
19 which accrued to them as a Class B customer.

20 These GA and CBR amounts will be settled through twelve equal adjustments to bills as directed  
21 in the Chapter 3 Filing Requirements. These customers will not be charged or refunded the  
22 general GA rate riders.

23 Table 57 below identifies the GA and CBR balances disposed of through rate riders and specific  
24 bill adjustments.

25 Alectra Utilities requests disposition of its total GA balance of \$4,538,628, of which \$4,374,392  
26 will be disposed of via rate rider; and \$164,237 will be disposed of via specific bill adjustments,  
27 as discussed above. Alectra Utilities requests disposition of its total CBR balance of (\$305,348),  
28 of which (\$298,953) will be disposed of via rate rider; and (\$6,395) will be disposed of via specific



1 bill adjustments, as discussed above. Tab “6.1a GA Allocation” and “6.2a CBR B Allocation” in  
2 the RGM identifies the detailed calculation of the bill adjustments.

3 **Table 57 –Disposition of GA Balances – Brampton RZ**

Description	Amount
Global Adjustment - Non-RPP Class B Customers	\$4,374,392
Global Adjustment - Transition Customers	\$164,237
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>	<b>\$4,538,628</b>
<hr/>	
Capacity Based Recovery - Non-RPP Class B Customers	(\$298,953)
Capacity Based Recovery - Transition Customers	(\$6,395)
<b>Class B Non-RPP Customers only - CBR Rate Rider/Bill Adjustment</b>	<b>(\$305,348)</b>

4  
5 A summary of the rate riders applicable to each group of customers is identified in Table 58 below.

6 **Table 58 – Rate Riders by Customer Group – Brampton RZ**

Customers	DVA Rate Rider 1 <sup>1</sup>	DVA Rate Rider 2 <sup>2</sup>	CBR B Rate Rider	GA Rate Rider	Specific Bill Adjustment
WMPs	x				
Class A (Full Year)	x	x			
Transition Customers	x	x			x
Class B non-RPP Customers (Full Year)	x	x	x	x	
Class B RPP Customers	x	x	x		

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1. DVA Rate Rider 1 = disposition of low voltage, SME, Network, Connection, IRM balances  
2. DVA Rate Rider 2 = disposition of Power and Wholesale Market Service Charges (excluding CBR)

8 WMPs are charged DVA Rate Rider 1 only, which includes account balances for low voltage  
9 charges, retail transmission network charges, retail transmission connection charges.

10 Class A customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2, the latter of  
11 which includes account balances for power and wholesale market service charges excluding  
12 CBR.

13 Transition customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2; and a  
14 customer specific bill adjustment for their portion of the GA and CBR account balances.

15 Class B, non-RPP customers are charged the sum of DVA Rate Riders 1 and 2; and the GA and  
16 CBR Rate Rider.

17 Class B RPP customers are charged the sum of DVA Rate Riders 1 and 2.

18 The Group 1 DVAs disposition by customer group is identified in Table 59, below.

1 **Table 59 – Group 1 DVAs Disposition by Customer Group – Brampton RZ**

Description	Account	Amount
Low Voltage	1550	\$517,876
Smart Meter Entity Charge (Residential and GS<50kW Classes Only)	1551	(\$174,725)
Retail Transmission Network Charge	1584	\$1,300,912
Retail Transmission Connection Charge	1586	\$1,134,693
Disposition and Recovery/Refund of Regulatory Balances	1595	\$81,930
<b>All Customers - DVA Rate Rider 1</b>		<b>\$2,860,686</b>
Power	1588	(\$5,690,144)
Wholesale Market Service Charge excluding CBR	1580	(\$1,503,064)
<b>All Customers ex WMPs - DVA Rate Rider 2</b>		<b>(\$7,193,209)</b>
Wholesale Market Service Charge - CBR Class B	1580	(\$298,953)
Capacity Based Recovery - Transition Customers	1580	(\$6,395)
<b>All Class B Customers ex WMPs - CBR B Bill Adjustment</b>		<b>(\$305,348)</b>
Global Adjustment - Non-RPP Class B Customers	1589	\$4,374,392
Global Adjustment - Transition Customers	1589	\$164,237
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>		<b>\$4,538,628</b>
<b>Total (Repayment to)/Recovery from Customers</b>		<b>(\$99,243)</b>
Disposition via Rate Rider		(\$257,084)
Global Adjustment - Transition Customers		\$164,237
Capacity Based Recovery - Transition Customers		(\$6,395)

2

3

4 All balances claimed are allocated to the rate classes based on the default cost allocation  
5 methodology as identified in the EDDVAR report. The 2019 actuals reported in Alectra Utilities  
6 2019 RRRs have been used to calculate the rate riders as per the Chapter 3 Filing Requirements  
7 issued by the OEB on May 14, 2020.

8 The billing determinants, billing adjustments and calculation of the rate riders are provided in Tabs  
9 4 through 7 in the RGM Model filed as Attachment 15. Alectra Utilities requests disposition of the  
10 Brampton RZ adjusted Group 1 balances, through the rate riders identified in Table 60, below.

1 **Table 60 – Deferral and Variance Account Riders – Brampton RZ**

Customer Class	Deferral/Variance Account Rate Rider		Deferral/Variance Account Rate Rider for Non-WMP		Global Adjustment Rate Rider Non-RPP Class B		CBR B Rate Rider Class B Consumer	
	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW
Residential	(0.0012)				0.0039		(0.0001)	
General Service Less Than 50 kW	(0.0011)				0.0039		(0.0001)	
General Service 50 To 699 kW		0.2733		(0.6606)	0.0039			(0.0375)
General Service 700 To 4,999 kW		0.3228		(0.7584)	0.0039			(0.0279)
Large Use		(0.5617)						
Unmetered Scattered Load	(0.0011)				0.0039		(0.0001)	
Street Lighting		(0.3718)			0.0039			(0.0363)
Embedded Distributor	0.0111				0.0039		(0.0001)	
Distributed Generation	(0.0011)				0.0039		(0.0001)	

2

1    **GA Analysis Workform**

2    The GA Analysis Workform (“GA Workform”) for the Brampton RZ is filed as Attachment 25. The  
3    GA Workform compares the principal activity in the general ledger for Account 1589, Global  
4    Adjustment to the expected principal balance based on monthly GA volumes, revenue and costs.  
5    The GA workform provides a tool to assess if the principal activity in Account 1589 for a specific  
6    year is reasonable. Distributors are required to submit a GA Workform for each year that has not  
7    previously been approved by the OEB for disposition. Alectra Utilities has completed the GA  
8    Workform for 2018 and 2019 for the Brampton RZ.

9    **GA 2018**

10   The principal activity in Account 1589 recorded in 2018 was (\$2,051,926) as identified in Table  
11   61 below. The principal activity balance, after known adjustments of (\$565,874) was (\$2,617,800).  
12   This is compared to the expected principal balance in Account 1589 of (\$2,165,917) calculated in  
13   Attachment 25, which results in an unreconciled difference of (\$451,883). This represents 0.38%  
14   of Alectra Utilities 2018 IESO purchases in the Brampton RZ, which is within the OEB’s threshold  
15   (+/- 1% of IESO purchases).

16   **Table 61 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	(\$2,051,926)
Add Known Adjustments	(\$565,874)
Adjusted Principal Activity in RSVA(GA)	(\$2,617,800)
Expected Principal Activity in RSVA(GA)	(\$2,165,917)
Variance \$	(\$451,883)
Total 2018 IESO Purchases	\$119,454,595
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.38%</b>

17

18

19

**GA 2019**

20   The principal activity in Account 1589 recorded in 2019 was \$9,495,096 as identified in Table 62  
21   below. The principal activity balance, after known adjustments of (\$2,393,367) was \$7,101,729.  
22   This is compared to the expected principal balance in Account 1589 of \$7,750,966 calculated in  
23   Attachment 25, which results in an unreconciled difference of (\$649,237). This represents 0.51%

1 of Alectra Utilities 2019 IESO purchases in the Brampton RZ, which is within the OEB's threshold  
2 (+/- 1% of IESO purchases).

3 **Table 62 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	\$9,495,096
Add Known Adjustments	(\$2,393,367)
Adjusted Principal Activity in RSVA(GA)	\$7,101,729
Expected Principal Activity in RSVA(GA)	\$7,750,966
Variance \$	(\$649,237)
Total 2019 IESO Purchases	\$127,045,295
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.51%</b>

4

1 **1595 Analysis Workform**

2 The 1595 Workform compares the principal and interest amounts previously approved for  
3 disposition to the residual balances remaining after the amounts have been recovered or refunded  
4 to customers through rate riders. As discussed in the Chapter 3 Filing Requirements, *“the*  
5 *balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts*  
6 *attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if*  
7 *applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the*  
8 *original amounts previously approved for disposition would be considered material.”* The 1595  
9 Workform provides a tool to assess if the residual balance in Account 1595 for a specific year is  
10 reasonable. As provided in the OEB’s July 2, 2020 presentation on ‘Accounting Related Matters’,  
11 distributors can only seek disposition of the balance in Account 1595, as at the end of two years  
12 after the expiry of the rate rider (i.e. the fourth rate year after expiry of the rate rider).

13 The total Group 1 and Group 2 balances excluding Account 1589; and the balance in Account  
14 1589 – Global Adjustment generates a variance of 1.3% and 2.6% respectively, which is within  
15 the OEB’s threshold of +/- 10%. Alectra Utilities request disposition of its Account 1595 (2017)  
16 residual balance for the Brampton RZ. The 1595 Analysis Workform is filed as Attachment 30.

17 **Table 63 – 1595 Workform Summary**

<b>Description</b>	<b>Total Balances Approved for Disposition</b>	<b>Residual Balances</b>	<b>Collections/ Returns Variance (%)</b>
Total Group 1 and Group 2 Balances excluding Account 1589	(\$12,769,498)	(\$171,662)	1.3%
Account 1589 - Global Adjustment	\$9,633,910	\$250,044	2.6%
<b>Total Group 1 and Group 2 Balances</b>	<b>(\$3,135,587)</b>	<b>\$78,382</b>	<b>-2.5%</b>

1 **PowerStream RZ**

2 The Group 1 balances as of December 31, 2019, in the amount of (\$861,120) have been adjusted  
3 for the following items to determine the amount for disposition of \$11,709,056 as identified in  
4 Table 64, below:

- 5 • Only eligible residual balances in Account 1595 for which rate riders have expired are  
6 included;
- 7 • Principal adjustments which are not included in the audited financial statements have been  
8 identified separately as an adjustment to the balance requested for disposition  
9 Consequently, the account balances on Tab 3. Continuity Schedule differ from the annual  
10 RRR filing; and
- 11 • Projected carrying charges for each Group 1 Account balance to the proposed rate rider  
12 implementation date are included (i.e. the amount for disposition includes projected  
13 carrying charges to December 31, 2020).

14 **Table 64 – Group 1 Balances for Disposition – PowerStream RZ**

Description	Amount
<b>Group 1 Account Balances as of December 31, 2019</b>	<b>(\$861,120)</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers	(\$14,438,240)
Add Principal Adjustments	(\$2,698,011)
Add Projected Carrying Charges	\$158,560
Deduct 1595 Residual Balances to be disposed in a future rate proceeding	(\$671,387)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>	<b>\$11,709,056</b>

15  
16 Alectra Utilities has computed the disposition threshold for the PowerStream RZ, based on the  
17 adjusted Group 1 balances to be (\$0.0014/kWh), as identified in Table 65, below. Alectra Utilities  
18 requests disposition of its Group 1 account balances in this Annual Filing for the PowerStream  
19 RZ.

1 **Table 65 - Calculation of Disposition Threshold – PowerStream RZ**

Description	Account	Amount
Low Voltage	1550	\$2,708,980
Smart Meter Entity Charge	1551	(\$387,336)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$3,684,760)
RSVA - Wholesale Market Service Charge - Capacity Based Recovery ("CBR") Class B	1580	(\$1,007,310)
RSVA - Retail Transmission Network Charge	1584	(\$1,404,524)
RSVA - Retail Transmission Connection Charge	1586	(\$739,798)
RSVA - Power	1588	\$1,349,833
RSVA - Global Adjustment	1589	\$2,978,468
Disposition and Recovery/Refund of Regulatory Balances	1595	(\$674,672)
<b>Group 1 Account Balances as of December 31, 2019</b>		<b>(\$861,120)</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers		(\$14,438,240)
Add Principal Adjustments		(\$2,698,011)
Add Projected Carrying Charges		\$158,560
Deduct 1595 Residual Balances to be disposed in a future rate proceeding		(\$671,387)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>		<b>\$11,709,056</b>
2019 kWhs		8,461,717,590
<b>Threshold Test \$/kWh</b>		<b>\$0.0014</b>

2

3

4 Alectra Utilities has completed and filed the RGM as Attachment 16 for the PowerStream RZ.

5 Alectra Utilities has reconciled the Group 1 balances filed in the 2019 RRR, section 2.1.7 for the

6 PowerStream RZ. The variance to the RRR balance is equal to the principal adjustments made

7 in the current disposition period. A reconciliation of the balance requested for disposition is

8 provided in Table 66, below. Alectra Utilities confirms that the last Board approved balance of

9 (\$14,438,240) for the PowerStream RZ has been transferred to Account 1595. Further, Alectra

10 Utilities has confirmed the accuracy of the billing determinants to the 2019 RRR, section 2.1.5.4.

11 Alectra Utilities relied upon the Board’s prescribed interest rates to calculate carrying charges on

12 the deferral and variance account balances. The prescribed interest rates of 2.18% for 2020 Q1-

13 Q2 and 0.57% for 2020 Q3-Q4 were used to calculate forecasted interest for 2020. No

14 adjustments have been made to any deferral and variance account balances previously approved

15 by the Board on a final basis.



1 **Table 66 – Deferral and Variance Account Reconciliation – PowerStream RZ**

Account Description	Account	Principal Amounts as of Dec 31, 2019	Carrying Charges to Dec 31, 2019	Principal Disposition during 2019	Interest Disposition during 2019	Projected Carrying Charges to Dec 31, 2020	Total Disposition before Principal Adjustment	Principal Adjustment	Projected Carrying Charges to December 31, 2020	1595 Balances Not Claimed in 2019	Total Disposition
<b>Group 1 Accounts:</b>											
Low Voltage	1550	\$2,651,133	\$57,847	(\$525,877)	(\$44,081)	\$29,222	\$2,168,244	-	-	-	\$2,168,244
Smart Meter Entity Charge	1551	(\$374,045)	(\$13,292)	\$298,025	\$11,841	(\$1,045)	(\$78,515)	-	-	-	(\$78,515)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$3,483,219)	(\$201,541)	\$1,688,121	\$198,931	(\$24,683)	(\$1,822,390)	-	-	-	(\$1,822,390)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$1,005,403)	(\$1,907)	\$234,782	(\$5,739)	(\$10,596)	(\$788,863)	-	-	-	(\$788,863)
RSVA - Retail Transmission Network Charge	1584	(\$1,270,432)	(\$134,092)	\$1,879,570	\$109,706	\$8,376	\$593,128	-	-	-	\$593,128
RSVA - Retail Transmission Connection Charge	1586	(\$762,242)	\$22,444	(\$799,487)	(\$46,970)	(\$21,474)	(\$1,607,729)	-	-	-	(\$1,607,729)
RSVA - Power	1588	\$1,487,150	(\$137,317)	\$2,797,595	\$151,638	\$58,915	\$4,357,980	\$337,259	\$4,637	-	\$4,699,876
<b>Sub-total not including RSVA Power Global Adjustment</b>		<b>(\$2,757,058)</b>	<b>(\$407,857)</b>	<b>\$5,572,729</b>	<b>\$375,326</b>	<b>\$38,715</b>	<b>\$2,821,855</b>	<b>\$337,259</b>	<b>\$4,637</b>	<b>-</b>	<b>\$3,163,751</b>
RSVA - Power Global Adjustment	1589	\$2,866,618	\$111,850	\$8,308,419	\$181,765	\$153,657	\$11,622,310	(\$3,035,270)	(\$41,735)	-	\$8,545,305
<b>Total including RSVA Power Global Adjustment</b>		<b>\$109,560</b>	<b>(\$296,008)</b>	<b>\$13,881,149</b>	<b>\$557,091</b>	<b>\$192,372</b>	<b>\$14,444,164</b>	<b>(\$2,698,011)</b>	<b>(\$37,098)</b>	<b>-</b>	<b>\$11,709,056</b>
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(\$17,476)	(\$5,544)	-	-	(\$240)	(\$23,261)	-	-	(\$23,261)	-
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	-	-	-	-	-	-	-	-	-	-
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$1,135,887	(\$750,058)	-	-	\$15,618	\$401,448	-	-	\$401,448	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(\$879,444)	(\$158,038)	-	-	(\$12,092)	(\$1,049,574)	-	-	(\$1,049,574)	-
<b>Total 1595</b>		<b>\$238,967</b>	<b>(\$913,639)</b>	<b>-</b>	<b>-</b>	<b>\$3,286</b>	<b>(\$671,387)</b>	<b>-</b>	<b>-</b>	<b>(\$671,387)</b>	<b>-</b>
<b>Total Group 1</b>		<b>\$348,527</b>	<b>(\$1,209,647)</b>	<b>\$13,881,149</b>	<b>\$557,091</b>	<b>\$195,658</b>	<b>\$13,772,778</b>	<b>(\$2,698,011)</b>	<b>(\$37,098)</b>	<b>(\$671,387)</b>	<b>\$11,709,056</b>
<b>Total Amount for Disposition</b>		<b>\$348,527</b>	<b>(\$1,209,647)</b>	<b>\$13,881,149</b>	<b>\$557,091</b>	<b>\$195,658</b>	<b>\$13,772,778</b>	<b>(\$2,698,011)</b>	<b>(\$37,098)</b>	<b>(\$671,387)</b>	<b>\$11,709,056</b>

2

1 Alectra Utilities is seeking a one-year disposition period for the Group 1 balances for the  
2 PowerStream RZ. This approach is consistent with the EDDVAR Report which states on page 6  
3 that *“the default disposition period used to clear the account balances through a rate rider should*  
4 *be one year”*.

#### 5 **Wholesale Market Participants (“WMPs”)**

6 WMPs participate directly in the IESO administered market and settle commodity and market-  
7 related charges directly with the IESO. Alectra Utilities has established separate rate riders to  
8 dispose of the balances in the RSVAs for WMPs. The balances in Account 1588 RSVA – Power,  
9 Account 1580 RSVA – Wholesale Market Service Charge (including CBR) and Account 1589  
10 RSVA – Global Adjustment have not been allocated to WMPs.

#### 11 **Global Adjustment and Capacity Based Response (“CBR”) Disposition**

12 Alectra Utilities has also established separate rate riders to dispose of the GA and CBR account  
13 balances for the PowerStream RZ. The GA and CBR rate riders are applicable for non-RPP  
14 Class B customers only. Alectra Utilities’ Class A customers are invoiced actual GA and CBR,  
15 therefore, none of the variance in the GA account balance is attributed to these customers.

16 There were 28 Alectra Utilities customers in the PowerStream RZ that transitioned between Class  
17 A and Class B during 2019, under the IESO’s Industrial Conservation Initiative (“ICI”). These  
18 transition customers paid GA as Class B customers prior to their transition to Class A. As such,  
19 these customers will only be allocated the portion of the GA and CBR account balance which  
20 accrued to them as a Class B customer.

21 These GA and CBR amounts will be settled through twelve equal adjustments to bills as directed  
22 in the Chapter 3 Filing Requirements. These customers will not be charged or refunded the  
23 general GA rate riders.

24 Table 67 below identifies the GA and CBR balances disposed of through rate riders and specific  
25 bill adjustments.

26 Alectra Utilities requests disposition of its total GA balance of \$8,545,305, of which \$8,313,637  
27 will be disposed of via rate rider; and \$231,668 will be disposed of via specific bill adjustments,  
28 as discussed above. Alectra Utilities requests disposition of its total CBR balance of (\$788,863),  
29 of which (\$779,272) will be disposed of via rate rider; and (\$9,591) will be disposed of via specific

1 bill adjustments, as discussed above. Tab “6.1a GA Allocation” and “6.2a CBR B Allocation” in  
2 the RGM identifies the detailed calculation of the bill adjustments.

3 **Table 67 –Disposition of GA Balances – PowerStream RZ**

Description	Amount
Global Adjustment - Non-RPP Class B Customers	\$8,313,637
Global Adjustment - Transition Customers	\$231,668
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>	<b>\$8,545,305</b>
Capacity Based Recovery - Non-RPP Class B Customers	(\$779,272)
Capacity Based Recovery - Transition Customers	(\$9,591)
<b>Class B Non-RPP Customers only - CBR Rate Rider/Bill Adjustment</b>	<b>(\$788,863)</b>

4  
5 A summary of the rate riders applicable to each group of customers is identified in Table 68 below.

6 **Table 68 – Rate Riders by Customer Group – PowerStream RZ**

Customers	DVA Rate Rider 1 <sup>1</sup>	DVA Rate Rider 2 <sup>2</sup>	CBR B Rate Rider	GA Rate Rider	Specific Bill Adjustment
WMPs	x				
Class A (Full Year)	x	x			
Transition Customers	x	x			x
Class B non-RPP Customers (Full Year)	x	x	x	x	
Class B RPP Customers	x	x	x		

7  
1. DVA Rate Rider 1 = disposition of low voltage, SME, Network, Connection, IRM balances  
2. DVA Rate Rider 2 = disposition of Power and Wholesale Market Service Charges (excluding CBR)

8 WMPs are charged DVA Rate Rider 1 only, which includes account balances for low voltage  
9 charges, retail transmission network charges, retail transmission connection charges.

10 Class A customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2, the latter of  
11 which includes account balances for power and wholesale market service charges excluding  
12 CBR.

13 Transition customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2; and a  
14 customer specific bill adjustment for their portion of the GA and CBR account balances.

15 Class B, non-RPP customers are charged the sum of DVA Rate Riders 1 and 2; and the GA and  
16 CBR Rate Rider.

17 Class B RPP customers are charged the sum of DVA Rate Riders 1 and 2.

18 The Group 1 DVAs disposition by customer group is identified in Table 69, below.

1 **Table 69 – Group 1 DVAs Disposition by Customer Group – PowerStream RZ**

Description	Account	Amount
Low Voltage	1550	\$2,168,244
Smart Meter Entity Charge (Residential and GS<50kW Classes Only)	1551	(\$78,515)
Retail Transmission Network Charge	1584	\$593,128
Retail Transmission Connection Charge	1586	(\$1,607,729)
Disposition and Recovery/Refund of Regulatory Balances	1595	\$0
<b>All Customers - DVA Rate Rider 1</b>		<b>\$1,075,127</b>
Power	1588	\$4,699,876
Wholesale Market Service Charge excluding CBR	1580	(\$1,822,390)
<b>All Customers ex WMPs - DVA Rate Rider 2</b>		<b>\$2,877,486</b>
Wholesale Market Service Charge - CBR Class B	1580	(\$779,272)
Capacity Based Recovery - Transition Customers	1580	(\$9,591)
<b>All Class B Customers ex WMPs - CBR B Bill Adjustment</b>		<b>(\$788,863)</b>
Global Adjustment - Non-RPP Class B Customers	1589	\$8,313,637
Global Adjustment - Transition Customers	1589	\$231,668
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>		<b>\$8,545,305</b>
<b>Total (Repayment to)/Recovery from Customers</b>		<b>\$11,709,056</b>
Disposition via Rate Rider		\$11,486,979
Global Adjustment - Transition Customers		\$231,668
Capacity Based Recovery - Transition Customers		(\$9,591)

2

3

4 All balances claimed are allocated to the rate classes based on the default cost allocation  
5 methodology as identified in the EDDVAR report. The 2019 actuals reported in Alectra Utilities  
6 2019 RRRs have been used to calculate the rate riders as per the Chapter 3 Filing Requirements  
7 issued by the OEB on May 14, 2020.

8 The billing determinants, billing adjustments and calculation of the rate riders are provided in Tabs  
9 4 through 7 in the RGM Model filed as Attachment 16. Alectra Utilities requests disposition of the  
10 PowerStream RZ adjusted Group 1 balances, through the rate riders identified in Table 70, above.

1 **Table 70 – Deferral and Variance Account Riders – PowerStream RZ**

Customer Class	Deferral/Variance Account Rate Rider		Deferral/Variance Account Rate Rider for Non-WMP		Global Adjustment Rate Rider Non-RPP Class B		CBR B Rate Rider Class B Consumer	
	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW
Residential	0.0005				0.0027		(0.0001)	
General Service Less Than 50 kW	0.0005				0.0027		(0.0001)	
General Service 50 To 4,999 kW		0.0527		0.1321	0.0027			(0.0398)
Large Use		0.2720						
Unmetered Scattered Load	0.0005				0.0027			(0.0001)
Sentinel Lighting		0.1745			0.0027		(0.0406)	
Street Lighting		0.1681			0.0027			(0.0394)

2

1    **GA Analysis Workform**

2    The GA Analysis Workform (“GA Workform”) for the PowerStream RZ is filed as Attachment 26.  
3    The GA Workform compares the principal activity in the general ledger for Account 1589, Global  
4    Adjustment to the expected principal balance based on monthly GA volumes, revenue and costs.  
5    The GA Workform provides a tool to assess if the principal activity in Account 1589 for a specific  
6    year is reasonable. Distributors are required to submit a GA Workform for each year that has not  
7    previously been approved by the OEB for disposition. Alectra Utilities has completed the GA  
8    Workform for 2019 for the PowerStream RZ.

9    **GA 2019**

10   The principal activity in Account 1589 recorded in 2019 was \$11,175,038 as identified in Table 71  
11   below. The principal activity balance, after known adjustments of (\$3,035,270) was \$8,139,768.  
12   This is compared to the expected principal balance in Account 1589 of \$6,183,677 calculated in  
13   Attachment 22, which results in an unreconciled difference of \$1,956,091. This represents 0.55%  
14   of Alectra Utilities 2019 IESO purchases in the PowerStream RZ, which is within the OEB’s  
15   threshold (+/- 1% of IESO purchases).

16   **Table 71 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	\$11,175,038
Add Known Adjustments	(\$3,035,270)
Adjusted Principal Activity in RSVA(GA)	\$8,139,768
Expected Principal Activity in RSVA(GA)	\$6,183,677
Variance \$	\$1,956,091
Total 2019 IESO Purchases	\$356,314,312
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.55%</b>

1 **1595 Analysis Workform**

2 The 1595 Workform compares the principal and interest amounts previously approved for  
3 disposition to the residual balances remaining after the amounts have been recovered or refunded  
4 to customers through rate riders. As discussed in the Chapter 3 Filing Requirements, *“the*  
5 *balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts*  
6 *attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if*  
7 *applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the*  
8 *original amounts previously approved for disposition would be considered material.”* The 1595  
9 Workform provides a tool to assess if the residual balance in Account 1595 for a specific year is  
10 reasonable. As provided in the OEB’s July 2, 2020 presentation on ‘Accounting Related Matters’,  
11 distributors can only seek disposition of the balance in Account 1595, as at the end of two years  
12 after the expiry of the rate rider (i.e. the fourth rate year after expiry of the rate rider).

13 In this Application, Alectra Utilities is not requesting disposition of its 1595 sub-account balances  
14 for the PowerStream RZ as it does not meet the requirements for disposition of residual balances.

1 **Enersource RZ**

2 The Group 1 balances as of December 31, 2019, in the amount of \$603,555 have been adjusted  
3 for the following items to determine the amount for disposition of \$13,347,158 as identified in  
4 Table 72, below:

- 5 • Only eligible residual balances in Account 1595 for which rate riders have expired are  
6 included;
- 7 • Principal adjustments which are not included in the audited financial statements have been  
8 identified separately as an adjustment to the balance requested for disposition  
9 Consequently, the account balances on Tab 3. Continuity Schedule differ from the annual  
10 RRR filing; and
- 11 • Projected carrying charges for each Group 1 Account balance to the proposed rate rider  
12 implementation date are included (i.e. the amount for disposition includes projected  
13 carrying charges to December 31, 2020).

14 **Table 72 – Group 1 Balances for Disposition – Enersource RZ**

Description	Amount
<b>Group 1 Account Balances as of December 31, 2019</b>	<b>\$603,555</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers	(\$7,839,594)
Add Principal Adjustments	\$4,138,124
Add Projected Carrying Charges	\$170,782
Deduct 1595 Residual Balances to be disposed in a future rate proceeding	(\$595,103)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>	<b>\$13,347,158</b>

15  
16 Alectra Utilities has computed the disposition threshold for the Enersource RZ, based on the  
17 adjusted Group 1 balances to be (\$0.0019/kWh), as identified in Table 73, below. Alectra Utilities  
18 requests disposition of its Group 1 account balances in this Annual Filing for the Enersource RZ.



1 **Table 73 - Calculation of Disposition Threshold – Enersource RZ**

Description	Account	Amount
Low Voltage	1550	\$4,881,340
Smart Meter Entity Charge	1551	(\$170,337)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,353,032)
RSVA - Wholesale Market Service Charge - Capacity Based Recovery ("CBR") Class B	1580	(\$891,673)
RSVA - Retail Transmission Network Charge	1584	\$2,170,276
RSVA - Retail Transmission Connection Charge	1586	\$3,009,878
RSVA - Power	1588	(\$1,781,228)
RSVA - Global Adjustment	1589	(\$4,606,612)
Disposition and Recovery/Refund of Regulatory Balances	1595	(\$655,057)
<b>Group 1 Account Balances as of December 31, 2019</b>		<b>\$603,555</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers		(\$7,839,594)
Add Principal Adjustments		\$4,138,124
Add Projected Carrying Charges		\$170,782
Deduct 1595 Residual Balances to be disposed in a future rate proceeding		(\$595,103)
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>		<b>\$13,347,158</b>
2019 kWhs		7,079,781,800
<b>Threshold Test \$/kWh</b>		<b>\$0.0019</b>

2

3

4 Alectra Utilities has completed and filed the RGM as Attachment 17 for the Enersource RZ.

5 Alectra Utilities has reconciled the Group 1 balances filed in the 2019 RRR, section 2.1.7 for the

6 Enersource RZ. The variance to the RRR balance is equal to the principal adjustments made in

7 the current disposition period. A reconciliation of the balance requested for disposition is provided

8 in Table 74, below. Alectra Utilities confirms that the last Board approved balance of (\$7,839,594)

9 for the Enersource RZ has been transferred to Account 1595. Further, Alectra Utilities has

10 confirmed the accuracy of the billing determinants to the 2019 RRR, section 2.1.5.4. Alectra

11 Utilities relied upon the Board's prescribed interest rates to calculate carrying charges on the

12 deferral and variance account balances. The prescribed interest rates of 2.18% for 2020 Q1-Q2

13 and 0.57% for 2020 Q3-Q4 were used to calculate forecasted interest for 2020. No adjustments

14 have been made to any deferral and variance account balances previously approved by the Board

15 on a final basis.

1 **Table 74 – Deferral and Variance Account Reconciliation – Enersource RZ**

Account Description	Account	Principal Amounts as of Dec 31, 2019	Carrying Charges to Dec 31, 2019	Principal Disposition during 2019	Interest Disposition during 2019	Projected Carrying Charges to Dec 31, 2020	Total Disposition before Principal	Principal Adjustment	Projected Carrying Charges to December 31,	1595 Balances Not Claimed in 2019	Total Disposition
<b>Group 1 Accounts:</b>											
Low Voltage	1550	\$4,787,771	\$93,569	(\$1,802,979)	(\$67,838)	\$41,041	\$3,051,564				\$3,051,564
Smart Meter Entity Charge	1551	(\$164,702)	(\$5,635)	\$143,033	\$5,405	(\$298)	(\$22,197)				(\$22,197)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$1,322,724)	(\$30,309)	(\$336,041)	\$27,965	(\$22,808)	(\$1,683,916)				(\$1,683,916)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$867,853)	(\$23,820)	\$509,498	\$18,972	(\$4,927)	(\$368,130)				(\$368,130)
RSVA - Retail Transmission Network Charge	1584	\$2,179,798	(\$9,522)	(\$193,878)	\$19,078	\$27,306	\$2,022,783				\$2,022,783
RSVA - Retail Transmission Connection Charge	1586	\$2,874,132	\$135,746	(\$4,539,133)	(\$162,633)	(\$22,894)	(\$1,714,781)				(\$1,714,781)
RSVA - Power	1588	(\$1,719,320)	(\$61,908)	\$4,524,419	\$126,392	\$38,570	\$2,908,153	\$1,561,065	\$21,465		\$4,490,683
<b>Sub-total not including RSVA Power Global Adjustment</b>		<b>\$5,767,102</b>	<b>\$98,122</b>	<b>(\$1,695,080)</b>	<b>(\$32,658)</b>	<b>\$55,990</b>	<b>\$4,193,476</b>	<b>\$1,561,065</b>	<b>\$21,465</b>		<b>\$5,776,006</b>
RSVA - Power Global Adjustment	1589	(\$4,385,565)	(\$221,047)	\$9,207,614	\$291,353	\$66,303	\$4,958,658	\$2,577,059	\$35,435		\$7,571,152
<b>Total including RSVA Power Global Adjustment</b>		<b>\$1,381,537</b>	<b>(\$122,925)</b>	<b>\$7,512,534</b>	<b>\$258,695</b>	<b>\$122,293</b>	<b>\$9,152,134</b>	<b>\$4,138,124</b>	<b>\$56,899</b>		<b>\$13,347,158</b>
Disposition and Recovery/Refund of Regulatory Balances (2016)	1595	(\$13,771)	(\$167)	-	-	(\$189)	(\$14,127)			(\$14,127)	-
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	(\$28,398)	(\$39,328)	\$28,398	\$39,967	-	\$638			\$638	-
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	(\$460,230)	(\$24,675)	-	-	(\$6,328)	(\$491,233)			(\$491,233)	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	(\$137,716)	\$49,228	-	-	(\$1,894)	(\$90,381)			(\$90,381)	-
<b>Total 1595</b>		<b>(\$640,114)</b>	<b>(\$14,943)</b>	<b>\$28,398</b>	<b>\$39,967</b>	<b>(\$8,411)</b>	<b>(\$595,103)</b>	<b>-</b>	<b>-</b>	<b>(\$595,103)</b>	<b>-</b>
<b>Total Group 1</b>		<b>\$741,423</b>	<b>(\$137,868)</b>	<b>\$7,540,932</b>	<b>\$298,662</b>	<b>\$113,882</b>	<b>\$8,557,031</b>	<b>\$4,138,124</b>	<b>\$56,899</b>	<b>(\$595,103)</b>	<b>\$13,347,158</b>
<b>Total Amount for Disposition</b>		<b>\$741,423</b>	<b>(\$137,868)</b>	<b>\$7,540,932</b>	<b>\$298,662</b>	<b>\$113,882</b>	<b>\$8,557,031</b>	<b>\$4,138,124</b>	<b>\$56,899</b>	<b>(\$595,103)</b>	<b>\$13,347,158</b>

2

1 Alectra Utilities is seeking a one-year disposition period for the Group 1 balances for the  
2 Enersource RZ. This approach is consistent with the EDDVAR Report which states on page 6  
3 that *“the default disposition period used to clear the account balances through a rate rider should*  
4 *be one year”*.

#### 5 **Wholesale Market Participants (“WMPs”)**

6 WMPs participate directly in the IESO administered market and settle commodity and market-  
7 related charges directly with the IESO. Alectra Utilities has established separate rate riders to  
8 dispose of the balances in the RSVAs for WMPs. The balances in Account 1588 RSVA – Power,  
9 Account 1580 RSVA – Wholesale Market Service Charge (including CBR) and Account 1589  
10 RSVA – Global Adjustment have not been allocated to WMPs.

#### 11 **Global Adjustment and Capacity Based Response (“CBR”) Disposition**

12 Alectra Utilities has also established separate rate riders to dispose of the GA and CBR account  
13 balances for the Enersource RZ. The GA and CBR rate riders are applicable for non-RPP Class  
14 B customers only. Alectra Utilities’ Class A customers are invoiced actual GA, therefore, none of  
15 the variance in the GA account balance is attributed to these customers.

16 There were 22 Alectra Utilities customers in the Enersource RZ that transitioned between Class  
17 A and Class B during 2019, under the IESO’s Industrial Conservation Initiative (“ICI”). These  
18 transition customers paid GA as Class B customers prior to their transition to Class A. As such,  
19 these customers will only be allocated the portion of the GA and CBR account balance which  
20 accrued to them as a Class B customer.

21 These GA and CBR amounts will be settled through twelve equal adjustments to bills as directed  
22 in the Chapter 3 Filing Requirements. These customers will not be charged or refunded the  
23 general GA rate riders.

24 Table 75 below identifies the GA and CBR balances disposed of through rate riders and specific  
25 bill adjustments.

26 Alectra Utilities requests disposition of its total GA balance of \$7,571,152, of which \$7,383,720  
27 will be disposed of via rate rider; and \$187,432 will be disposed of via specific bill adjustments,  
28 as discussed above. Alectra Utilities requests disposition of its total CBR balance of (\$368,130),  
29 of which (\$363,367) will be disposed of via rate rider; and (\$4,763) will be disposed of via specific

1 bill adjustments, as discussed above. Tab “6.1a GA Allocation” and “6.2a CBR B Allocation” in  
 2 the RGM identifies the detailed calculation of the bill adjustments.

3 **Table 75 –Disposition of GA Balances – Enersource RZ**

Description	Amount
Global Adjustment - Non-RPP Class B Customers	\$7,383,720
Global Adjustment - Transition Customers	\$187,432
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>	<b>\$7,571,152</b>
Capacity Based Recovery - Non-RPP Class B Customers	(\$363,367)
Capacity Based Recovery - Transition Customers	(\$4,763)
<b>Class B Non-RPP Customers only - CBR Rate Rider/Bill Adjustment</b>	<b>(\$368,130)</b>

4  
 5 A summary of the rate riders applicable to each group of customers is identified in Table 76 below.

6 **Table 76 – Rate Riders by Customer Group – Enersource RZ**

Customers	DVA Rate Rider 1 <sup>1</sup>	DVA Rate Rider 2 <sup>2</sup>	CBR B Rate Rider	GA Rate Rider	Specific Bill Adjustment
WMPs	x				
Class A (Full Year)	x	x			
Transition Customers	x	x			x
Class B non-RPP Customers (Full Year)	x	x	x	x	
Class B RPP Customers	x	x	x		

7 1. DVA Rate Rider 1 = disposition of low voltage, SME, Network, Connection, IRM balances

2. DVA Rate Rider 2 = disposition of Power and Wholesale Market Service Charges (excluding CBR)

8 WMPs are charged DVA Rate Rider 1 only, which includes account balances for low voltage  
 9 charges, retail transmission network charges, retail transmission connection charges.

10 Class A customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2, the latter of  
 11 which includes account balances for power and wholesale market service charges excluding  
 12 CBR.

13 Transition customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2; and a  
 14 customer specific bill adjustment for their portion of the GA and CBR account balances.

15 Class B, non-RPP customers are charged the sum of DVA Rate Riders 1 and 2; and the GA and  
 16 CBR Rate Rider.

17 Class B RPP customers are charged the sum of DVA Rate Riders 1 and 2.

18 The Group 1 DVAs disposition by customer group is identified in Table 77, below.

1 **Table 77 – Group 1 DVAs Disposition by Customer Group – Enersource RZ**

Description	Account	Amount
Low Voltage	1550	\$3,051,564
Smart Meter Entity Charge (Residential and GS<50kW Classes Only)	1551	(\$22,197)
Retail Transmission Network Charge	1584	\$2,022,783
Retail Transmission Connection Charge	1586	(\$1,714,781)
Disposition and Recovery/Refund of Regulatory Balances	1595	\$0
<b>All Customers - DVA Rate Rider 1</b>		<b>\$3,337,369</b>
Power	1588	\$4,490,683
Wholesale Market Service Charge excluding CBR	1580	(\$1,683,916)
<b>All Customers ex WMPs - DVA Rate Rider 2</b>		<b>\$2,806,767</b>
Wholesale Market Service Charge - CBR Class B	1580	(\$363,367)
Capacity Based Recovery - Transition Customers	1580	(\$4,763)
<b>All Class B Customers ex WMPs - CBR B Bill Adjustment</b>		<b>(\$368,130)</b>
Global Adjustment - Non-RPP Class B Customers	1589	\$7,383,720
Global Adjustment - Transition Customers	1589	\$187,432
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>		<b>\$7,571,152</b>
<b>Total (Repayment to)/Recovery from Customers</b>		<b>\$13,347,158</b>
Disposition via Rate Rider		\$13,164,489
Global Adjustment - Transition Customers		\$187,432
Capacity Based Recovery - Transition Customers		(\$4,763)

2

3

4 All balances claimed are allocated to the rate classes based on the default cost allocation  
5 methodology as identified in the EDDVAR report. The 2019 actuals reported in Alectra Utilities  
6 2019 RRRs have been used to calculate the rate riders as per the Chapter 3 Filing Requirements  
7 issued by the OEB on May 14, 2020.

8 The billing determinants, billing adjustments and calculation of the rate riders are provided in Tabs  
9 4 through 7 in the RGM Model filed as Attachment 17. Alectra Utilities requests disposition of the  
10 Enersource RZ adjusted Group 1 balances of \$13,347,158, through the rate riders identified in  
11 Table 78, below.

1 **Table 78 – Deferral and Variance Account Riders – Enersource RZ**

Customer Class	Deferral/Variance Account Rate Rider		Deferral/Variance Account Rate Rider for Non-WMP		Global Adjustment Rate Rider Non-RPP Class B		CBR B Rate Rider Class B Consumer	
	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW
Residential	0.0009				0.0028		(0.0001)	
GS<50 kW	0.0009				0.0028		(0.0001)	
General Service 50 To 499 kW		0.1742		0.1459	0.0028			(0.0266)
General Service 500 To 4,999 kW		0.1993		0.1666	0.0028			(0.0267)
Large Use		0.5024						
Unmetered Scattered Load	0.0009				0.0029		(0.0001)	
Street Lighting		0.2464			0.0028			(0.0205)

2

1    **GA Analysis Workform**

2    The GA Analysis Workform (“GA Workform”) for the Enersource RZ is filed as Attachment 27.  
3    The GA Workform compares the principal activity in the general ledger for Account 1589, Global  
4    Adjustment to the expected principal balance based on monthly GA volumes, revenue and costs.  
5    The GA Workform provides a tool to assess if the principal activity in Account 1589 for a specific  
6    year is reasonable. Distributors are required to submit a GA Workform for each year that has not  
7    previously been approved by the OEB for disposition. Alectra Utilities has completed the GA  
8    Workform for 2019 for the Enersource RZ.

9    **GA 2019**

10   The principal activity in Account 1589 recorded in 2018 was \$4,822,048 as identified in Table 79  
11   below. The principal activity balance, after known adjustments of \$2,577,059 was \$7,399,107.  
12   This is compared to the expected principal balance in Account 1589 of \$5,183,235 calculated in  
13   Attachment 27, which results in an unreconciled difference of \$2,215,872. This represents 0.74%  
14   of Alectra Utilities 2019 IESO purchases in the Enersource RZ, which is within the OEB’s  
15   threshold (+/- 1% of IESO purchases).

16   **Table 79 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	\$4,822,048
Add Known Adjustments	\$2,577,059
Adjusted Principal Activity in RSVA(GA)	\$7,399,107
Expected Principal Activity in RSVA(GA)	\$5,183,235
Variance \$	\$2,215,872
Total 2019 IESO Purchases	\$298,952,640
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.74%</b>

1 **1595 Analysis Workform**

2 The 1595 Workform compares the principal and interest amounts previously approved for  
3 disposition to the residual balances remaining after the amounts have been recovered or refunded  
4 to customers through rate riders. As discussed in the Chapter 3 Filing Requirements, *“the*  
5 *balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts*  
6 *attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if*  
7 *applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the*  
8 *original amounts previously approved for disposition would be considered material.”* The 1595  
9 Workform provides a tool to assess if the residual balance in Account 1595 for a specific year is  
10 reasonable. As provided in the OEB’s July 2, 2020 presentation on ‘*Accounting Related Matters*’,  
11 distributors can only seek disposition of the balance in Account 1595, as at the end of two years  
12 after the expiry of the rate rider (i.e. the fourth rate year after expiry of the rate rider).

13 In this Application, Alectra Utilities is not requesting disposition of its 1595 sub-account balances  
14 for the Enersource RZ as it does not meet the requirements for disposition of residual balances.  
15 Alectra Utilities received approved for disposition of its 1595 (2017) balance for the Enersource  
16 RZ in Alectra Utilities’ 2020 EDR Application.



1 **Guelph Hydro RZ**

2 The Group 1 balances as of December 31, 2019, in the amount of \$6,165,484 have been adjusted  
3 for the following items to determine the amount for disposition of \$4,037,282 as identified in Table  
4 80, below:

- 5 • Only eligible residual balances in Account 1595 for which rate riders have expired are  
6 included;
- 7 • Principal adjustments which are not included in the audited financial statements have been  
8 identified separately as an adjustment to the balance requested for disposition  
9 Consequently, the account balances on Tab 3. Continuity Schedule differ from the annual  
10 RRR filing; and
- 11 • Projected carrying charges for each Group 1 Account balance to the proposed rate rider  
12 implementation date are included (i.e. the amount for disposition includes projected  
13 carrying charges to December 31, 2020).

14 **Table 80 – Group 1 Balances for Disposition – Guelph Hydro RZ**

Description	Amount
<b>Group 1 Account Balances as of December 31, 2019</b>	<b>\$6,165,484</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers	\$0
Add Principal Adjustments	(\$1,767,655)
Add Projected Carrying Charges	\$54,760
Deduct 1595 Residual Balances to be disposed in a future rate proceeding	\$415,308
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>	<b>\$4,037,282</b>

15

16

17 Alectra Utilities has computed the disposition threshold for the Guelph Hydro RZ, based on the  
18 adjusted Group 1 balances to be (\$0.0025/kWh). Alectra Utilities requests disposition of its Group  
19 1 account balances in this Annual Filing for the Guelph Hydro RZ.

1 **Table 81 - Calculation of Disposition Threshold – Guelph Hydro RZ**

Description	Account	Amount
Low Voltage	1550	\$154,475
Smart Meter Entity Charge	1551	(\$67,677)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$680,016)
RSVA - Wholesale Market Service Charge - Capacity Based Recovery ("CBR") Class B	1580	(\$104,509)
RSVA - Retail Transmission Network Charge	1584	\$225,774
RSVA - Retail Transmission Connection Charge	1586	\$572,010
RSVA - Power	1588	\$5,568,852
RSVA - Global Adjustment	1589	\$376,591
Disposition and Recovery/Refund of Regulatory Balances	1595	\$119,984
<b>Group 1 Account Balances as of December 31, 2019</b>		<b>\$6,165,484</b>
Subtract 2019 Annual Filing Disposition (EB-2019-0018) - Refund to Customers		\$0
Add Principal Adjustments		(\$1,767,655)
Add Projected Carrying Charges		\$54,760
Deduct 1595 Residual Balances to be disposed in a future rate proceeding		\$415,308
<b>Adjusted Group 1 Account Balances for Disposition - Recovery from Customers</b>		<b>\$4,037,282</b>
2019 kWhs		1,631,235,260
<b>Threshold Test \$/kWh</b>		<b>\$0.0025</b>

2  
3  
4 Alectra Utilities has completed and filed Tabs 3 to 7 of the RGM as Attachment 18 for the Guelph  
5 Hydro RZ. Alectra Utilities has reconciled the Group 1 balances filed in the 2019 RRR, section  
6 2.1.7 for the Guelph Hydro RZ. The variance to the RRR balance is equal to the principal  
7 adjustments made in the current disposition period. A reconciliation of the balance requested for  
8 disposition is provided in Table 82, below.

9 Alectra Utilities has confirmed the accuracy of the billing determinants to the 2019 RRR, section  
10 2.1.5.4. Alectra Utilities relied upon the Board's prescribed interest rates to calculate carrying  
11 charges on the deferral and variance account balances. The prescribed interest rates of 2.18%  
12 for 2020 Q1-Q2 and 0.57% for 2020 Q3-Q4 were used to calculate forecasted interest for 2020.  
13 No adjustments have been made to any deferral and variance account balances previously  
14 approved by the Board on a final basis.

1 **Table 82 – Deferral and Variance Account Reconciliation – Guelph Hydro RZ**

Account Description	Account	Principal Amounts as of Dec 31, 2019	Carrying Charges to Dec 31, 2019	Principal Disposition during 2019	Interest Disposition during 2019	Projected Carrying Charges to Dec 31, 2020	Total Disposition before Principal Adjustment	Principal Adjustment	Projected Carrying Charges to December 31, 2020	1595 Balances Not Claimed in 2019	Total Disposition
<b>Group 1 Accounts:</b>											
Low Voltage	1550	\$151,357	\$3,118	-	-	\$2,081	\$156,556	-	-	-	\$156,556
Smart Meter Entity Charge	1551	(\$65,301)	(\$2,376)	-	-	(\$898)	(\$68,575)	-	-	-	(\$68,575)
RSVA - Wholesale Market Service Charge excluding CBR	1580	(\$667,488)	(\$12,528)	-	-	(\$9,178)	(\$689,194)	-	-	-	(\$689,194)
RSVA - Wholesale Market Service Charge - CBR B	1580	(\$102,917)	(\$1,592)	-	-	(\$1,415)	(\$105,925)	-	-	-	(\$105,925)
RSVA - Retail Transmission Network Charge	1584	\$221,817	\$3,956	-	-	\$3,050	\$228,824	-	-	-	\$228,824
RSVA - Retail Transmission Connection Charge	1586	\$546,516	\$25,495	-	-	\$7,515	\$579,525	-	-	-	\$579,525
RSVA - Power	1588	\$5,555,232	\$13,619	-	-	\$76,384	\$5,645,236	\$54,586	\$751	-	\$5,700,573
<b>Sub-total not including RSVA Power Global Adjustment</b>		<b>\$5,639,216</b>	<b>\$29,692</b>	<b>-</b>	<b>-</b>	<b>\$77,539</b>	<b>\$5,746,448</b>	<b>\$54,586</b>	<b>\$751</b>	<b>-</b>	<b>\$5,801,784</b>
RSVA - Power Global Adjustment	1589	\$408,667	(\$32,076)	-	-	\$5,619	\$382,211	(\$1,822,241)	(\$25,056)	\$0	(\$1,465,086)
<b>Total including RSVA Power Global Adjustment</b>		<b>\$6,047,884</b>	<b>(\$2,383)</b>	<b>-</b>	<b>-</b>	<b>\$83,158</b>	<b>\$6,128,658</b>	<b>(\$1,767,655)</b>	<b>(\$24,305)</b>	<b>\$0</b>	<b>\$4,336,698</b>
Disposition and Recovery/Refund of Regulatory Balances (2017)	1595	(\$798,748)	\$510,314	-	-	(\$10,983)	(\$299,416)	-	-	-	(\$299,416)
Disposition and Recovery/Refund of Regulatory Balances (2018)	1595	\$60,941	\$19,271	-	-	\$838	\$81,049	-	-	\$81,049	-
Disposition and Recovery/Refund of Regulatory Balances (2019)	1595	\$440,156	(\$111,949)	-	-	\$6,052	\$334,258	-	-	\$334,258	-
<b>Total 1595</b>		<b>(\$297,651)</b>	<b>\$417,636</b>	<b>-</b>	<b>-</b>	<b>(\$4,093)</b>	<b>\$115,891</b>	<b>-</b>	<b>-</b>	<b>\$415,308</b>	<b>(\$299,416)</b>
<b>Total Group 1</b>		<b>\$5,750,232</b>	<b>\$415,252</b>	<b>-</b>	<b>-</b>	<b>\$79,066</b>	<b>\$6,244,550</b>	<b>(\$1,767,655)</b>	<b>(\$24,305)</b>	<b>\$415,308</b>	<b>\$4,037,282</b>
<b>Total Amount for Disposition</b>		<b>\$5,750,232</b>	<b>\$415,252</b>	<b>-</b>	<b>-</b>	<b>\$79,066</b>	<b>\$6,244,550</b>	<b>(\$1,767,655)</b>	<b>(\$24,305)</b>	<b>\$415,308</b>	<b>\$4,037,282</b>

2

1 Alectra Utilities is seeking a one-year disposition period for the Group 1 balances for the Guelph  
2 Hydro RZ. This approach is consistent with the EDDVAR Report which states on page 6 that “*the*  
3 *default disposition period used to clear the account balances through a rate rider should be one*  
4 *year*”.

#### 5 **Wholesale Market Participants (“WMPs”)**

6 WMPs participate directly in the IESO administered market and settle commodity and market-  
7 related charges directly with the IESO. Alectra Utilities has established separate rate riders to  
8 dispose of the balances in the RSVAs for WMPs. The balances in Account 1588 RSVA – Power,  
9 Account 1580 RSVA – Wholesale Market Service Charge (including CBR) and Account 1589  
10 RSVA – Global Adjustment have not been allocated to WMPs.

#### 11 **Global Adjustment and Capacity Based Response (“CBR”) Disposition**

12 Alectra Utilities has also established separate rate riders to dispose of the global adjustment GA  
13 and CBR account balances for the Guelph Hydro RZ. The GA and CBR rate riders are applicable  
14 for non-RPP Class B customers only. Alectra Utilities’ Class A customers are invoiced actual GA,  
15 therefore, none of the variance in the GA account balance is attributed to these customers.

16 There were 15 Alectra Utilities customers in the Guelph RZ that transitioned between Class A and  
17 Class B during 2018 and 2019, under the IESO’s Industrial Conservation Initiative (“ICI”). These  
18 transition customers paid GA as Class B customers prior to their transition to Class A. As such,  
19 these customers will only be allocated the portion of the GA and CBR account balance which  
20 accrued to them as a Class B customer.

21 These GA and CBR amounts will be settled through twelve equal adjustments to bills as directed  
22 in the Chapter 3 Filing Requirements. These customers will not be charged or refunded the  
23 general GA rate riders.

24 Table 83 below identifies the GA and CBR balances disposed of through rate riders and specific  
25 bill adjustments.

26 Alectra Utilities requests disposition of its total GA balance of (\$1,465,086), of which (\$1,350,116)  
27 will be disposed of via rate rider; and (\$114,970) will be disposed of via specific bill adjustments,  
28 as discussed above. Alectra Utilities requests disposition of its total CBR balance of (\$105,925),  
29 of which (\$101,170) will be disposed of via rate rider; and (\$4,754) will be disposed of via specific

1 bill adjustments, as discussed above. Tab “6.1a GA Allocation” and “6.2a CBR B Allocation” in  
2 the RGM identifies the detailed calculation of the bill adjustments.

3 **Table 83 –Disposition of GA Balances – Guelph Hydro RZ**

Description	Amount
Global Adjustment - Non-RPP Class B Customers	(\$1,350,116)
Global Adjustment - Transition Customers	(\$114,970)
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>	<b>(\$1,465,086)</b>
<hr/>	
Capacity Based Recovery - Non-RPP Class B Customers	(\$101,170)
Capacity Based Recovery - Transition Customers	(\$4,754)
<b>Class B Non-RPP Customers only - CBR Rate Rider/Bill Adjustment</b>	<b>(\$105,925)</b>

4  
5 A summary of the rate riders applicable to each group of customers is identified in Table 84 below.

6 **Table 84 – Rate Riders by Customer Group – Guelph Hydro RZ**

Customers	DVA Rate Rider 1 <sup>1</sup>	DVA Rate Rider 2 <sup>2</sup>	CBR B Rate Rider	GA Rate Rider	Specific Bill Adjustment
WMPs	x				
Class A (Full Year)	x	x			
Transition Customers	x	x			x
Class B non-RPP Customers (Full Year)	x	x	x	x	
Class B RPP Customers	x	x	x		

7 1. DVA Rate Rider 1 = disposition of low voltage, SME, Network, Connection, IRM balances

2. DVA Rate Rider 2 = disposition of Power and Wholesale Market Service Charges (excluding CBR)

8 WMPs are charged DVA Rate Rider 1 only, which includes account balances for low voltage  
9 charges, retail transmission network charges, retail transmission connection charges.

10 Class A customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2, the latter of  
11 which includes account balances for power and wholesale market service charges excluding  
12 CBR.

13 Transition customers are charged the sum of DVA Rate Rider 1 and DVA Rate Rider 2; and a  
14 customer specific bill adjustment for their portion of the GA and CBR account balances.

15 Class B, non-RPP customers are charged the sum of DVA Rate Riders 1 and 2; and the GA and  
16 CBR Rate Rider.

17 Class B RPP customers are charged the sum of DVA Rate Riders 1 and 2.

18 The Group 1 DVAs disposition by customer group is identified in Table 85, below.

1 **Table 85 – Group 1 DVAs Disposition by Customer Group – Guelph Hydro RZ**

Description	Account	Amount
Low Voltage	1550	\$156,556
Smart Meter Entity Charge (Residential and GS<50kW Classes Only)	1551	(\$68,575)
Retail Transmission Network Charge	1584	\$228,824
Retail Transmission Connection Charge	1586	\$579,525
Disposition and Recovery/Refund of Regulatory Balances	1595	(\$299,416)
<b>All Customers - DVA Rate Rider 1</b>		<b>\$596,914</b>
		<b>\$0</b>
Power	1588	\$5,700,573
Wholesale Market Service Charge excluding CBR	1580	(\$689,194)
<b>All Customers ex WMPs - DVA Rate Rider 2</b>		<b>\$5,011,378</b>
		<b>\$0</b>
Wholesale Market Service Charge - CBR Class B	1580	(\$101,170)
Capacity Based Recovery - Transition Customers	1580	(\$4,754)
<b>All Class B Customers ex WMPs - CBR B Bill Adjustment</b>		<b>(\$105,925)</b>
		<b>\$0</b>
Global Adjustment - Non-RPP Class B Customers	1589	(\$1,350,116)
Global Adjustment - Transition Customers	1589	(\$114,970)
<b>Class B Non-RPP Customers only - GA Rate Rider/Bill Adjustment</b>		<b>(\$1,465,086)</b>
		<b>\$0</b>
<b>Total (Repayment to)/Recovery from Customers</b>		<b>\$4,037,282</b>
Disposition via Rate Rider		\$4,157,006
Global Adjustment - Transition Customers		(\$114,970)
Capacity Based Recovery - Transition Customers		(\$4,754)

2

3

4 All balances claimed are allocated to the rate classes based on the default cost allocation  
5 methodology as identified in the EDDVAR report. The 2019 actuals reported in Alectra Utilities  
6 2019 RRRs have been used to calculate the rate riders as per the Chapter 3 Filing Requirements  
7 issued by the OEB on May 14, 2020.

8 The billing determinants, billing adjustments and calculation of the rate riders are provided in Tabs  
9 4 through 7 in the RGM Model filed as Attachment 18. Alectra Utilities requests disposition of the  
10 Guelph Hydro RZ adjusted Group 1 balances, through the rate riders identified in Table 86, below.

1 **Table 86 – Deferral and Variance Account Riders – Guelph Hydro RZ**

Customer Class	Deferral/Variance Account Rate Rider		Deferral/Variance Account Rate Rider for Non-WMP		Global Adjustment Rate Rider Non-RPP Class B		GBR B Rate Rider Class B Consumer	
	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW	\$/kWh	\$/kW
Residential	0.0033				(0.0043)		(0.0001)	
GS<50 kW	0.0035				(0.0043)		(0.0001)	
General Service 50 To 999 kW		0.1565		1.1475	(0.0043)			(0.0440)
General Service 1,000 To 4,999 kW		0.1988		1.4699	(0.0043)			(0.1207)
Large Use		1.5752						
Unmetered Scattered Load	0.0035				(0.0043)		(0.0001)	
Sentinel Lighting		1.2563						(0.0377)
Street Lighting		1.2434			(0.0043)			(0.0425)

2

1    **GA Analysis Workform**

2    The GA Analysis Workform (“GA Workform”) for the Guelph RZ is filed as Attachment 28. The GA  
3    Workform compares the principal activity in the general ledger for Account 1589, Global  
4    Adjustment to the expected principal balance based on monthly GA volumes, revenue and costs.  
5    The GA Workform provides a tool to assess if the principal activity in Account 1589 for a specific  
6    year is reasonable. Distributors are required to submit a GA Workform for each year that has not  
7    previously been approved by the OEB for disposition. Alectra Utilities has completed the GA  
8    Workform for 2018 and 2019 for the Guelph Hydro RZ.

9    **GA 2018**

10   The principal activity in Account 1589 recorded in 2018 was (\$2,229,900) as identified in Table  
11   87 below. The principal activity balance, after known adjustments of \$2,090,089 was (\$139,811).  
12   This is compared to the expected principal balance in Account 1589 of (\$68,191) calculated in  
13   Attachment 28, which results in an unreconciled difference of (\$71,620). This represents 0.21%  
14   of Alectra Utilities 2018 IESO purchases in the Horizon Utilities RZ, which is within the OEB’s  
15   threshold (+/- 1% of IESO purchases).

16   **Table 87 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	(\$2,229,900)
Add Known Adjustments	\$2,090,089
Adjusted Principal Activity in RSVA(GA)	(\$139,811)
Expected Principal Activity in RSVA(GA)	(\$68,191)
Variance \$	(\$71,620)
Total 2018 IESO Purchases	\$34,538,348
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.21%</b>

17

18  
19    **GA 2019**

20   The principal activity in Account 1589 recorded in 2019 was \$2,601,202 as identified in Table 88  
21   below. The principal activity balance, after known adjustments of (\$1,822,241) was \$778,961.  
22   This is compared to the expected principal balance in Account 1589 of \$798,580 calculated in  
23   Attachment 28, which results in an unreconciled difference of (\$19,619). This represents 0.05%



1 of Alectra Utilities 2019 IESO purchases in the Brampton RZ, which is within the OEB's threshold  
2 (+/- 1% of IESO purchases).

3 **Table 88 – GA Workform Summary**

Description	Amount
Principal Activity in RSVA(GA)	\$2,601,202
Add Known Adjustments	(\$1,822,241)
Adjusted Principal Activity in RSVA(GA)	\$778,961
Expected Principal Activity in RSVA(GA)	\$798,580
Variance \$	(\$19,619)
Total 2019 IESO Purchases	\$38,304,074
<b>Absolute Variance as a % of IESO Purchases</b>	<b>0.05%</b>

4

1 **1595 Analysis Workform**

2 The 1595 Workform compares the principal and interest amounts previously approved for  
3 disposition to the residual balances remaining after the amounts have been recovered or refunded  
4 to customers through rate riders. As discussed in the Chapter 3 Filing Requirements, *“the*  
5 *balances in Account 1595 will first be assessed in two groups of accounts; one being the amounts*  
6 *attributable to GA, and the other being the remainder of Group 1 and Group 2 Accounts (if*  
7 *applicable). A residual balance in either of the two groups of accounts exceeding +/- 10% of the*  
8 *original amounts previously approved for disposition would be considered material.”* The 1595  
9 Workform provides a tool to assess if the residual balance in Account 1595 for a specific year is  
10 reasonable. As provided in the OEB’s July 2, 2020 presentation on ‘Accounting Related Matters’,  
11 distributors can only seek disposition of the balance in Account 1595, as at the end of two years  
12 after the expiry of the rate rider (i.e. the fourth rate year after expiry of the rate rider).

13 The total Group 1 and Group 2 balances excluding Account 1589; and the balance in Account  
14 1589 – Global Adjustment generates a variance of 3.7% and 6.7% respectively, which is within  
15 the OEB’s threshold of +/- 10%. Alectra Utilities request disposition of its Account 1595 (2017)  
16 residual balance for the Guelph RZ. The 1595 Analysis Workform is filed as Attachment 31.

17 **Table 89 – 1595 Workform Summary**

<b>Description</b>	<b>Total Balances Approved for Disposition</b>	<b>Residual Balances</b>	<b>Collections/ Returns Variance (%)</b>
Total Group 1 and Group 2 Balances excluding Account 1589	(\$5,299,832)	(\$194,336)	3.7%
Account 1589 - Global Adjustment	(\$344,285)	(\$22,906)	6.7%
<b>Total Group 1 and Group 2 Balances</b>	<b>(\$5,644,117)</b>	<b>(\$217,243)</b>	<b>3.8%</b>

1 **ADJUSTMENTS TO DEFERRAL AND VARIANCE ACCOUNTS**

2 **Horizon Utilities RZ**

3 On May 15, 2019, the OEB issued a Letter re: *Accounting Guidance for IESO Charge Type 2148*.  
4 The letter provides accounting guidance for the new IESO charge type 2148 Class B Global  
5 Adjustment Prior Period Correction Settlement Amount, which captures corrections to prior period  
6 input data for embedded generation, energy storage or Class A load quantities for impacted  
7 market participants.

8 Further, on October 31, 2019, the OEB issued a Letter re: *Adjustments to Correct for Errors in*  
9 *Electricity Distributor "Pass-Through" Variance Accounts After Disposition*. The letter provides the  
10 OEB's approach to addressing accounting or other errors captured in Group 1 variance accounts.  
11 The letter directs electricity distributors "to disclose errors that have been discovered in their  
12 accounting records and to record correcting adjustments to the affected accounts in the year in  
13 which the error is discovered."

14 The Chapter 3 Filing Requirements direct distributors to provide explanations regarding the nature  
15 and amounts of the adjustments and to include supporting documentation under a section titled  
16 "Adjustments to Deferral and Variance Accounts".<sup>10</sup>

17 Alectra Utilities identified an omission relating to the Horizon Utilities Rate Zone in reporting  
18 embedded generation energy kWh's produced from FIT and MicroFIT generators. The omission,  
19 which was the result of a spreadsheet error, likely occurred in 2010 and affected Form 1598  
20 submissions to the IESO and the associated settlements from that time until the error was  
21 identified in 2019. Alectra Utilities has corrected the error, immediately notified the IESO and  
22 remitted an amount of \$8.1MM to the IESO.

23 Alectra Utilities submitted an adjustment for this omission in the July 2019 Form 1598 submission  
24 to the IESO. This amount was settled in the July 2019 IESO invoice, and is included in Alectra  
25 Utilities' Group 1 balance for the Horizon Utilities RZ.

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<sup>10</sup> OEB's Filing Requirements for Electricity Distribution Rate Applications - 2020 Edition for 2021 Rate Applications, Chapter 3, May 14, 2020, pp. 10-11.

1 **Guelph Hydro RZ**

2 On February 20, 2019, Alectra Utilities informed the OEB that Ontario Electricity Support Program  
3 (“OESP”) credits for some of its customers in the Guelph Hydro RZ were not terminated upon  
4 expiration of the customers’ eligibility periods. On October 9, 2019, the OEB issued a letter  
5 directing Alectra Utilities to submit a report on the total number of accounts affected, the excess  
6 amount of OESP credits paid, and the date and amount of the transaction for repayment to the  
7 IESO. Alectra Utilities provided the report to the OEB which confirmed that an amount of \$49,903  
8 was repaid to the IESO in December 2019.

9 Further, the OEB requested that Alectra Utilities confirm in its next rate filing that it did not collect  
10 any funds related to this issue from ratepayers or included these amounts in any variance  
11 accounts.

12 Alectra Utilities confirms that it has not collected any funds from ratepayers or included these  
13 amounts in its variance accounts.

1 **RENEWABLE GENERATION CONNECTION RATE PROTECTION**

2 Alectra Utilities provides a summary of its Renewable Generation Connection Rate Protection  
3 (“RGCRP”) amounts by rate zone, below.

4 **Horizon Utilities RZ**

5 In the 2011 Cost of Service Rate Application (EB-2010-0130), the OEB approved Horizon Utilities  
6 request for the funding of Renewable Generation Connection Provincial amounts included in its  
7 detailed Distribution System Plan (“DSP”), to be recovered through the IESO relating to  
8 Renewable Enabling Improvement Investments and Renewable Expansion Investments.

9 In a letter dated December 20, 2018, Alectra Utilities requested that the current IESO renewable  
10 generation payments of \$707 per month discontinue as of December 31, 2018. Alectra Utilities  
11 confirmed in the letter that Horizon Utilities did incur the expenditures for the renewable  
12 generation investments that were approved in Horizon Utilities’ 2011 cost of service rate  
13 application. Horizon Utilities included 100% of the net book value of the renewable eligible  
14 investments in the rate base of Horizon Utilities’ 2015 Custom IR application. In Alectra Utilities’  
15 2020 EDR Application, the OEB approved Alectra Utilities’ request to refund \$9,726 as a one-  
16 time payment to the IESO and an amount of \$71,362 to customers through rate riders<sup>11</sup>. Alectra  
17 Utilities is not requesting renewable generation funding for the Horizon Utilities RZ.

18 **Brampton RZ**

19 In the 2015 Cost of Service Rate Application (EB-2014-0083), the Board approved Hydro One  
20 Brampton’s request for the funding of Renewable Generation Connection Provincial amounts  
21 included in its detailed Distribution System Plan (“DSP”), to be recovered through the IESO  
22 relating to Renewable Enabling Improvement Investments and Renewable Expansion  
23 Investments from 2015 to 2019. Hydro One Brampton’s DSP was reviewed by the OEB and its  
24 funding requests for eligible investments for 2015 to 2019 were approved by the OEB.

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<sup>11</sup> EB-2019-0018, Partial Decision and Interim Rate Order, dated December 12, 2019, pp.37-38

1 Alectra Utilities is requesting to collect renewable generation funding of \$139,883 in 2021 or  
2 \$11,657 per month from all provincial ratepayers, as identified in Attachment 32 for the Brampton  
3 RZ.

#### 4 **PowerStream RZ**

5 In the 2017 Custom IR Rate Application (EB-2015-0003), the Board approved PowerStream's  
6 request for the funding of Renewable Generation Connection Provincial amounts included in its  
7 detailed DSP, to be recovered through the IESO relating to Renewable Enabling Improvement  
8 Investments and Renewable Expansion Investments from 2016 to 2020.

9 Alectra Utilities is requesting to collect renewable generation funding of \$252,940 in 2021 or  
10 \$21,078 per month from all provincial ratepayers for the PowerStream RZ, as identified in  
11 Attachment 33.

#### 12 **Enersource RZ**

13 Enersource filed a basic Green Energy Plan (the "GEA Plan") which was approved by the Board  
14 in Enersource's 2013 cost of service application proceeding (EB-2012-0033). The GEA Plan  
15 identified the projects and expenditures associated with the connection of renewable generation  
16 to its system and discussed constraints on the ability to connect renewable generation. The GEA  
17 Plan was filed in accordance with the *Filing Requirements: Distribution System Plans – Filing  
18 under Deemed Conditions of Licence* (EB-2009-0397), which requires distributors to identify the  
19 costs related to the connection of FIT and microFIT projects and/or to the implementation of a  
20 smart grid. The GEA Plan did not include any smart grid initiatives.

21 Alectra Utilities is requesting the collection of renewable generation funding for the Enersource  
22 RZ of \$149,672 or \$12,473 per month from all provincial ratepayers, as shown in Attachment 34.

#### 23 **Guelph Hydro RZ**

24 In the 2012 Cost of Service Rate Application (EB-2011-0123), the OEB approved Guelph Hydro's  
25 request for the funding of Renewable Generation Connection Provincial amounts included in its  
26 detailed Distribution System Plan ("DSP"), to be recovered through the IESO relating to  
27 Renewable Enabling Improvement Investments and Renewable Expansion Investments.

1 In a letter dated November 29, 2018, Alectra Utilities requested to discontinue the collection of  
2 provincial funding for the eligible investments that were approved in its 2012 cost of service  
3 decision. Guelph Hydro received a total of \$350,844 from 2013 to 2018 of provincial funding for  
4 the eligible investments that were approved in its 2012 cost of service decision. Guelph Hydro did  
5 not incur any capital costs for these investments since all costs were offset by customers' capital  
6 contributions. As a result, Guelph Hydro was not entitled to any RGCRP payments from the IESO  
7 for the subject investments. In Alectra Utilities' 2020 EDR Application, the OEB approved Alectra  
8 Utilities' request to refund \$350,844 as a one-time payment to the IESO<sup>12</sup>. Alectra Utilities is not  
9 requesting renewable generation funding for the Guelph Hydro RZ.

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<sup>12</sup> EB-2019-0018, Partial Decision and Interim Rate Order, dated December 12, 2019, pp.39-40

1    **DISPOSITION OF LRAM VARIANCE ACCOUNT**

2    Alectra Utilities is applying for disposition of the balance in its the LRAM variance account  
3    ("LRAMVA") resulting from its Conservation and Demand Management ("CDM") activities in 2018  
4    in the Horizon Utilities, Brampton, PowerStream, Enersource and Guelph Hydro RZs.

5    **Lost Revenue Adjustment Mechanism for 2011-2014 and 2015-2020**

6    On March 31, 2010, the Ministry of Energy and Infrastructure issued a directive to the OEB (the  
7    "Directive") to establish electricity and conservation and demand management targets to be met  
8    by licensed electricity distributors over a four-year period commencing January 1, 2011. The  
9    Minister of Energy and Infrastructure included guidance to the OEB that lost revenues that result  
10   from CDM programs should not act as a disincentive to a distributor to promote CDM activities.

11   On April 26, 2012, in response to the Directive, the OEB issued a new set of *Guidelines for*  
12   *Electricity Distributor Conservation and Demand Management* (EB-2012-0003) ("2012 CDM  
13   Guidelines") which set out the obligations and requirements with which electricity distributors must  
14   comply in relation to the CDM targets that are a condition of licence. The 2012 CDM Guidelines  
15   also provided updated details for the Lost Revenue Adjustment Mechanism ("LRAM") to  
16   compensate distributors for lost revenues resulting from CDM programs for the 2011 to 2014  
17   period.

18   The OEB authorized the establishment of an LRAMVA to record, at the customer rate-class level,  
19   the difference between:

- 20       (i)     the results of actual, verified impacts of authorized CDM activities undertaken by  
21             electricity distributors between 2011-2014 for CDM programs, and
- 22       (ii)    the level of CDM program activities included in the distributor's load forecast (i.e. the  
23             level embedded into rates).

24   The variance calculated from the comparison will result in a credit or a debit to the ratepayer at  
25   the customer class level in the LRAMVA.

26   On March 31, 2014, the Ministry of Energy and Infrastructure, in response to the Government of  
27   Ontario's Long-Term Energy Plan ("LTEP"), issued a directive to the OEB ("the Conservation



1 Directive”) to promote CDM, including amending the licences of electricity distributors and  
2 establishing CDM Requirement guidelines (the “2015 CDM Guidelines”).

3 On December 19, 2014, the OEB issued *Conservation and Demand Management Requirement*  
4 *Guidelines for Electricity Distributors* (EB-2014-0278) (“2015 CDM Guidelines”) which amended  
5 the electricity distribution licences of all electricity distributors to include a condition that requires  
6 the distributors to make CDM programs available to each customer segment in their service area  
7 and to report annual CDM results to the IESO. The Board also requires that electricity distributors  
8 work with natural gas distributors and the IESO in coordinating and integrating electricity  
9 conservation and natural gas demand side management programs. The 2015 CDM Guidelines  
10 also confirmed the continuation of the LRAM mechanism to compensate distributors for lost  
11 revenues resulting from CDM programs for the 2015 to 2020 period.

12 On May 19, 2016, the OEB issued an *Updated Policy for the Lost Revenue Adjustment*  
13 *Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and*  
14 *Demand Management Programs*, on the calculation of the LRAMVA in respect of peak demand  
15 savings. In this report, the OEB determined that distributors should multiply the peak demand  
16 (kW) savings amounts from energy efficiency programs included in the IESO Final Results by the  
17 number of months the IESO has indicated those savings take place throughout the year. The  
18 OEB also indicated that peak demand savings from Demand Response (“DR”) programs should  
19 generally not be included within the LRAMVA calculation.

20 On March 21, 2019, the Minister of Energy, Northern Development and Mines issued a directive  
21 to the Independent Electricity System Operator (“IESO”) to discontinue the Conservation First  
22 Framework and associated Conservation and Demand Management (“CDM”) activities. Pursuant  
23 to the Ministerial Directive, the IESO issued a Notice of Termination of the Energy Conservation  
24 Agreement (“ECA”) to Alectra Utilities.

## 25 **LRAM Calculations**

26 The OEB has identified that distributors can apply for disposition of the balance in the LRAMVA  
27 as part of their cost of service applications and may apply for disposition on an annual basis, as  
28 part of their IRM application, if the balance is deemed significant by the applicant. Alectra Utilities  
29 is requesting approval for the recovery of lost revenues of \$10,394,895, including carrying

1 charges across its five RZs, which is above the materiality threshold for Alectra Utilities. The  
2 materiality threshold, as defined by the OEB, is \$1 million for a distributor with a distribution  
3 revenue requirement of more than \$200 million.

4 Alectra Utilities has determined the LRAM amount in accordance with the Board's 2012 CDM  
5 Guidelines, 2015 CDM Guidelines, its 2016 Updated Policy for the calculation of LRAMVA, in  
6 respect of peak demand savings and the Chapter 3 Filing Requirements. Alectra Utilities has  
7 completed the 2021 LRAMVA work form provided by the OEB to calculate the variance between  
8 actual CDM savings and forecast CDM savings. The LRAMVA work form is filed as a working  
9 Microsoft Excel file as directed by the Board in the Chapter 3 Filing Requirements and is provided  
10 in Attachments 35 to 39. Alectra Utilities has not included peak demand (kW) savings from  
11 Demand Response programs in its lost revenue calculation in accordance with Board's 2016  
12 Updated Policy on the calculation of peak demand savings.

13 In accordance with the Chapter 3 Filing Requirements, Alectra Utilities provides the following  
14 information:

15 (i) Alectra Utilities has used the most recent input assumptions available at the time of the  
16 program evaluation when calculating the lost revenue amount;

17 (ii) Alectra Utilities has relied on the Participation and Cost Reports and detailed project level  
18 savings files from Alectra Utilities' CDM Department. The Participation and Cost reports  
19 are filed in excel format as Attachments 40 and 41;

20 (iii) The IESO performs evaluations for all of its programs, which includes examining gross  
21 energy savings from the programs and the net-to-gross ratio ("NTGR"). From these  
22 evaluations the IESO calculates net energy savings by initiative within a program group  
23 (residential, business, industrial and low income) in the Participation and Cost Reports.  
24 Peak demand savings are also calculated and reported by initiative within a program  
25 group. For initiatives implemented under the Residential and Low-Income Programs,  
26 100% of CDM savings were attributed to the Residential Rate Class. For initiatives  
27 implemented under the Commercial and Industrial programs that apply to more than one  
28 rate class, the savings were estimated by rate class, based on participant-specific  
29 information, where available;

1 (iv) Alectra Utilities has provided additional data in Tab 8. Street Lighting of the LRAMVA  
2 Workform, in support of the Street Lighting project savings. Demand savings for the retrofit  
3 streetlight project do not appear on the IESO's Final Verified Result Report, as the  
4 reduction to peak demand occurs outside the IESO's peak hours. Streetlight demand  
5 savings were calculated based on the difference between pre-conversion billing demand  
6 and post-conversion billing demand. The net-to-gross assumption used to calculate street  
7 lighting savings was based on the 2018 CDM Street Light project results from Alectra  
8 Utilities' detailed project level savings file. A detailed breakdown of the type of bulbs  
9 replaced and average demand per bulb (pre and post upgrade) is provided in Tab 8 of the  
10 LRAMVA Workform;

11 (v) Alectra Utilities confirms that street light upgrades represent incremental savings  
12 attributable to participation in the IESO's CDM program;

13 (vi) Alectra Utilities confirms that the associated street light energy savings have been inputted  
14 separately in 2018 and the energy savings removed from the overall Retrofit program; and

15 (vii) Alectra Utilities confirms that it has relied on reports from participating municipalities or  
16 third-party reports, where applicable, to validate the number and type of bulbs replaced or  
17 retrofitted through the IESO program.

18 Alectra Utilities proposes to dispose of its 2019 LRAMVA balance in a future rate proceeding.  
19 Alectra Utilities identifies that the balance in Account 1568, LRAMVA, in Tab "3. Continuity  
20 Schedule" does not match the amount being requested for disposition due to the exclusion of the  
21 2019 balances and true-up entries recorded in subsequent years.

22 Alectra Utilities engaged IndEco Strategic Consulting Inc. ("IndEco") to review and verify the  
23 process and related calculations used for determining 2018 CDM savings. The IndEco letter is  
24 provided as Attachment 42.

25 Alectra Utilities provides a summary of relief sought by rate zone, below.

1 **Horizon Utilities RZ**

2 Alectra Utilities is seeking recovery of lost revenues for the period January 1, 2018 to December  
3 31, 2018 resulting from the following:

- 4 (i) 2014 to 2017 CDM persistence savings in 2018; and
- 5 (ii) Incremental savings from IESO-funded CDM programs implemented in 2018.

6 The total amount requested for disposition in the Horizon Utilities RZ is a debit of \$1,020,520  
7 including forecasted carrying charges of \$44,310 through to December 31, 2020. Actual savings  
8 from CDM activities for 2018 was above the estimated projections used in the load forecast  
9 resulting in an under-collection from customers during this period. Alectra Utilities’ most recent  
10 application for the recovery of lost revenues due to CDM activities was filed in Alectra Utilities  
11 2020 EDR Application (EB-2019-0018). In that proceeding, the Board approved Alectra Utilities’  
12 request to recover lost revenues from CDM activities in 2017 in the Horizon Utilities RZ.

13 In calculating the lost revenue amounts by rate class, CDM verified savings (in kWh and kW) were  
14 multiplied by the appropriate Board-approved variable distribution rates for the respective period  
15 as provided in Tab “3. Distribution Rates” of the LRAMVA work form and in Table 90 identified  
16 below.

17 **Table 90 – Distribution Volumetric Rates – Horizon Utilities RZ**

Year	Residential	GS<50 kW	General Service 50 to 4,999 kW	Large Use (1)	Large Use (2)	Street Lighting	Unmetered Scattered Load
	kWh	kWh	kW	kW	kWh	kW	kW
2018	\$0.0054	\$0.0106	\$2.5558	\$1.4016	\$0.3340	\$5.4171	\$0.0131

18  
19 Horizon Utilities’ LRAMVA threshold approved in its 2015 Custom IR Application (EB-2014-0002,  
20 Exhibit 3, Tab 1, Schedule 2) is used as the comparator against actual savings for the lost revenue  
21 calculation for 2018. The LRAMVA thresholds are provided in Tab “2. LRAMVA Threshold” of the  
22 LRAMVA work form and in Table 91 identified below.

1 **Table 91 – LRAMVA Thresholds – Horizon Utilities RZ**

<b>LRAMVA Threshold</b>	<b>Residential</b>	<b>GS&lt;50 KW</b>	<b>General Service 50 To 4,999 KW</b>
	kWh	kWh	kW
2018	22,612,726	7,191,289	165,380

3 Alectra Utilities has calculated carrying charges on the LRAM amounts from January 1, 2018 to  
4 December 31, 2020 in the LRAMVA work form using the OEB’s annual prescribed interest rates  
5 as provided in Tab “6. Carrying Charges” of the LRAMVA work form. The total amount requested  
6 for disposition is a recovery of \$1,020,520, representing a principal balance of \$976,210 and  
7 carrying charges of \$44,310.

8 Alectra Utilities has provided a summary of its lost revenue calculations by year for each rate  
9 class in Tables 92 and 94 below for, which is also provided in Tab “1. LRAMVA Summary” of the  
10 LRAMVA work form.

11 **Table 92 – LRAMVA Totals by Rate Class – Horizon Utilities RZ**

<b>Customer Class</b>	<b>Billing Unit</b>	<b>Principle (\$)</b>	<b>Carrying Charges (\$)</b>	<b>Total LRAMVA (\$)</b>
Residential	kWh	\$363,498	\$16,499	\$379,997
GS<50 KW	kWh	\$422,951	\$19,198	\$442,148
General Service 50 To 4,999 KW	kW	-\$19,407	-\$881	-\$20,288
Large Use (1)	kW	\$24,602	\$1,117	\$25,719
Large Use (2)	kW	\$23,581	\$1,070	\$24,652
Street Lighting	kW	\$117,098	\$5,315	\$122,413
Unmetered Scattered Load	kWh	\$43,887	\$1,992	\$45,879
<b>Total</b>		<b>\$976,210</b>	<b>\$44,310</b>	<b>\$1,020,520</b>

12

1 **Table 93 – LRAMVA by Year and Rate Class – Horizon Utilities RZ**

Description	Residential	GS<50 kW	General Service 50 To 4,999 kW	Large Use (1)	Large Use (2)	Street Lighting	Unmetered Scattered Load	Total
	kWh	kWh	kW	kW	kW	kW	kWh	
2018 Actuals	\$485,607	\$499,178	\$403,271	\$24,602	\$23,581	\$117,098	\$43,887	\$1,597,225
2018 Forecast	(\$122,109)	(\$76,228)	(\$422,678)	\$0	\$0	\$0	\$0	(\$621,015)
<b>2018 LRAM Balance</b>	<b>\$363,498</b>	<b>\$422,951</b>	<b>(\$19,407)</b>	<b>\$24,602</b>	<b>\$23,581</b>	<b>\$117,098</b>	<b>\$43,887</b>	<b>\$976,210</b>
<b>Carrying Charges</b>	<b>\$16,499</b>	<b>\$19,198</b>	<b>(\$881)</b>	<b>\$1,117</b>	<b>\$1,070</b>	<b>\$5,315</b>	<b>\$1,992</b>	<b>\$44,310</b>
<b>Total LRAMVA Balance</b>	<b>\$379,997</b>	<b>\$442,148</b>	<b>(\$20,288)</b>	<b>\$25,719</b>	<b>\$24,652</b>	<b>\$122,413</b>	<b>\$45,879</b>	<b>\$1,020,520</b>

2  
3 The proposed rate riders that result from the disposition of Account 1568, LRAMVA, are identified  
4 in Table 94 below and included in Tab “7. Calculation of Def-Var RR” in the RGM.

5 **Table 94 – LRAMVA Rate Riders – Horizon Utilities RZ**

Rate Class	Volumetric Rate Rider	Unit
Residential	\$0.0002	kWh
General Service Less Than 50 kw	\$0.0008	kWh
General Service 50 To 4,999 kW	(\$0.0039)	kW
Large Use (1)	\$0.0777	kW
Large Use (2)	\$0.0125	kW
Unmetered Scattered Load	\$0.0038	kWh
Sentinel Lighting	\$0.0000	kW
Street Lighting	\$2.5784	kW

6  
7 **Brampton RZ**

8 Alectra Utilities is seeking recovery of lost revenues for the period January 1, 2018 to December  
9 31, 2018 resulting from the following:

10 (i) 2013 to 2017 CDM persistence savings in 2018; and

11 (ii) Incremental savings from IESO-funded CDM programs implemented in 2018.

12 Alectra Utilities is applying for disposition of the balance in the LRAM variance account  
13 (“LRAMVA”) resulting from its Conservation and Demand Management (“CDM”) activities in 2018  
14 in the Brampton RZ. The total amount requested for disposition is a debit of \$1,478,992 including  
15 forecasted carrying charges of \$64,216 through to December 31, 2020. Actual savings from CDM

1 activities for 2018 was above the estimated projections used in the load forecast resulting in an  
2 under-collection from customers during this period. Alectra Utilities’ most recent application for  
3 the recovery of lost revenues due to CDM activities was filed in Alectra Utilities 2020 EDR  
4 Application (EB-2018-0016). In that proceeding, the Board approved Alectra Utilities’ request to  
5 recover lost revenues from CDM activities in 2017 in the Brampton RZ.

6 In calculating the lost revenue amounts by rate class, CDM verified savings (in kWh and kW) were  
7 multiplied by the appropriate Board-approved variable distribution rates for the respective period  
8 as provided in Tab “3. Distribution Rates” of the LRAMVA work form and in Table 95 identified  
9 below.

10 **Table 95 – Distribution Volumetric Rates – Brampton RZ**

Year	Residential	GS<50 kWh	General Service 50 to 699 kW	General Service 700 to 4,999 kW	Large Use	Street Lighting
	kWh	kWh	kW	kW	kW	kW
2018	\$0.0053	\$0.0168	\$2.8557	\$3.3151	\$2.5099	\$11.6080

12 Brampton Hydro’s LRAMVA threshold approved in its 2015 Cost of Service Application (EB-2014-  
13 0083, Settlement Table 12) is used as the comparator against actual savings for the lost revenue  
14 calculation for 2018. The LRAMVA thresholds are provided in Tab “2. LRAMVA Threshold” of the  
15 LRAMVA work form and in Table 96 identified below.

16 **Table 96 – LRAMVA Thresholds – Brampton RZ**

Year	LRAMVA Threshold	Residential	GS<50 KW	General Service 50 To 699 KW	General Service 700 To 4,999 KW
		kWh	kWh	kW	kW
2018	2015	12,486,005	1,448,724	64,526	35,242

18 Alectra Utilities has calculated carrying charges on the LRAM amounts from January 1, 2018 to  
19 December 31, 2020 in the LRAMVA work form using the OEB’s annual prescribed interest rates  
20 as provided in Tab “6. Carrying Charges” of the LRAMVA work form. The total amount requested  
21 for disposition is a recovery of \$1,478,992, representing a principal balance of \$1,414,776 and  
22 carrying charges of \$64,216.

1 Alectra Utilities has provided a summary of its lost revenue calculations by year for each rate  
2 class in Tables 97 and 99 below for, which is also provided in Tab “1. LRAMVA Summary” of the  
3 LRAMVA work form.

4 **Table 97 – LRAMVA Totals by Rate Class – Brampton RZ**

Customer Class	Billing Unit	Principle (\$)	Carrying Charges (\$)	Total LRAMVA (\$)
Residential	kWh	\$328,640	\$14,917	\$343,557
GS<50 kW	kWh	\$414,223	\$18,801	\$433,024
General Service 50 To 699 kW	kW	\$273,385	\$12,409	\$285,794
General Service 700 To 4,999 kW	kW	\$133,549	\$6,062	\$139,611
Large Use	kW	\$49,763	\$2,259	\$52,021
Street Lighting	kW	\$215,216	\$9,769	\$224,985
<b>Total</b>		<b>\$1,414,776</b>	<b>\$64,216</b>	<b>\$1,478,992</b>

6 **Table 98 – LRAMVA by Year and Rate Class – Brampton RZ**

Description	Residential	GS<50 kWh	General Service 50 to 699 kW	General Service 700 to 4,999 kW	Large Use	Street Lighting	Total
	kWh	kWh	kW	kW	kW	kW	
2018 Actuals	\$394,816	\$438,561	\$457,651	\$250,381	\$49,763	\$215,216	\$1,806,388
2018 Forecast	(\$66,176)	(\$24,339)	(\$184,266)	(\$116,831)	\$0	\$0	(\$391,612)
<b>2018 LRAM Balance</b>	\$328,640	\$414,223	\$273,385	\$133,549	\$49,763	\$215,216	<b>\$1,414,776</b>
<b>Carrying Charges</b>	<b>\$14,917</b>	<b>\$18,801</b>	<b>\$12,409</b>	<b>\$6,062</b>	<b>\$2,259</b>	<b>\$9,769</b>	<b>\$64,216</b>
<b>Total LRAMVA Balance</b>	<b>\$343,557</b>	<b>\$433,024</b>	<b>\$285,794</b>	<b>\$139,611</b>	<b>\$52,021</b>	<b>\$224,985</b>	<b>\$1,478,992</b>

8 The proposed rate riders that result from the disposition of Account 1568, LRAMVA, are identified  
9 in Table 99 below and included in Tab “7. Calculation of Def-Var RR” in the RGM.

10 **Table 99 – LRAMVA Rate Riders – Brampton RZ**

Rate Class	Volumetric Rate Rider	Unit
Residential	\$0.0003	kWh
GS<50 kW	\$0.0012	kWh
General Service 50 To 699 kW	\$0.0926	kW
General Service 700 To 4,999 kW	\$0.0715	kW
Large Use	\$0.0792	kW
Street Lighting	\$2.6111	kW

11



1 **PowerStream RZ**

2 Alectra Utilities is seeking recovery of lost revenues for the period January 1, 2018 to December  
3 31, 2018 resulting from the following:

4 (i) 2015 to 2017 CDM persistence savings in 2018; and

5 (ii) Incremental savings from IESO-funded CDM programs implemented in 2018.

6 Alectra Utilities is applying for disposition of the balance in the LRAM variance account  
7 (“LRAMVA”) resulting from its Conservation and Demand Management (“CDM”) activities in 2018  
8 in the PowerStream RZ. The total amount requested for disposition is a debit of \$4,120,870  
9 including forecasted carrying charges of \$178,923 through to December 31, 2020. Actual savings  
10 from CDM activities for 2018 was above the estimated projections used in the load forecast  
11 resulting in an under-collection from customers during this period. Alectra Utilities’ most recent  
12 application for the recovery of lost revenues due to CDM activities was filed in Alectra Utilities  
13 2020 EDR Application (EB-2019-0018). In that proceeding, the Board approved Alectra Utilities’  
14 request to recover lost revenues from CDM activities in 2017 in the PowerStream RZ.

15 In calculating the lost revenue amounts by rate class, CDM verified savings (in kWh and kW) were  
16 multiplied by the appropriate Board-approved variable distribution rates for the respective period  
17 as provided in Tab “3. Distribution Rates” of the LRAMVA work form and in Table 100 identified  
18 below.

19 **Table 100 – Distribution Volumetric Rates – PowerStream RZ**

Year	Residential	GS<50 KW	GS>50 KW	Large Use	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
	kWh	kWh	kW	kW	kWh	kW	kW
2018	\$0.0102	\$0.0184	\$4.2289	\$2.2556	\$0.0196	\$9.9286	\$6.3601

21 PowerStream’s LRAMVA threshold approved in its 2017 Custom of Service Application (EB-2015-  
22 0003, Supplementary Exhibit H, Tab 2 and Interrogatory Response III-VECC-25) is used as the  
23 comparator against actual savings for the lost revenue calculation for 2017. The LRAMVA

1 thresholds are provided in Tab “2. LRAMVA Threshold” of the LRAMVA work form and in Table  
2 101 identified below.

3 **Table 101 – LRAMVA Thresholds – PowerStream RZ**

Year	LRAMVA Threshold	Residential	GS<50 KW	GS>50 KW	Street Lighting
		kWh	kWh	kW	kW
2018	2017	32,226,368	26,548,154	264,157	40,558

4  
5 Alectra Utilities has calculated carrying charges on the LRAM amounts from January 1, 2018 to  
6 December 31, 2020 in the LRAMVA work form using the OEB’s annual prescribed interest rates  
7 as provided in Tab “6. Carrying Charges” of the LRAMVA work form. The total amount requested  
8 for disposition is a recovery of \$4,120,870, representing a principal balance of \$3,941,946 and  
9 carrying charges of \$178,923.

10 Alectra Utilities has provided a summary of its lost revenue calculations by year for each rate  
11 class in Tables 102 and 104 below for, which is also provided in Tab “1. LRAMVA Summary” of  
12 the LRAMVA work form.

13 **Table 102 – LRAMVA Totals by Rate Class – PowerStream RZ**

Customer Class	Billing Unit	Principle (\$)	Carrying Charges (\$)	Total LRAMVA (\$)
Residential	kWh	\$1,768,091	\$80,253	\$1,848,343
GS<50 kW	kWh	\$407,056	\$18,476	\$425,532
GS>50 kW	kW	\$1,784,875	\$81,015	\$1,865,890
Large Use	kW	\$31,214	\$1,417	\$32,631
Street Lighting	kW	(\$50,376)	(\$2,287)	(\$52,663)
Sentinel Lighting	kW	\$733	\$33	\$766
Unmetered Scattered Load	kWh	\$354	\$16	\$370
<b>Total</b>		<b>\$3,941,946</b>	<b>\$178,923</b>	<b>\$4,120,870</b>

14

15

1 **Table 103 – LRAMVA by Year and Rate Class – PowerStream RZ**

Description	Residential	GS<50 KW	GS>50 KW	Large Use	Unmetered Scattered Load	Sentinel Lighting	Street Lighting	Total
	kWh	kWh	kW	kW	kWh	kW	kW	
2018 Actuals	\$2,096,799	\$895,542	\$2,901,971	\$31,214	\$354	\$733	\$207,576	\$6,134,189
2018 Forecast	(\$328,709)	(\$488,486)	(\$1,117,096)	\$0	\$0	\$0	(\$257,952)	(\$2,192,243)
<b>2018 LRAM Balance</b>	\$1,768,091	\$407,056	\$1,784,875	\$31,214	\$354	\$733	(\$50,376)	<b>\$3,941,946</b>
<b>Carrying Charges</b>	<b>\$80,253</b>	<b>\$18,476</b>	<b>\$81,015</b>	<b>\$1,417</b>	<b>\$16</b>	<b>\$33</b>	<b>(\$2,287)</b>	<b>\$178,923</b>
<b>Total LRAMVA Balance</b>	<b>\$1,848,343</b>	<b>\$425,532</b>	<b>\$1,865,890</b>	<b>\$32,631</b>	<b>\$370</b>	<b>\$766</b>	<b>(\$52,663)</b>	<b>\$4,120,870</b>

2  
3 The proposed rate riders that result from the disposition of Account 1568, LRAMVA, are identified  
4 in Table 104 below and included in Tab “8. Calculation of Def-Var RR” in the RGM.

5 **Table 104 – LRAMVA Rate Riders – PowerStream RZ**

Rate Class	Volumetric Rate Rider	Unit
Residential	\$0.0007	kWh
GS<50 kW	\$0.0004	kWh
GS>50 kW	\$0.1551	kW
Large Use	\$0.3403	kW
Street Lighting	(\$0.3941)	kW
Sentinel Lighting	\$1.0366	kW

6  
7 **Enersource RZ**

8 Alectra Utilities is seeking recovery of lost revenues for the period January 1, 2018 to December  
9 31, 2018 resulting from the following:

- 10 (i) 2011 to 2017 CDM persistence savings in 2018; and  
11 (ii) Incremental savings from IESO-funded CDM programs implemented in 2018.

12 Alectra Utilities is applying for disposition of the balance in the LRAM variance account  
13 (“LRAMVA”) resulting from its Conservation and Demand Management (“CDM”) activities in 2018  
14 in the Enersource RZ. The total amount requested for disposition is a debit of \$3,122,478  
15 including forecasted carrying charges of \$135,574 through to December 31, 2020. Actual savings  
16 from CDM activities for 2018 was above the estimated projections used in the load forecast  
17 resulting in an under-collection from customers during this period. Alectra Utilities’ most recent

1 application for the recovery of lost revenues due to CDM activities was filed in Alectra Utilities  
2 2020 EDR Application (EB-2019-0018). In that proceeding, the Board approved Alectra Utilities'  
3 request to recover lost revenues from CDM activities in 2017 in the Enersource RZ.

4 In calculating the lost revenue amounts by rate class, CDM verified savings (in kWh and kW) were  
5 multiplied by the appropriate Board-approved variable distribution rates for the respective period  
6 as provided in Tab "3. Distribution Rates" of the LRAMVA work form and in Table 105 identified  
7 below.

8 **Table 105 – Distribution Volumetric Rates – Enersource RZ**

Year	Residential	GS<50 KW	General Service 50 To 499 KW	General Service 500 To 4,999 KW	Large Use	Street Lighting	Unmetered Scattered Load
	kWh	kWh	kW	kW	kW	kW	kWh
2018	\$0.0046	\$0.0128	\$4.6490	\$2.3923	\$2.9693	\$11.6158	\$0.0165

9  
10 Enersource's LRAMVA threshold approved in its 2013 Custom of Service Application (EB-2012-  
11 0033, Decision and Order, p.53) is used as the comparator against actual savings for the lost  
12 revenue calculation for 2017. The LRAMVA thresholds are provided in Tab "2. LRAMVA  
13 Threshold" of the LRAMVA work form and in Table 106 identified below.

14 **Table 106 – LRAMVA Thresholds – Enersource RZ**

Year	LRAMVA Threshold	Residential	GS<50 KW	General Service 50 To 499 KW	General Service 500 To 4,999 KW	Large Use	Street Lighting
		kWh	kWh	kW	kW	kW	kW
2018	2013	35,842,920	39,519,293	19,284	16,135	15,417	61,001

15  
16 Alectra Utilities has calculated carrying charges on the LRAM amounts from January 1, 2018 to  
17 December 31, 2020 in the LRAMVA work form using the OEB's annual prescribed interest rates  
18 as provided in Tab "6. Carrying Charges" of the LRAMVA work form. The total amount requested  
19 for disposition is a recovery of \$3,122,478, representing a principal balance of \$2,986,903 and  
20 carrying charges of \$135,574.

1 Alectra Utilities has provided a summary of its lost revenue calculations by year for each rate  
2 class in Tables 107 and 109 below for, which is also provided in Tab “1. LRAMVA Summary” of  
3 the LRAMVA work form.

4 **Table 107 – LRAMVA Totals by Rate Class – Enersource RZ**

Customer Class	Billing Unit	Principle (\$)	Carrying Charges (\$)	Total LRAMVA (\$)
Residential	kWh	\$318,932	\$14,476	\$333,408
GS<50 kW	kWh	\$213,600	\$9,695	\$223,295
General Service 50 To 499 kW	kW	\$1,742,598	\$79,096	\$1,821,694
General Service 500 To 4,999 kW	kW	\$605,365	\$27,477	\$632,842
Large Use	kW	\$193,302	\$8,774	\$202,076
Unmetered Scattered Load	kWh	\$13,844	\$628	\$14,472
Street Lighting	kW	(\$100,738)	(\$4,572)	(\$105,310)
<b>Total</b>		<b>\$2,986,903</b>	<b>\$135,574</b>	<b>\$3,122,478</b>

6 **Table 108 – LRAMVA by Year and Rate Class – Enersource RZ**

Description	Residential	GS<50 KW	General Service 50 To 499 KW	General Service 500 To 4,999 KW	Large Use	Street Lighting	Unmetered Scattered Load	Total
	kWh	kWh	kW	kW	kW	kW	kWh	
2018 Actuals	\$483,809	\$719,447	\$1,832,249	\$643,965	\$239,080	\$607,838	\$13,844	\$4,540,232
2018 Forecast	(\$164,877)	(\$505,847)	(\$89,651)	(\$38,600)	(\$45,778)	(\$708,575)	\$0	(\$1,553,329)
<b>2018 LRAM Balance</b>	\$318,932	\$213,600	\$1,742,598	\$605,365	\$193,302	(\$100,738)	\$13,844	<b>\$2,986,903</b>
<b>Carrying Charges</b>	<b>\$14,476</b>	<b>\$9,695</b>	<b>\$79,096</b>	<b>\$27,477</b>	<b>\$8,774</b>	<b>(\$4,572)</b>	<b>\$628</b>	<b>\$135,574</b>
<b>Total LRAMVA Balance</b>	<b>\$333,408</b>	<b>\$223,295</b>	<b>\$1,821,694</b>	<b>\$632,842</b>	<b>\$202,076</b>	<b>(\$105,310)</b>	<b>\$14,472</b>	<b>\$3,122,478</b>

7  
8 The proposed rate riders that result from the disposition of Account 1568, LRAMVA, are identified  
9 in Table 109 below and included in Tab “7. Calculation of Def-Var RR” in the RGM.

1 **Table 109 – LRAMVA Rate Riders – Enersource RZ**

Rate Class	Volumetric Rate Rider	Unit
Residential	\$0.0002	kWh
GS<50 kW	\$0.0003	kWh
General Service 50 To 499 kW	\$0.3270	kW
General Service 500 To 4,999 kW	\$0.1388	kW
Large Use	\$0.1152	kW
Unmetered Scattered Load	\$0.0013	kWh
Street Lighting	(\$2.7375)	kW

3 **Guelph Hydro RZ**

4 Alectra Utilities is seeking recovery of lost revenues for the period January 1, 2018 to December  
5 31, 2018 resulting from the following:

- 6 (i) 2014 to 2017 CDM persistence savings in 2018; and
- 7 (ii) Incremental savings from IESO-funded CDM programs implemented in 2018.

8 Alectra Utilities is applying for disposition of the balance in the LRAM variance account  
9 (“LRAMVA”) resulting from its Conservation and Demand Management (“CDM”) activities in 2018  
10 in the Guelph RZ. The total amount requested for disposition is a debit of \$652,035 including  
11 forecasted carrying charges of \$28,311 through to December 31, 2020. Actual savings from CDM  
12 activities for 2018 was above the estimated projections used in the load forecast resulting in an  
13 under-collection from customers during this period. Alectra Utilities’ predecessor, Guelph Hydro’s  
14 most recent application for the recovery of lost revenues due to CDM activities was filed in Guelph  
15 Hydro’s 2019 EDR Application (EB-2018-0036). In that proceeding, the Board approved Guelph  
16 Hydro’s request to recover lost revenues from CDM activities in 2017.

17 In calculating the lost revenue amounts by rate class, CDM verified savings (in kWh and kW) were  
18 multiplied by the appropriate Board-approved variable distribution rates for the respective period  
19 as provided in Tab “3. Distribution Rates” of the LRAMVA work form and in Table 110 identified  
20 below.

1 **Table 110 – Distribution Volumetric Rates – Guelph Hydro RZ**

Year	Residential	GS<50 kW	General Service 50 to 999 kW	General Service 1,000 to 4,999 kW	Large Use	Unmetered Scattered Load	Sentinel Lighting	Street Lighting
	kWh	kWh	kW	kW	kW	kWh	kW	kW
2018	\$0.0049	\$0.0140	\$2.7650	\$3.0695	\$2.7577	\$0.0223	\$8.3886	\$10.2846

3 Guelph Hydro’s LRAMVA threshold approved in its 2016 Custom of Service Application (EB-  
4 2015-0073, Settlement Proposal, Appendix D) is used as the comparator against actual savings  
5 for the lost revenue calculation for 2017. The LRAMVA thresholds are provided in Tab “2.  
6 LRAMVA Threshold” of the LRAMVA work form and in Table 111 identified below.

7 **Table 111 – LRAMVA Thresholds – Guelph Hydro RZ**

Year	LRAMVA Threshold	Residential	GS<50 KW	General Service 50 To 999 KW	General Service 1,000 To 4,999 KW	Large Use	Street Lighting
		kWh	kWh	kW	kW	kW	kW
2018	2016	4,365,766	1,133,691	8,871	1,546	40,432	2,344

9 Alectra Utilities has calculated carrying charges on the LRAM amounts from January 1, 2018 to  
10 December 31, 2020 in the LRAMVA work form using the OEB’s annual prescribed interest rates  
11 as provided in Tab “6. Carrying Charges” of the LRAMVA work form. The total amount requested  
12 for disposition is a recovery of \$652,035, representing a principal balance of \$623,725 and  
13 carrying charges of \$28,311.

14 Alectra Utilities has provided a summary of its lost revenue calculations by year for each rate  
15 class in Tables 112 and 114 below for, which is also provided in Tab “1. LRAMVA Summary” of  
16 the LRAMVA work form.

1 **Table 112 – LRAMVA Totals by Rate Class – Guelph Hydro RZ**

Customer Class	Billing Unit	Principle (\$)	Carrying Charges (\$)	Total LRAMVA (\$)
Residential	kWh	\$75,197	\$3,413	\$78,610
GS<50 kW	kWh	\$60,127	\$2,729	\$62,856
General Service 50 To 999 kW	kW	\$100,962	\$4,583	\$105,544
General Service 1,000 To 4,999 kW	kW	\$109,239	\$4,958	\$114,197
Large Use	kW	\$299,343	\$13,587	\$312,930
Street Lighting	kW	(\$21,143)	(\$960)	(\$22,102)
<b>Total</b>		<b>\$623,725</b>	<b>\$28,311</b>	<b>\$652,035</b>

3 **Table 113 – LRAMVA by Year and Rate Class – Guelph Hydro RZ**

Description	Residential	GS<50 kW	General Service 50 to 999 kW	General Service 1,000 to 4,999 kW	Large Use	Street Lighting	Total
	kWh	kWh	kW	kW	kW	kW	
2018 Actuals	\$96,589	\$75,998	\$125,491	\$113,984	\$410,842	\$2,962	\$825,866
2018 Forecast	(\$21,392)	(\$15,872)	(\$24,529)	(\$4,745)	(\$111,499)	(\$24,105)	(\$202,141)
<b>2018 LRAM Balance</b>	<b>\$75,197</b>	<b>\$60,127</b>	<b>\$100,962</b>	<b>\$109,239</b>	<b>\$299,343</b>	<b>(\$21,143)</b>	<b>\$623,725</b>
<b>Carrying Charges</b>	<b>\$3,413</b>	<b>\$2,729</b>	<b>\$4,583</b>	<b>\$4,958</b>	<b>\$13,587</b>	<b>(\$960)</b>	<b>\$28,311</b>
<b>Total LRAMVA Balance</b>	<b>\$78,610</b>	<b>\$62,856</b>	<b>\$105,544</b>	<b>\$114,197</b>	<b>\$312,930</b>	<b>(\$22,102)</b>	<b>\$652,035</b>

5 The proposed rate riders that result from the disposition of Account 1568, LRAMVA, are identified  
6 in Table 114 below and included in Tab “7. Calculation of Def-Var RR” in the IRM Model.

7 **Table 114 – LRAMVA Rate Riders – Guelph Hydro RZ**

Rate Class	Volumetric Rate Rider	Unit
Residential	\$0.0002	kWh
GS<50 kW	\$0.0004	kWh
General Service 50 To 999 kW	\$0.1029	kW
General Service 1,000 To 4,999 kW	\$0.1029	kW
Large Use	\$0.7595	kW
Unmetered Scattered Load	\$0.0000	kWh
Street Lighting	(\$0.7793)	kW

8



1 **TAX CHANGES**

2 The OEB policy, as described in the Board's 2008 Report entitled *Supplemental Report of the*  
3 *Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the  
4 "Supplemental Report"), prescribes a 50/50 sharing of impacts of legislated tax changes from  
5 distributors' tax rates embedded in their OEB approved base rates. If applicable, these amounts  
6 will be refunded to customers over a 12-month period.

7 On June 21, 2019, Bill C-97, *Budget Implementation Act, 2019, No 1*, was given Royal Assent.  
8 As part of Bill C-97, the federal government introduced an Accelerated Investment Incentive ("All")  
9 to support all businesses that make capital investments. Under the All, capital investments will  
10 generally be eligible for a first-year deduction for depreciation equal to up to three times the  
11 amount that would otherwise apply in the year an asset is put into use, thereby allowing  
12 businesses to recover the initial cost of their investment more quickly. The All will apply to all  
13 tangible capital assets, including long-lived investments like buildings, acquired after November  
14 20, 2018. The All will gradually be phased out starting in 2024 and will no longer be in effect for  
15 investments put in use after 2027.

16 On July 25, 2019, the OEB issued a Letter re: *Accounting Direction Regarding Bill C-97 and Other*  
17 *Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*. Distributors are  
18 expected to record the impacts of CCA rule changes in Account 1592 – PILs and Tax Variances  
19 – CCA Changes for the period November 21, 2018 until the effective date of the distributor's next  
20 cost-based rate application. Alectra has recorded the impact of the CCA rule change in Account  
21 1592.

1 **SUMMARY OF BILL IMPACTS**

2 A summary of bill impacts for the typical customer by rate class is presented in Tables 115 to 124  
3 below. Tab 20 Bill Impacts, of the RGM filed as Attachments 14 to 18 provides the detailed bill  
4 impacts for each customer class for 2021.

5 **Table 115 – Distribution Bill Impacts by Rate Class – Horizon Utilities RZ**

Distribution Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ 0.69	2.5%
GS<50	kWh	2,000	\$ 2.32	3.5%
GS>50	kW	250	\$ 35.32	3.4%
Large User	kW	5,000	\$ 1,066.71	3.3%
Large User with Dedicated Asset	kW	20,000	\$ 451.39	3.5%
Street Lighting	kW	4,974	\$ 7,381.14	7.1%

6 Table excludes the impact of HST & OER

7 **Table 116 – Total Bill Impacts by Rate Class – Horizon Utilities RZ**

Total Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ 0.53	0.4%
GS<50	kWh	2,000	\$ 2.09	0.6%
GS>50	kW	250	\$ 407.40	2.2%
Large User	kW	5,000	\$ 1,192.21	0.3%
Large User with Dedicated Asset	kW	20,000	\$ 2,351.39	0.1%
Street Lighting	kW	4,974	\$ 13,304.43	3.4%

8 Table excludes the impact of HST & OER

1 **Table 117 – Distribution Bill Impacts by Rate Class – Brampton RZ**

Distribution Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ 0.56	2.2%
GS<50	kWh	2,000	\$ 1.68	2.6%
GS>50 to 699	kW	500	\$ 59.89	3.6%
GS 700 to 4,999	kW	1,432	\$ 195.16	3.1%
Large User	kW	20,000	\$ 1,887.42	3.2%
Street Lighting	kW	7,922	\$ 24,396.81	16.8%

2 Table excludes the impact of HST & OER

3 **Table 118 – Total Bill Impacts by Rate Class – Brampton RZ**

Total Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ (0.57)	(0.4)%
GS<50	kWh	2,000	\$ (1.13)	(0.3)%
GS>50 to 699	kW	500	\$ 524.14	1.7%
GS 700 to 4,999	kW	1,432	\$ 1,865.16	1.8%
Large User	kW	20,000	\$ (11,124.58)	(0.7)%
Street Lighting	kW	7,922	\$ 31,571.68	5.4%

4 Table excludes the impact of HST & OER

5 **Table 119 – Distribution Bill Impacts by Rate Class – PowerStream RZ**

Distribution Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ 0.51	1.7%
GS<50	kWh	2,000	\$ 1.54	2.2%
GS>50	kW	250	\$ 41.88	3.3%
Large User	kW	7,350	\$ 2,663.06	11.1%
Street Lighting	kW	1	\$ 0.16	2.1%

6 Table excludes the impact of HST & OER

1 **Table 120 – Total Bill Impacts by Rate Class – PowerStream RZ**

Total Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2021 vs. 2020	
			\$	%
Residential	kWh	750	\$ 1.02	0.7%
GS<50	kWh	2,000	\$ 2.91	0.8%
GS>50	kW	250	\$ 526.40	3.8%
Large User	kW	7,350	\$ 5,860.30	1.3%
Street Lighting	kW	1	\$ 1.85	3.5%

3 **Table 121 – Distribution Bill Impacts by Rate Class – Enersource RZ**

Distribution Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2020 vs. 2019	
			\$	%
Residential	kWh	750	\$ 0.34	1.3%
GS<50	kWh	2,000	\$ 1.57	2.1%
GS>50 to 499	kW	230	\$ 31.60	2.5%
GS>500 to 4,999	kW	2,250	\$ 194.67	2.5%
Large User	kW	5,000	\$ 591.91	1.9%
Street Lighting	kW	0.10	\$ 0.04	1.3%

4 Table excludes the impact of HST & OER

5 **Table 122 – Total Bill Impacts by Rate Class – Enersource RZ**

Total Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2020 vs. 2019	
			\$	%
Residential	kWh	750	\$ 0.65	0.5%
GS<50	kWh	2,000	\$ 2.17	0.6%
GS>50 to 499	kW	230	\$ 662.12	3.9%
GS>500 to 4,999	kW	2,250	\$ 2,895.44	3.7%
Large User	kW	5,000	\$ 1,561.41	0.3%
Street Lighting	kW	0.10	\$ 0.24	3.0%

6 Table excludes the impact of HST & OER

1 **Table 123 – Distribution Bill Impacts by Rate Class – Guelph Hydro RZ**

Distribution Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2020 vs. 2019	
			\$	%
Residential	kWh	750	\$ 0.66	2.2%
GS<50	kWh	2,000	\$ 1.49	3.3%
GS>50 to 999	kW	500	\$ 78.83	4.9%
GS 1000 to 4,999	kW	1,000	\$ 166.64	4.5%
Large User	kW	7,500	\$ 6,077.06	27.3%
Street Lighting	kW	2,200	\$ (1,183.74)	(4.1)%

2

3 **Table 124 – Total Bill Impacts by Rate Class – Guelph Hydro RZ**

Total Bill Impacts				
Customer Class	Billing Units	Average Monthly Volume	2020 vs. 2019	
			\$	%
Residential	kWh	750	\$ 3.06	2.2%
GS<50	kWh	2,000	\$ 8.29	2.4%
GS>50 to 999	kW	500	\$ (101.56)	(0.3)%
GS 1000 to 4,999	kW	1,000	\$ (376.59)	(0.5)%
Large User	kW	7,500	\$ 17,998.31	2.7%
Street Lighting	kW	2,200	\$ (1,958.44)	(1.2)%

4