

EXHIBIT 7 – COST ALLOCATION

OVERVIEW

1. INTRODUCTION

Alectra Utilities has prepared a cost allocation study for 2027 (2027 CAS) in accordance with the directions and policies in the Ontario Energy Board's (OEB) reports of November 28, 2007, *Application of Cost Allocation for Electricity Distributors* (EB-2007-0667), and March 31, 2011, *Report of the Board on the Review of Electricity Distribution Cost Allocation Policy* (EB-2010-0219) (collectively, the "Cost Allocation Reports") and all subsequent updates. The process and results of the 2027 CAS are described herein.

To inform the revenue at current rates underpinning the 2027 CAS, Alectra Utilities relied on forecast 2027 Test Year customer/connection/device count, kWh, and kW, applied against forecast 2026 Bridge Year rates, harmonized across Alectra Utilities' existing five rate zones in the manner described in Exhibit 8, Tab 1, Schedule 1. The rate classes included within the 2027 CAS are the harmonized rate classes proposed by Alectra Utilities in this application for use in 2027 and beyond.

Alectra Utilities has utilized the 2027 CAS to propose rate class allocations which achieve revenue-to-cost ratios for each rate class within the ranges established by the OEB, with the exception of the Sentinel Lighting rate class. Revenue-to-cost adjustments were necessary to align the General Service Less than 50 kW rate class, Large Use with Dedicated Assets rate class, Street Lighting rate class, and Embedded Distributor rate class within the OEB's recommended values. Revenue-to-cost adjustments were also necessary to mitigate bill impacts to the General Service Less than 50 kW rate class in the GRZ in 2027 and the Sentinel Lighting rate class in the PRZ in 2027, as described in Tab 2, Schedule 3 of this Exhibit.

To facilitate the completion of the 2027 CAS, a completed version of the OEB's 2026 Cost Allocation Model is filed as Attachment 7-1 and a completed version of the OEB's 2026 Revenue Requirement Workform is filed as Attachment 6-1. In addition, PDF copies of tabs I6.1, I6.2, I8, O1, and O2 from the complete Cost Allocation Model is filed as Attachment 7-2.

2. PREVIOUSLY APPROVED COST ALLOCATION STUDIES

As noted throughout this Application, Alectra Utilities is the consolidated entity of five (5) legacy electricity distributors. This being the first CAS completed for the combined entity, the previously approved cost allocation studies of Alectra Utilities' predecessor utilities are not informative for the purpose assessing the 2027 CAS presented in this Application.

2027 COST ALLOCATION STUDY

The 2027 CAS allocates the 2027 Test Year costs (i.e., the forecast revenue requirement) to Alectra Utilities' rate classes using allocators that are based on forecast customer count, demand data, specific weighting factors, and other relevant data. Alectra Utilities has utilized the latest OEB-published Cost Allocation Model (issued February 5, 2025) and has followed the cost allocation model instructions to populate the model as described below.

1. COST ALLOCATION STUDY REQUIREMENTS

1.1. RATE CLASSES

1.1.1. Harmonized Rate Classes

Alectra Utilities has prepared the 2027 CAS utilizing its proposed harmonized rate classes in a single Alectra Utilities-wide rate zone, as further described in the rate harmonization plan in Exhibit 8, Tab 1, Schedule 1, and listed below:

- Residential
- General Service Less than 50 kW (GS<50 kW)
- General Service Greater than 50 kW (GS>50 kW)
- Large Use
- Large Use with Dedicated Assets (LUDA)
- Street Lighting
- Sentinel Lighting
- Unmetered Scattered Load (USL)
- Embedded Distributor

1.1.2. MicroFIT Class

Alectra Utilities is not seeking approval for a distributor-specific microFIT rate, and will utilize the OEB's established generic rate, recording revenues as a revenue offset in Account 4235.

1.1.3. Standby Rates

Alectra Utilities is proposing to charge Standby Rates to Load Displacement Generation (LDG) customers at the proposed volumetric rate for each corresponding class. For information on the standby power rate design, refer to Exhibit 8, Tab 2, Schedule 2.

1.1.4. New and Eliminated Rate Classes

Alectra Utilities completed a comprehensive analysis to prepare a rate harmonization plan in this application. As outlined in Exhibit 8, Tab 1, Schedule 1, this will result in the elimination of the BRZ Distributed Generation and Energy from Waste rate classes, and the elimination of the HRZ Standby rate class. This will also result in the harmonization of all two-tiered GS>50 kW, Regular and GS>50 kW, Intermediate rate classes¹ into a single GS>50 kW rate class, and the reformation of all rate classes, as the customers of the five rate zones are amalgamated to a common Alectra Utilities-wide rate zone.

No new rate classes are being proposed.

1.2. BREAKOUT OF ASSETS (Tab I4)

The breakout of Assets, Capital Contributions, Depreciation, and Accumulated Depreciation by primary, line transformer, and secondary categories were developed from the best data available to Alectra Utilities in its customer, financial, and geographic information systems.

Alectra Utilities does not have any assets relating to Accounts 1810 (Leasehold Improvements) or 1825 (Storage Battery Equipment). Alectra Utilities does not have bulk assets.

Where available, Alectra Utilities' breakout of asset costs to its related subcategories were based on the account details within its Enterprise Resource Planning (ERP) system as of year-

¹ GS>50 kW, Regular includes BRZ GS 50-699 kW, ERZ GS 50-499 kW, GRZ GS 50-999 kW, HRZ GS>50 kW, PRZ GS>50 kW.
GS>50 kW Intermediate includes BRZ GS 700-4,999 kW, ERZ GS 500-4,999 kW, GRZ GS 1,000-4,999 kW.

end 2024. Information available in the ERP system determined the breakout percentages that were applied to accounts 1805 (Land), 1806 (Land Rights), 1808 (Buildings and Fixtures), 1820, (Distribution Station Equipment) and 1845 (Underground Conductors and Devices), as set out in Table 7-2-1 below:

Table 7-2-1: Breakout of Assets Determined - ERP

Account	Breakout %
1805	
1805-1 (>50 kV)	10.6%
1805-2 (<50 kV)	89.4%
1806	
1806-1 (>50 kV)	81.8%
1806-2 (<50 kV)	18.2%
1808	
1808-1 (>50 kV)	4.3%
1808-2 (<50 kV)	95.7%
1820	
1820-1 (Bulk)	—%
1820-2 (Primary)	92.2%
1820-3 (Wholesale Meters)	7.8%
1845	
1845-1 (Bulk)	—%
1845-2 (Primary)	80.8%
1845-3 (Secondary)	19.2%

For accounts 1830 (Poles, Towers and Fixtures), 1835 (Overhead Conductors and Devices), and 1840 (Underground Conduit), the breakout of asset costs to primary and secondary subcategories were based on an analysis of the physical assets in the field, using Alectra Utilities' Geographic Information Systems (GIS). The breakout percentages applied to accounts based on information available in the GIS are set out in Table 7-2-2 below:

1 **Table 7-2-2: Breakout of Assets Determined - GIS**

Account	Breakout %
1830	
1830-1 (Subtransmission Bulk Delivery)	—%
1830-2 (Primary)	82.8%
1830-3 (Secondary)	17.2%
1835	
1835-1 (Subtransmission Bulk Delivery)	—%
1835-2 (Primary)	69.7%
1835-3 (Secondary)	30.3%
1840	
1840-1 (Bulk Delivery)	—%
1840-2 (Primary)	69.5%
1840-3 (Secondary)	30.5%

2
3 **1.3. MISCELLANEOUS DATA (Tab I5.1)**

4 Alectra Utilities has gathered the miscellaneous data necessary to populate Tab I5.1 as set out
5 below.

6 Alectra Utilities utilized its GIS to determine the kilometers of road in its service area. A street
7 centerline analysis was conducted, wherein Alectra Utilities was able to select and sum the
8 lengths of areas where its assets are located.

9 The standard 40% Deemed Equity Component of Rate Base was input in Tab I5.1. A Working
10 Capital Allowance of 7.97% was input, as calculated in Exhibit 2B, Tab 4, Schedule 1.

11 The portion of pole leasing revenue from secondary was estimated with its GIS, by completing a
12 spatial analysis of the poles that have primary or secondary lines. Alectra Utilities equated the
13 portion of pole leasing revenue from secondary lines to be equal to the percentage of poles that
14 only feed secondary lines.

15 The miscellaneous data is set out in Table 7-2-3 below:

1 **Table 7-2-3: Miscellaneous Data**

Miscellaneous Data	Data / Weighting Factor
Structure KM	11,317.359
Deemed Equity Component of Rate Base	40%
Working Capital Allowance	7.97%
Portion of Pole Leasing Revenue from Secondary	17%

3 **1.4. WEIGHTING FACTORS**

4 Alectra Utilities has developed the following weighting factors for inclusion in the 2027 CAS.

5 **1.4.1. Services (Tab I5.2)**

6 The services weighting factors included in the 2027 CAS rely on the installation and cost
7 recovery policies for services set out in Alectra Utilities' Conditions of Service Section 2.1.1.
8 While Alectra Utilities has costs in Account 1855 (Services) applicable to the Residential rate
9 class, all other classes pay for installation of their services via capital contribution. As such, a
10 weighting factor of 1.0 has been allocated to the Residential class, and 0.0 to all other rate
11 classes. The weighting for services is set out in Table 7-2-4 below:

12 **Table 7-2-4: Weighting Factors for Services**

Rate Class	Weighting
Residential	1.0
GS<50 kW	0.0
GS>50 kW	0.0
Large Use	0.0
LUDA	0.0
Street Lighting	0.0
Sentinel Lighting	0.0
USL	0.0
Embedded Distributor	0.0

1.4.2. Billing and Collecting (Tab I5.2)

To determine specific weighting factors for billing and collecting, Alectra Utilities assessed the relative time and cost required to provide these services to each rate class. The relative cost per customer was established wherein Residential is assigned a value of 1.0, and all other per customer costs are established relative to the cost of a residential customer. Costs were subsequently allocated based on the number of accounts in each rate class, in addition to specific expenses unique to a particular rate class.

As a result of this assessment, equal weight was generally assigned to each customer and bill, with the exception of costs related to the Collections department and the Customer Service department. Collection costs primarily reflect Alectra Utilities' labour, as it handles most collections internally. Given the Collections team does not serve the Street Lighting, Sentinel Lighting, and USL classes, these classes were excluded from collection cost allocations. Other classes share these costs proportionally. Billing costs also reflect Alectra Utilities' labour; however, billing activities contain much more variability than collections activities, so an effort based approach was utilized to determine the billing portion of the weighting factors.

The weighting factors for billing and collections are set out in Table 7-2-5 below:

Table 7-2-5: Billing and Collection Weighting Factors

Meter Type	Weighting
Residential	1.0
GS<50 kW	1.2
GS>50 kW	3.5
Large Use	92.9
LUDA	92.9
Street Lighting	4.6
Sentinel Lighting	0.6
USL	0.6
Embedded Distributor	92.9

1.4.3. Meter Capital (Tab I7.1)

Alectra Utilities' typical costs per meter were calculated based on all applicable material and labour costs for the installation of the various meter types in use in Alectra Utilities' system, as presented in Table 7-2-6 below. The meter counts included in Tab I7.1 reflect the customer forecast for 2027, as outlined in Exhibit 3, with the addition of separate meters used to bill the Large Use and Large Use with Dedicated Assets classes.

Table 7-2-6: Meter Capital Installation Costs

Meter Type	Installation Cost per Meter
Single Phase Smart Meter	\$233.03
Polyphase Self-Contained Meter (>100 Amp)	\$1,027.25
Polyphase Transformer Type (<=20 Amp)	\$5,386.98
Network Meter Polyphase (Residential) 2 Element 120v	\$233.03
12s Delta 600v	\$2,716.29

There are no meter capital or meter reading costs associated with the Street Lighting, Sentinel Lighting, and USL rate classes. In addition, the metering cost related to the Embedded Distributor class was excluded from the meter capital and meter reading costs, as this class is addressed separately in the Direct Allocation section of this Exhibit.

1.4.4. Meter Reading (Tab I7.2)

Alectra Utilities' meter reading weighting factors are based on the costs incurred in Account 5310 (Meter Reading Expense), which is typically the subject of Tab I7.2, as well as additional costs incurred in Account 5065 (Meter Expense) and Account 5675 (Maintenance of General Plant), that have been reclassified to Account 5310 in the 2027 CAS. A blended meter reading factor was derived from the costs in the aforementioned accounts, in order to consider both manual meter reads and automated meter reads, as set out below.

In normal course, all Alectra Utilities meters are typically read by automated meter reading using Advanced Metering Infrastructure (AMI) or MV90 and do not incur costs in Account 5310 – Meter Reading Expense. Alectra Utilities incurs manual meter reading expenses in 5310 solely

on an exception basis as a result of technical malfunctions or other infrequent occurrences in the Residential and GS<50 kW rate classes.

For the manual meter reads, Alectra Utilities observed limited variability between the cost and effort of a Residential vs. GS<50 kW meter read. However, in light of minor differences in accessibility and the need to coordinate with an operating business facility, Alectra Utilities determined GS<50 kW meter reads to be marginally more expensive than residential meter reads.

The manual meter reading weighting factors weighted for Residential and GS<50 kW meter reads, are set out in Table 7-2-7 below:

Table 7-2-7: Manual Meter Reading Weighting Factors

Meter Type	Weighting Factors for Meter Reading
Residential	1.00
GS<50 kW	1.56

Rather than populate Tab I7.2 with only the manual meter reading costs, Alectra Utilities determined the system and communication costs associated with automated meter reading, primarily applicable to AMI or MV90, in order to determine blended meter reading weighting factors. AMI costs were allocated to the Residential and GS<50 kW classes, while MV90 costs were allocated to the GS>50 kW and Large Use classes. It was determined that these costs were made up of \$6.6MM from Account 5065 and \$0.27MM from Account 5675.

The automated meter reading weighting factors weighted for Residential, GS<50 kW, GS>50 kW, and Large Use meter reads, are set out in Table 7-2-8 below:

Table 7-2-8: Automated Meter Reading Weighting Factors

Meter Type	Weighting Factors for Meter Reading
Residential	1.00
GS<50 kW	1.00
GS>50 kW	14.66
Large Use	14.66

The costs and number of meter reads per rate class from the manual and automated meter reading weighting factors were blended together in order to determine the final meter reading weighting factors, as set out in Table 7-2-9 below:

Table 7-2-9: Blended Meter Reading Weighting Factors

Meter Type	Weighting Factors for Meter Reading
Residential	1.00
GS<50 kW	1.49
GS>50 kW	14.05
Large Use	14.05

1.5. REVENUE AND CUSTOMER DATA

Alectra Utilities has prepared its revenue and customer data based on the forecasted customer information described in Exhibit 3, the 2026 notional harmonized rates described in Exhibit 8, Tab 1, Schedule 1, and from the best data available in its customer, financial, and geographic information systems.

1.5.1. Revenue Data (Tab I6.1)

To populate the forecasted consumption and demand data for its 2027 CAS, Alectra Utilities relied on its 2027 load forecast data, inclusive of all load forecast adjustments, as well as historical data for consumption and demand related to transformer allowance credits and Wholesale Market Participants. Load forecast adjustments are changes made to the baseline load and customer count forecasts, related to rate reclassifications, the inclusion of standby load, the inclusion of new Large Use customers with projects likely to be completed by 2031, the conversion of connections to devices in the BRZ Street Lighting rate class, and the elimination

of the Distribution Generation class (and reclassification of FIT customers). For more information on the load forecast, refer to Exhibit 3.

The forecasted consumption and demand of customers receiving transformer ownership allowance (TOA) was based on the percentage of historical consumption and demand that were subject to a transformer ownership allowance credit, applied against 2027 load forecast data. For the Large Use rate class in particular, the percentage of historical consumption and demand was calculated using customers who own their own transformer, rather than just consumption and demand that were subject to a transformer ownership allowance credit, as Large Use customers in the BRZ and GRZ are not currently approved to receive a transformer allowance credit in their respective rate tariffs.

Wholesale Market Participant consumption was based on the most recent 3-year (2022-2024) average of annual metered consumption.

The forecasted consumption and demand for these different sets of customers are set out in Table 7-2-10, below.

Table 7-2-10: 2027 Forecasted Consumption and Demand

Rate Class	Forecast kWh	Forecast kW	Forecast kWh (TOA)	Forecast kW (TOA)	kWh excluding WMP
Residential	8,833,994,478	—	—	—	8,833,994,478
GS<50 kW	2,873,274,147	—	—	10,938,768	2,873,274,147
GS>50 kW	13,256,045,708	34,359,095	10,855,001	—	13,112,876,493
Large Use	2,129,485,286	4,034,148	3,963,954	—	2,129,485,286
LUDA	855,837,759	1,620,102	—	—	189,173,722
Street Lighting	95,129,680	265,730	—	—	95,129,680
Sentinel Lighting	573,650	1,569	—	—	573,650
USL	47,482,160	—	—	—	47,482,160
Embedded Distributor	17,012,414	—	—	—	17,012,414
Total	28,108,835,282	40,280,644	14,818,955	10,938,768	27,299,002,031

Rates for the 2027 CAS are forecasted 2026 notional harmonized fixed and variable rates and 2026 notional transformer ownership allowance rates, within each rate class, as described in

1 Exhibit 8, Tab 1, Schedule 1. No additional charges were included. The rates are set out in Table
2 7-2-11, below.

3 **Table 7-2-11: 2026 Notional Harmonized Rates**

Rate Class	Monthly Charge	Distribution kWh Rate	Distribution kW Rate	TOA Rate
Residential	\$32.56	\$0.0000	\$0.0000	\$0.0000
GS<50 kW	\$42.55	\$0.0188	\$0.0000	\$0.0032
GS>50 kW	\$264.66	\$0.0000	\$4.4984	\$0.6189
Large Use	\$14,971.02	\$0.0000	\$3.2080	\$0.4264
LUDA	\$7,090.86	\$0.0000	\$0.4185	\$0.0000
Street Lighting	\$1.58	\$0.0000	\$10.9723	\$0.0000
Sentinel Lighting	\$6.52	\$0.0000	\$16.4460	\$0.0000
USL	\$9.35	\$0.0217	\$0.0000	\$0.0000
Embedded Distributor	\$5,232.85	\$0.0000	\$0.0000	\$0.0000

5 **1.5.2. Customer Data (Tab I6.2)**

6 To populate the customer data for its 2027 CAS, Alectra Utilities relied on its 2026 and 2027
7 customer forecast data, inclusive of all forecast adjustments, as well as historical data and
8 analyses conducted from its information systems.

9 Bad debt and late payment data included in Tab I6.2, and set out in Table 7-2-12, is the most
10 recent 3-year (2022-2024) average.

Table 7-2-12: Bad Debt and Late Payment Data (2022-2024 Historical Average) (\$MM)

Rate Class	Bad Debt	Late Payment
Residential	\$11.07	\$7.40
GS<50 kW	\$3.82	\$1.93
GS>50 kW	\$2.47	\$1.13
Large Use	\$0.00	\$0.07
LUDA	\$0.00	\$0.01
Street Lighting	\$0.00	\$0.01
Sentinel Lighting	\$0.00	\$0.00
USL	\$0.00	\$0.00
Embedded Distributor	\$0.00	\$0.00
Total	\$17.37	\$10.55

The total number of customers (for the Residential, GS<50 kW, GS>50 kW, Large Use, LUDA, and Embedded Distributor rate classes) and connections/devices (for the Street Lighting, Sentinel Lighting, and USL rate classes) are the average of the 2026-2027 respective forecasted numbers, as per Exhibit 3. The number of customers for the Street Lighting, Sentinel Lighting, and USL rate classes are based on the most recent actuals (from April 2025, the most recent customer count available at the time of completing the 2027 CAS).

All customers within Alectra Utilities' service territory are primary connected, however, Alectra Utilities relied on data from its Customer Information Systems (CIS) and Geographic Information Systems (GIS) in order to determine its line transformer and secondary connected customer bases.

The line transformer customer base is equal to Alectra Utilities' total number of customers that utilize its line transformers. This was determined by subtracting customers who own their own transformers, or do not utilize Alectra Utilities' transformers, from its total customer base.

To determine the secondary customer base, Alectra Utilities utilized its GIS in order to conduct an analysis to determine the proportion of customers who do not own their own secondary conductor. The analysis determined that 96.4% of the Residential rate class, 51.0% of the GS<50 kW rate class, and 43.3% of the GS>50 kW rate class, do not own their own secondary conductor. It was assumed that all Street Lighting, Sentinel, and USL customers utilize Alectra

Utilities secondary customer base. No Large Use customers utilize Alectra Utilities' secondary conductors.

The customer base data is set out in Table 7-2-13, below.

Table 7-2-13: Customer Base (2026-2027 Forecasted Average)

Rate Class	Total	Primary	Line Transformer	Secondary
Residential	995,999	995,999	995,999	959,645
GS<50 kW	90,334	90,334	90,244	46,088
GS>50 kW	11,926	11,926	10,741	5,159
Large Use	32	32	1	—
LUDA	6	6	—	—
Street Lighting	32	9,399	9,399	32
Sentinel Lighting	198	198	198	198
USL	5,205	5,205	5,205	5,205
Embedded Distributor	1	1	—	—
Total	1,103,733	1,113,100	1,111,787	1,016,328

As Alectra Utilities provides monthly billing, the number of bills was determined to be 12 multiplied by the total number of customers for each rate class. Based on best available information, it was determined that Alectra Utilities' Street Lighting rate class has an average device-to-connection ratio of 4. Connection information for the Sentinel Lighting and USL rate classes is the average 2026-2027 number of connections provided in the load forecast. For more information on the load forecast, refer to Exhibit 3. For more information on the 2026 number of devices for the BRZ Street Lighting rate class, refer to Exhibit 8, Tab 2, Schedule 2.

The number of bills, devices, and connections are set out in Table 7-2-14, below.

1 **Table 7-2-14: Number of Bills, Devices, Connections**

Rate Class	Number of Bills	Number of Devices	Number of Connections (Unmetered)
Residential	11,951,988	—	—
GS<50 kW	1,084,008	—	—
GS>50 kW	143,112	—	—
Large Use	384	—	—
LUDA	72	—	—
Street Lighting	384	273,434	68,359
Sentinel Lighting	2,376	—	406
USL	62,460	—	11,511
Embedded Distributor	12	—	—
2 Total	13,244,796	273,434	80,276

3 **1.6. LOAD PROFILES AND DEMAND ALLOCATORS (Tab I8)**

4 In a letter dated June 12, 2015, the OEB requested distributors to be mindful of material
5 changes to Load Profiles and propose updates, as appropriate, in rebasing applications and the
6 preparation of a CAS. Subsequently, the OEB's Chapter 2 Filing Requirements were revised to
7 require distributors to provide updated load profiles and demand allocators in their rebasing
8 applications.¹ Alectra Utilities assessed available methodologies to prepare updated load
9 profiles for its rate classes based on recent data, and is of the view that the most appropriate
10 methodology is the Historical Average approach using weather-actual data as outlined in section
11 2.7.1.1 of the Chapter 2 Filing Requirements. To prepare updated Load Profiles using non-
12 normalized data, a minimum of three years of hourly data is required. Alectra Utilities utilized 4
13 full years of hourly interval data for all applicable rate classes and rate zones, and meets this
14 requirement.

15 As described in section 2.7.1.1, the Historical Average method requires the utility to prepare
16 load profiles for each rate class, for each historical year, in order to derive coincident and non-
17 coincident peak (CP and NCP) demand allocators for each rate class, for each historical year.
18 Subsequently, the resulting historical demand allocators for each rate class are averaged across

¹ Chapter 2 Filing Requirements, page 46

the historical years, with the resulting average values used as inputs in the "I8 Demand Data" Tab of the cost allocation model.

Relying on this method, Alectra Utilities utilized actual hourly load by rate class for the years 2021 through 2024. For clarity, the data gathered was organized into harmonized rate classes consistent with those proposed in this Application. In order to adjust for any data variances amongst the rate classes, the load profiles for each rate class, for each year were adjusted such that the sum of all hours for each rate class is equal to the total actual annual consumption by rate class reported via Alectra Utilities' Reporting and Record-keeping Requirements (RRR) submissions. Relying on the resulting adjusted load profiles, CP and NCP demand allocators for each rate class were developed for each of the four years identified above. This produced average CP and NCP values for the period of 2021 to 2024.

Subsequently, a scaling factor was developed to 'scale up' the CP and NCP values to align with the 2027 load forecast consumption, by calculating the average annual kWh consumption per rate class over the 2021-2024 period. The forecasted 2027 rate class consumption for each rate class was subsequently divided by average 2021 to 2024 annual consumption, to determine a scaling factor for each rate class. The average 2021 to 2024 CP and NCP values were then scaled up to align with the 2027 load forecast using the scaling factor from each rate class.

The resulting values of the above methodology produced the demand allocators relied upon in the "I8 Demand Data" Tab of the 2027 CAS.

The Load Profiles for Demand Allocators Excel spreadsheet is provided as Attachment 7-3 to demonstrate how the 2027 demand allocators were derived.

1.7. DIRECT ALLOCATION (Tab I9)

Alectra Utilities' LUDA and Embedded Distributor rate classes, currently in the HRZ and BRZ, respectively, have specific costs directly allocated for recovery. Direct allocations for the LUDA and Embedded Distributor rate classes have been entered, by USoA, in the "I9 Direct Allocation" Tab. No other rate classes have directly allocated costs in this tab.

1.7.1. Large Use with Dedicated Assets (Tab I9)

The LUDA rate class was established in legacy Horizon Utilities for customers with demand above 5,000 kW to whom particular assets have been dedicated. Alectra Utilities is proposing that the LUDA rate class be an Alectra Utilities-wide rate class, and has identified the costs associated with the customers in the LUDA rate class. Financially, these assets are 'dedicated' to the rate class via Direct Allocation of amounts in Accounts 1840, 1845, and 2105. Correspondingly, this rate class does not attract allocation of the shared primary and/or secondary asset pools. The Directly Allocated Costs are provided in Table 7-2-15, below.

Table 7-2-15: Directly Allocated Costs for LUDA Rate Class

Account	Description	Directly Allocated Costs
1840	Underground Conduit	\$343,122
1845	Underground Conductors and Devices	\$6,271,712
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	\$(4,863,833)
	Directly Allocated Net Fixed Assets	\$1,751,001
5705	Amortization Expense - Property, Plant, and Equipment	\$87,007
	Total Expenses	\$87,007
	Depreciation Expense	\$87,007

1.7.2. Embedded Distributor (Tab I9)

The Embedded Distributor rate class in the BRZ is comprised solely of one embedded distributor, Hydro One Networks Inc. (HONI), who is partially embedded in Alectra Utilities' distribution system. Consistent with the Chapter 2 Filing Requirements, as Alectra Utilities has a separate rate class for the embedded distributor currently, it has included this class in its cost allocation study and the RRWF. Consistent with legacy Brampton's 2015 cost of service rate application, the rate structure for this class reflects a fixed-charge-only approach, in which no variable billing determinant is relied upon for distribution revenue. Alectra Utilities has also used the Direct Allocation approach for cost allocation, consistent with the approach by legacy Brampton.

Alectra Utilities provides service to HONI through one feeder with four sections supplying power from the Pleasant Transformer Station. Alectra Utilities has identified the assets utilized to provide this service to HONI. Financially, these assets have been assigned to HONI via Direct Allocation in Accounts 1830, 1835, 1860, and 2105 within the "I9 Direct Allocation" Tab. Correspondingly, this rate class does not attract further allocation of the shared primary and/or secondary asset pools. The Directly Allocated Costs are provided in Table 7-2-16, below.

Table 7-2-16: Directly Allocated Costs for Embedded Distributor Rate Class

Account	Description	Directly Allocated Costs
1830	Poles, Towers and Fixtures	\$101,122
1835	Overhead Conductors and Devices	\$76,380
1860	Meters	\$43,968
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	\$(68,837)
	Directly Allocated Net Fixed Assets	\$152,632
5005	Operation Supervision and Engineering	\$284
5010	Load Dispatching	\$2,653
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$165
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$109
5065	Meter Expense	\$270
5070	Customer Premises - Operation Labour	\$812
5120	Maintenance of Poles, Towers and Fixtures	\$1,737
5135	Overhead Distribution Lines and Feeders - Right of Way	\$319
5150	Maintenance of Underground Conductors and Devices	\$2,429
5310	Meter Reading Expense	\$713
5315	Customer Billing	\$3,928
5705	Amortization Expense - Property, Plant, and Equipment	\$5,560
	Total Expenses	\$18,978
	Depreciation Expense	\$5,560

Alectra Utilities has consulted with its embedded distributor and has shared its direct cost allocation approach in the spring of 2025. Alectra Utilities provided HONI staff with its detailed proposal to allocate costs to the embedded distributor class. HONI supported the approach to

the allocation of costs and rate design. Details of the correspondence between Alectra Utilities and HONI and HONI's acknowledgement of support is included in Exhibit 8, Tab 1, Schedule 1.

1.8. ADJUSTMENTS TO COST ALLOCATION MODEL

In order to accommodate the direct allocation of assets and expenses to Alectra Utilities' LUDA and Embedded Distributor rate classes, new allocators were required.

Modeled after the PNCP1, PNCP4, and PNCP12 allocators, new allocators PNCP1exDA, PNCP4exDA, PNCP12exDA were created. Also, new allocators CENexDA and CCPexDA were created based on CEN and CCP, respectively. All new allocators were created on the "E2 Allocators" Tab. In each of these cases, the LUDA and Embedded Distributor rate classes were assigned an allocation of 0.00% leaving the other rate classes to absorb the costs. One additional allocator was created, NFAexDA, which is an allocator of Net Fixed Assets, excluding directly allocated assets. Adjustments were also made to the "O6 Source Data for E2" and "E4 TB Allocation Details" tabs as a result of these new allocators.

Through examination of the assets required by the LUDA rate class, it was determined that 100% of the customers in this rate class were served exclusively by dedicated cables. As per current rate design practices, if the cables were to be replaced, these assets would be fully dedicated to the LUDA rate class, and if a new customer qualified for the LUDA rate class, that customer would also be served from dedicated assets. Similarly, the assets to serve the Embedded Distributor have been directly allocated to the Embedded Distributor rate class, comprised of a single customer. As such, the LUDA and Embedded Distributor customers do not participate in use of the pooled assets in accounts 1830 (Poles, Towers, and Fixtures), 1835 (Overhead Conductors and Devices), 1840 (Underground Conduit), and 1845 (Underground Conductors and Devices).

To remove cost responsibility from the LUDA and Embedded Distributor rate classes, the new PNCP4exDA and CCPexDA allocators were used in place of the PNCP4 and CCP allocators respectively for these accounts. The cable assets required to serve the LUDA rate class was directly allocated on the "I9 Direct Allocation" Tab. Similarly, the distribution station equipment, cable, and metering costs required to serve the Embedded Distributor rate class were directly allocated on the "I9 Direct Allocation" Tab.

1 In addition, Alectra Utilities' Distribution Station Equipment is used to step down to primary
2 voltages lower than that used by the LUDA rate class, or any customer who would qualify for the
3 LUDA rate class. All LUDA customers and any customer that could qualify for the LUDA rate
4 class are served at a voltage supplied by HONI. Similar circumstances apply to the Embedded
5 Distributor rate class. Since these two rate classes do not, and would not use the Distribution
6 Station Equipment, the PNCP4 and CEN allocators have been replaced by PNCP4exDA and
7 CENexDA respectively.

8 The "I9 Direct Allocation" worksheet calculates an amount for "Approved Total PILs", "Approved
9 Total Return on Debt" and "Approved Total Return on Equity" in rows 149-151, and this amount
10 is assigned on the "O1 Revenue to cost|RR" tab, row 36. Because of this, no further assignment
11 of PILs, Interest, or Net Income is appropriate. In order to appropriately allocate these amounts,
12 the NFAexDA allocator was selected for accounts 3046 Balance Transferred from Income, 6005
13 Interest on Long Term Debt, and 6110 Income Taxes. The original definition of NFA and its
14 related allocator NFA ECC, both of which include directly allocated assets are still used in all
15 other cases.

16 Unrelated to the new allocators, in order to complete and submit the Cost Allocation Model
17 without any reconciliation errors, Alectra Utilities deleted the formula in cell D78 in the "O5
18 Details by Class & Accounts" Tab, which would have otherwise caused E78 to be double
19 counted. Leaving the preexisting formula ultimately causes Account 1995 to be double counted
20 in the "E5 Reconciliation" Tab, causing a reconciliation difference of the double counted amount
21 in cell E78 on the same Tab.

22 Lastly, as Alectra Utilities' Street Lighting Monthly Fixed Charge is per device (instead of per
23 connection), Alectra Utilities updated the Street Lighting "Customer Unit Cost per month"
24 calculations in the "O2 Fixed Charge|Floor|Ceiling" tab to reference the number of devices. This
25 modification causes the O2 tab to calculate the ceiling level for Monthly Fixed Charge per
26 device, in order to compare and validate that the Street Lighting Monthly Fixed Charge is lower
27 than the ceiling.

Attachment 7-1

OEB Workform - 2027 Cost Allocation Model

Please see live Excel version

Attachment 7-2

OEB Workform - 2027 Cost Allocation Model

Tabs I6.1, I6.2, I8, O1, and O2

2026 Cost Allocation Model

EB-2025-0252

Sheet I6.1 Revenue Worksheet - Application

Total kWhs from Load Forecast	28,108,835,282
-------------------------------	----------------

Total kW's from Load Forecast	40,280,644
-------------------------------	------------

Deficiency/sufficiency (RRWF 8. cell F51)	- 106,591,712
--	---------------

Miscellaneous Revenue (RRWF 5. cell F48)	30,849,746
--	------------

[illegible]



2026 Cost Allocation Model

EB-2025-0252

Sheet I6.2 Customer Data Worksheet - Application

			1	2	3	6	7	8	9	10	11
	ID	Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load	Embedded Distributor	Large Use >5MW with Dedicated Assets
Billing Data											
Bad Debt 3 Year Historical Average	BDHA	\$17,368,185	\$11,068,983	\$3,824,562	\$2,473,824	\$0	\$198	\$140	\$478	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$10,555,000	\$7,404,859	\$1,926,113	\$1,134,045	\$72,690	\$6,115	\$1,599	\$3,820	\$0	\$5,758
Number of Bills	CNB	13,244,796	11,951,988	1,084,008	143,112	384	384	2,376	62,460	12	72
Number of Devices	CDEV						273,434				
Number of Connections (Unmetered)	CCON	80,276					68,359	406	11,511		
Total Number of Customers	CCA	1,103,733	995,999	90,334	11,926	32	32	198	5,205	1	6
Bulk Customer Base	CCB	-									
Primary Customer Base	CCP	1,113,100	995,999	90,334	11,926	32	9,399	198	5,205	1	6
Line Transformer Customer Base	CCLT	1,111,787	995,999	90,244	10,741	1	9,399	198	5,205	-	-
Secondary Customer Base	CCS	1,016,328	959,645	46,088	5,159	-	32	198	5,205	-	-
Weighted - Services	CWCS	959,645	959,645	-	-	-	-	-	-	-	-
Weighted Meter -Capital	CWMC	406,253,142	234,269,373	111,771,528	59,544,255	549,472	-	-	-	-	118,514
Weighted Meter Reading	CWMR	15,598,790	11,951,988	1,615,172	2,010,724	17,197	-	-	-	-	3,709
Weighted Bills	CWNB	13,837,835	11,951,988	1,300,810	500,892	35,674	1,766	1,426	37,476	1,115	6,689

Bad Debt Data

Historic Year:	2022	16,109,352	9,088,338	3,576,779	3,444,222	-	12	1	-	-	-
Historic Year:	2023	18,746,929	12,380,818	4,766,918	1,597,878	-	34	417	864	-	-
Historic Year:	2024	17,248,274	11,737,793	3,129,990	2,379,372	-	549	1	570	-	-
Three-year average		17,368,185	11,068,983	3,824,562	2,473,824	-	198	140	478	-	-

2026 Cost Allocation Model

EB-2025-0252

Sheet 18 Demand Data Worksheet - Application

This is an input sheet for demand allocators.

CP TEST RESULTS	4 CP
NCP TEST RESULTS	4 NCP

Co-incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

Customer Classes		1	2	3	6	7	8	9	10	11	
		Total	Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load	Embedded Distributor	Large Use >5MW with Dedicated Assets
		CP Sanity Check	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass
CO-INCIDENT PEAK											
1 CP											
Transformation CP	TCP1	5,349,872	2,174,658	617,740	2,243,044	222,688	134	1	5,370	-	86,238
Bulk Delivery CP	BCP1	5,349,872	2,174,658	617,740	2,243,044	222,688	134	1	5,370	-	86,238
Total Sytem CP	DCP1	5,349,872	2,174,658	617,740	2,243,044	222,688	134	1	5,370	-	86,238
4 CP											
Transformation CP	TCP4	20,818,078	8,587,853	2,362,033	8,516,428	951,041	1,588	9	21,482	-	377,643
Bulk Delivery CP	BCP4	20,818,078	8,587,853	2,362,033	8,516,428	951,041	1,588	9	21,482	-	377,643
Total Sytem CP	DCP4	20,818,078	8,587,853	2,362,033	8,516,428	951,041	1,588	9	21,482	-	377,643
12 CP											
Transformation CP	TCP12	53,023,134	19,729,724	5,944,102	22,967,594	2,989,827	85,086	539	64,471	12,469	1,229,323
Bulk Delivery CP	BCP12	53,023,134	19,729,724	5,944,102	22,967,594	2,989,827	85,086	539	64,471	12,469	1,229,323
Total Sytem CP	DCP12	53,023,134	19,729,724	5,944,102	22,967,594	2,989,827	85,086	539	64,471	12,469	1,229,323
NON CO_INCIDENT PEAK											
1 NCP											
NCP Sanity Check		Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	
Classification NCP from Load Data Provider	DNCP1	6,086,527	2,645,054	683,692	2,294,286	302,142	23,064	145	5,392	4,494	128,259
Primary NCP	PNCP1	6,086,527	2,645,054	683,692	2,294,286	302,142	23,064	145	5,392	4,494	128,259
Line Transformer NCP	LTNCP1	5,432,427	2,645,054	683,011	2,066,319	9,442	23,064	145	5,392		-
Secondary NCP	SNCP1	3,918,438	2,548,509	348,820	992,508	-	23,064	145	5,392		-
4 NCP											
Classification NCP from Load Data Provider	DNCP4	22,991,013	9,740,401	2,583,246	8,854,728	1,184,080	91,915	577	21,519	16,815	497,731
Primary NCP	PNCP4	22,991,013	9,740,401	2,583,246	8,854,728	1,184,080	91,915	577	21,519	16,815	497,731
Line Transformer NCP	LTNCP4	20,446,985	9,740,401	2,580,672	7,974,898	37,002	91,915	577	21,519		-
Secondary NCP	SNCP4	14,647,415	9,384,876	1,317,972	3,830,556	-	91,915	577	21,519		-
12 NCP											
Classification NCP from Load Data Provider	DNCP12	58,146,432	22,088,675	6,612,098	24,319,795	3,336,816	269,277	1,692	64,471	16,866	1,436,743
Primary NCP	PNCP12	58,146,432	22,088,675	6,612,098	24,319,795	3,336,816	269,277	1,692	64,471	16,866	1,436,743
Line Transformer NCP	LTNCP12	51,037,214	22,088,675	6,605,510	21,903,313	104,275	269,277	1,692	64,471		-
Secondary NCP	SNCP12	35,512,113	21,282,438	3,373,492	10,520,743	-	269,277	1,692	64,471		-

2026 Cost Allocation Model

EB-2025-0252
Sheet O1 Revenue to Cost Summary Worksheet - Application
Instructions:

Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

		Total	1 Residential	2 GS <50	3 GS>50-Regular	6 Large Use >5MW	7 Street Light	8 Sentinel	9 Unmetered Scattered Load	10 Embedded Distributor	11 Large Use >5MW with Dedicated Assets
Rate Base											
Assets											
crev	Distribution Revenue at Existing Rates	\$703,713,614	\$389,156,729	\$100,107,090	\$185,718,813	\$17,000,190	\$8,099,978	\$57,568	\$2,321,897	\$62,794	\$1,188,555
mi	Miscellaneous Revenue (mi)	\$30,849,746	\$22,338,768	\$3,727,449	\$4,001,643	\$381,361	\$290,451	\$4,563	\$95,036	\$1,003	\$9,471
	Miscellaneous Revenue Input equals Output										
	Total Revenue at Existing Rates	\$734,563,360	\$411,495,498	\$103,834,539	\$189,720,457	\$17,381,551	\$8,390,428	\$62,131	\$2,416,933	\$63,798	\$1,198,025
	Factor required to recover deficiency (1 + D)	1.1518									
	Distribution Revenue at Status Quo Rates	\$810,305,326	\$448,102,416	\$115,270,341	\$213,849,697	\$19,575,213	\$9,326,884	\$66,287	\$2,673,596	\$72,306	\$1,368,585
	Miscellaneous Revenue (mi)	\$30,849,746	\$22,338,768	\$3,727,449	\$4,001,643	\$381,361	\$290,451	\$4,563	\$95,036	\$1,003	\$9,471
	Total Revenue at Status Quo Rates	\$841,155,072	\$470,441,184	\$118,997,790	\$217,851,341	\$19,956,575	\$9,617,335	\$70,851	\$2,768,632	\$73,309	\$1,378,056
di	Expenses										
cu	Distribution Costs (di)	\$116,323,965	\$66,922,367	\$11,750,685	\$32,750,654	\$3,541,201	\$948,007	\$12,811	\$377,647	\$0	\$20,594
ad	Customer Related Costs (cu)	\$79,431,149	\$63,569,648	\$9,836,153	\$5,035,984	\$137,973	\$590,058	\$8,263	\$222,947	\$3,708	\$26,414
dep	General and Administration (ad)	\$156,654,364	\$103,258,460	\$17,229,852	\$31,340,771	\$3,030,845	\$1,220,473	\$16,801	\$481,068	\$12,806	\$63,288
INPUT	Depreciation and Amortization (dep)	\$195,556,887	\$113,897,626	\$25,407,807	\$50,005,565	\$4,236,644	\$1,217,588	\$17,700	\$528,687	\$2,252	\$243,018
INT	PILs (INPUT)	\$22,389,318	\$13,023,593	\$2,414,937	\$6,123,410	\$565,154	\$156,841	\$2,266	\$68,395	\$0	\$34,718
	Interest	\$110,954,356	\$64,540,806	\$11,967,663	\$30,345,683	\$2,800,724	\$777,253	\$11,232	\$338,943	\$0	\$172,051
	Total Expenses	\$681,310,035	\$425,212,501	\$78,607,098	\$155,602,067	\$14,312,541	\$4,910,221	\$69,073	\$2,017,686	\$18,766	\$560,082
	Direct Allocation	\$253,364	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,795	\$222,569
NI	Allocated Net Income (NI)	\$159,591,673	\$92,832,545	\$17,213,740	\$43,647,843	\$4,028,434	\$1,117,966	\$16,155	\$487,519	\$0	\$247,470
	Revenue Requirement (includes NI)	\$841,155,072	\$518,045,045	\$95,820,837	\$199,249,911	\$18,340,975	\$6,028,187	\$85,228	\$2,505,206	\$49,561	\$1,030,122
	Revenue Requirement Input equals Output										
	Rate Base Calculation										
	Net Assets										
dp	Distribution Plant - Gross	\$6,306,012,915	\$3,676,969,354	\$698,004,948	\$1,704,793,482	\$154,213,058	\$44,261,902	\$643,451	\$19,299,805	\$0	\$7,826,915
gp	General Plant - Gross	\$725,435,800	\$423,650,181	\$77,137,346	\$197,076,054	\$18,028,963	\$5,241,031	\$76,190	\$2,284,385	\$32,930	\$1,908,720
accum dep	Accumulated Depreciation	(\$1,631,148,849)	(\$940,834,659)	(\$200,297,931)	(\$434,007,472)	(\$38,407,149)	(\$10,346,433)	(\$149,560)	(\$4,506,051)	(\$17,036)	(\$2,582,554)
co	Capital Contribution	(\$1,271,863,059)	(\$757,528,179)	(\$130,073,036)	(\$339,378,254)	(\$29,755,614)	(\$10,160,457)	(\$150,950)	(\$4,434,151)	(\$247)	(\$378,972)
	Total Net Plant	\$4,128,436,814	\$2,402,256,698	\$444,770,928	\$1,128,483,810	\$104,076,259	\$28,996,044	\$419,231	\$12,643,987	\$15,648	\$6,774,210
	Directly Allocated Net Fixed Assets	\$1,903,633	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$152,632	\$1,751,001
COP	Cost of Power (COP)	\$3,474,326,358	\$1,121,916,375	\$363,727,898	\$1,060,956,682	\$269,234,153	\$12,027,394	\$72,527	\$6,003,244	\$2,150,906	\$38,237,177
	OM&A Expenses	\$352,409,478	\$233,750,475	\$38,816,690	\$69,127,409	\$6,710,019	\$2,758,539	\$37,875	\$1,081,662	\$16,514	\$110,296
	Directly Allocated Expenses	\$13,419	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,419	\$0
	Subtotal	\$3,826,749,254	\$1,355,666,850	\$402,544,588	\$1,730,084,091	\$275,944,172	\$14,785,933	\$110,402	\$7,084,906	\$2,180,839	\$38,347,473
	Working Capital	\$304,991,916	\$108,046,648	\$32,082,804	\$137,887,702	\$21,992,751	\$1,178,439	\$8,799	\$564,667	\$173,813	\$3,056,294
	Total Rate Base	\$4,435,332,362	\$2,510,303,346	\$476,853,731	\$1,266,371,512	\$126,069,009	\$30,174,482	\$428,030	\$13,208,654	\$342,093	\$11,581,504
	Rate Base Input equals Output										
	Equity Component of Rate Base	\$1,774,132,945	\$1,004,121,338	\$190,741,493	\$506,548,605	\$50,427,604	\$12,069,793	\$171,212	\$5,283,462	\$136,837	\$4,632,602
	Net Income on Allocated Assets	\$159,591,673	\$45,228,684	\$40,390,693	\$62,249,274	\$5,644,034	\$4,707,114	\$1,778	\$750,945	\$23,748	\$595,405
	Net Income on Direct Allocation Assets	\$80,292	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,438	\$73,855
	Net Income	\$159,671,965	\$45,228,684	\$40,390,693	\$62,249,274	\$5,644,034	\$4,707,114	\$1,778	\$750,945	\$30,185	\$669,259
	RATIOS ANALYSIS										
	REVENUE TO EXPENSES STATUS QUO%	100.00%	90.81%	124.19%	109.34%	108.81%	159.54%	83.13%	110.52%	147.92%	133.78%
	EXISTING REVENUE MINUS ALLOCATED COSTS	(\$106,591,712)	(\$106,549,548)	\$8,013,702	(\$9,529,454)	(\$959,424)	\$2,362,242	(\$23,098)	(\$88,273)	\$14,236	\$167,903
	Deficiency Input equals Output										
	STATUS QUO REVENUE MINUS ALLOCATED COSTS	(\$0)	(\$47,603,861)	\$23,176,953	\$18,601,430	\$1,615,600	\$3,589,148	(\$14,378)	\$263,426	\$23,748	\$347,934
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.00%	4.50%	21.18%	12.29%	11.19%	39.00%	1.04%	14.21%	22.06%	14.45%



Ontario Energy Board

2026 Cost Allocation Model

EB-2025-0252

Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Application

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

Customer Unit Cost per month - Avoided Cost

Customer Unit Cost per month - Directly Related

Customer Unit Cost per month - Minimum System
with PLCC Adjustment

Existing Approved Fixed Charge

1	2	3	6	7	8	9	10	11
Residential	GS <50	GS>50-Regular	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load	Embedded Distributor	Large Use >5MW with Dedicated Assets
\$4.85	\$14.90	\$58.55	\$193.28	\$0.18	\$0.95	\$1.15	\$160.81	\$314.24
\$7.63	\$20.16	\$79.93	\$379.14	\$0.32	\$1.92	\$2.10	\$281.96	\$625.60
\$24.03	\$36.88	\$116.50	\$782.99	\$1.38	\$17.21	\$12.33	\$538.88	\$970.52
\$32.56	\$42.55	\$264.66	\$14,971.02	\$1.58	\$6.52	\$9.35	\$5,232.85	\$7,090.86

Attachment 7-3

Load Profiles for Demand Allocators

Please see live Excel version

2. CLASS REVENUE REQUIREMENTS

The data used in the updated Cost Allocation Model is consistent with Alectra Utilities' cost data supporting the proposed 2027 Revenue Requirement outlined in this Application. Consistent with the Cost Allocation Reports, Alectra Utilities' assets were broken out into primary and secondary distribution functions using an updated breakout. The breakout of Assets, Capital Contributions, Depreciation, Accumulated Depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available to Alectra Utilities, its engineering records, and its customer, financial, and geographic information systems.

Capital Contributions, Depreciation and Accumulated Depreciation by USoA are consistent with the information provided in the 2027 fixed asset continuity schedule shown in Exhibit 2. The rate class customer data used in the updated Model is consistent with the 2027 customer forecast outlined in Exhibit 3.

Table 7-2-17 below provides the allocated costs, together with the status quo revenue to cost ratios by rate class from the 2027 CAS:

Table 7-2-17: 2027 Cost Allocation and Status Quo Revenue to Cost Ratios by Rate Class

Rate Class	2027 Cost Allocation (\$MM)	Status Quo Revenue To Cost Ratios
Residential	\$518.0	90.8 %
GS<50 kW	\$95.8	124.2 %
GS>50 kW	\$199.2	109.3 %
Large Use	\$18.3	108.8 %
LUDA	\$1.0	133.8 %
Street Lighting	\$6.0	159.5 %
Sentinel Lighting	\$0.1	83.1 %
USL	\$2.5	110.5 %
Embedded Distributor	\$0.0	147.9 %
Total	\$841.2	

3. REVENUE-TO-COST RATIOS

The results of a cost allocation study are typically presented in the form of revenue to cost ratios (RCR). The ratio is shown by rate class and is the percentage of distribution revenue collected by rate class compared to the costs allocated to the class. The percentage identifies the rate classes that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing other classes of customers.

The OEB has established what it considers to be the appropriate ranges of RCR which are summarized in Table 7-2-18 below. In addition, Table 7-2-18 provides Alectra Utilities' 2027 CAS calculated ratios, and 2027 proposed ratios.

1 **Table 7-2-18: Alectra Utilities Revenue-to-Cost Ratios**

Rate Class	Legacy Ratios (as Currently Approved)					Status Quo (2027)	Proposed Ratios (2027)	OEB-Approved Range
	BRZ (2015)	ERZ (2013)	GRZ (2016)	HRZ (2019)	PRZ (2017)			
Residential	95.6 %	90.0 %	93.3 %	101.1 %	98.6 %	90.8 %	93.2 %	85 - 115
GS<50 kW	120.0 %	109.0 %	116.0 %	98.7 %	106.5 %	124.2 %	114.2 %	80 - 120
GS>50 kW, Regular	95.7 %	109.0 %	108.5 %	97.6 %	99.1 %	109.3 %	109.3 %	80 - 120
GS>50 kW, Intermediate	120.0 %	108.0 %	120.0 %					80 - 120
Large Use	95.7 %	109.0 %	93.3 %	111.4 %	85.2 %	108.8 %	108.8 %	85 - 115
LUDA				96.3 %		133.8 %	115.0 %	85 - 115
Street Lighting	95.7 %	96.1 %	99.2 %	100.0 %	120.0 %	159.5 %	120.0 %	80 - 120
Sentinel Lighting			109.3 %	91.8 %	83.6 %	83.1 %	71.0 %	80 - 120
USL	95.6 %	109.0 %	120.0 %	114.6 %	101.6 %	110.5 %	110.5 %	80 - 120
Embedded Distributor	100.0 %					147.9 %	120.0 %	80 - 120

2

As shown above, there are four harmonized rate classes with an RCR outside of the OEB's prescribed ranges:

- GS<50 kW;
- Large Use with Dedication Assets;
- Street Lighting;
- Embedded Distributor.

For these rate classes Alectra Utilities proposes a one-time adjustment to the ceiling value in 2027, with the exception of the GS<50 kW rate class. For this class, Alectra Utilities proposes to further decrease the RCR such that the distribution rate for the class result in total bill increases of exactly 10% or lower for all legacy rate zones..

For rate classes that have the status quo allocation within the OEB target range, Alectra Utilities proposes to maintain the status quo RCR in place, with the exception of the Sentinel Lighting rate class. For this rate class, Alectra Utilities proposes to further decrease the RCR such that the distribution rate for the class result in total bill increases of near, but not exceeding, 10%, or lower for all legacy rate zones. The only other rate class with an RCR below 100%, is the Residential class, which would fully absorb the proposed adjustments for the other rate classes in order to maintain revenue neutrality.

GS<50 kW

Alectra Utilities proposes a revenue allocation adjustment (decrease) to the GS<50 kW class to bring its RCR within the OEB-approved range at 114.2%, such that the distribution rate for the class result in total bill increases of exactly 10% for the GRZ, and lower than 10% for the remaining legacy rate zones. The net adjustment to this class left a revenue deficiency of \$(9,570,394), which was recovered from the Residential class, which will maintain its revenue-to-cost ratio below 100%.

Based on this mitigation, the total bill impact does not exceed the 10% threshold, and no further mitigation is required. The total bill impacts for the GS<50 kW class at the status quo and proposed RCRs are set out in Table 7-2-19.

Table 7-2-19: 2027 Total Bill Impact for GS<50 kW Class Before and After Rate Mitigation

	BRZ	ERZ	GRZ	HRZ	PRZ
2027 Cost Allocation (R/C 124%)	8.9%	-3.3%	12.5%	-2.7%	3.7%
Rebalanced Revenue (R/C 114%)	6.6%	-5.5%	10.0%	-5.0%	1.4%

Large Use with Dedicated Assets

Alectra Utilities proposes a one-time adjustment to this rate class to bring it to the top end of the policy range at 115%. The 2027 net adjustment to this class left a revenue deficiency of \$(193,416), which was recovered from the Residential class.

Street Lighting

Alectra Utilities proposes a revenue allocation adjustment (decrease) to this class to bring its RCR to the top end of the policy range. The net adjustment to this class left a revenue deficiency of \$(2,383,511), which was recovered from the Residential class.

Embedded Distributor

Alectra Utilities proposes a revenue allocation adjustment (decrease) to the Embedded Distributor class to bring its RCR to the top end of the policy range. The net adjustment to this class left a revenue deficiency of \$(13,835), which was recovered from the Residential class.

Sentinel Lighting

Alectra Utilities proposes a revenue allocation adjustment (decrease) to the Sentinel Lighting class to bring its RCR to 71.0%. The net adjustment to this class left a revenue deficiency of \$(10,338), which was recovered from the Residential class.

The status quo RCR for this class is below 100% so any rate mitigation by way of adjusting this ratio would move this class further away from unity. However, given the low materiality level of

this rate class to the rest of Alectra Utilities' customer base, Alectra Utilities proposes to further decrease the revenue-to-cost ratios of the class such that the distribution rate for the class result in total bill increases of near, but not exceeding, 10% for the PRZ, and lower than 10% for all legacy rate zones. The only other rate class with a revenue-to-cost ratio below 100% is the Residential class, which would fully absorb the increase in order to maintain revenue neutrality.

Based on this mitigation, the total bill impact does not exceed the 10% threshold, and no further mitigation is required. The total bill impacts for the Sentinel Lighting class at the status quo and proposed RCRs are set out in Table 7-2-20.

Table 7-2-20: 2027 Total Bill Impact for Sentinel Lighting Rate Class Before and After Rate Mitigation

	BRZ	ERZ	GRZ	HRZ	PRZ
2027 Cost Allocation (R/C 83%)	—%	—%	7.6%	-4.5%	18.6%
Rebalanced Revenue (R/C 71%)	—%	—%	—%	-10.3%	10.0%

After these adjustments, all rate classes except Sentinel Lighting are within the OEB's prescribed ranges, and all rate classes do not require further rate mitigation.

The following table shows Alectra Utilities 2027 revenue at existing rates by harmonized rate class, proposed 2027 revenue requirement allocated by existing proportions, and the proposed allocation of base revenue requirement and miscellaneous revenues for the 2027 Test Year. Alectra Utilities submits the allocations proposed will result in just and reasonable rates. These values serve as the basis for Alectra Utilities rate design, as described in Exhibit 8.

- 1 **Table 7-2-21: Calculated Class Revenue (\$MM)**
- 2 (Consistent with RRWF, Tab 11 Cost Allocation, Calculated Class Revenue)

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Rate Class	2027 Base Revenue at Existing Rates	2027 Proposed Base Revenue Allocated at Existing Rates Proportion	2027 Proposed Base Revenue	Miscellaneous Revenue
Residential	\$389.2	\$448.1	\$460.3	\$22.3
GS < 50 kW	\$100.1	\$115.3	\$105.7	\$3.7
GS > 50 kW	\$185.7	\$213.8	\$213.8	\$4.0
Large Use	\$17.0	\$19.6	\$19.6	\$0.4
LUDA	\$1.2	\$1.4	\$1.2	\$0.0
Street Lighting	\$8.1	\$9.3	\$6.9	\$0.3
Sentinel Lighting	\$0.1	\$0.1	\$0.1	\$0.0
USL	\$2.3	\$2.7	\$2.7	\$0.1
Embedded Distributor	\$0.1	\$0.1	\$0.1	\$0.0
Total	\$703.7	\$810.3	\$810.3	\$30.8