

EXHIBIT 9 – DEFERRAL AND VARIANCE ACCOUNTS

In this Exhibit, Alectra Utilities provides its Deferral and Variance Account (DVA) balances. The account balances recorded in these accounts are in accordance with the Accounting Procedures Handbook (APH), relevant accounting orders or other applicable guidelines issued by the OEB. This Exhibit also includes a detailed explanation of the specific Group 2 DVA balances proposed for disposition. In addition, the evidence outlines the accounts that Alectra Utilities proposes to continue, as well as new DVAs that the Alectra Utilities seeks to establish in the 2027–2031 rate term.

In this application, Alectra Utilities proposes to dispose of its Group 1 DVA balances as of December 31, 2025, and its Group 2 DVA balances as of December 31, 2026. Alectra Utilities' Group 2 balances comprise actuals as of December 31, 2024 and forecasted balances for 2025 and 2026. The clearance of both Group 1 and Group 2 DVA balances will be disposed of through class-specific rate riders for each rate zone. This approach reflects that DVA balances are accumulated and recorded on a rate zone-specific basis, rather than on a consolidated basis.

As part of this proceeding, Alectra Utilities will provide the Group 1 DVA balances once the audited 2025 balances become available. Alectra Utilities will also update the Group 2 DVA 2025 actual balances once the audited balances become available. The proposed Group 2 DVA rate riders have been calculated using the OEB's DVA Continuity Schedule Workform which has been completed for each rate zone and filed as Attachments 9-1 through 9-5 in this Exhibit.

1. SUMMARY OF DVA BALANCES

1.1. GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

As part of this proceeding, Alectra Utilities proposes to dispose of its Group 1 DVA balances as of December 31, 2025, through class-specific rate riders for each rate zone, effective from January 1, 2027 to December 31, 2027. **Alectra Utilities will provide the Group 1 DVA balances and related evidence once the audited 2025 balances are available.**

Table 9-1-1 provides a complete list of Alectra Utilities' Group 1 DVAs and identifies which accounts Alectra Utilities will put forward for disposition in this proceeding, and which accounts it proposes to continue in the 2027-2031 rate term.

Table 9-1-1: Alectra Utilities' Group 1 DVAs

	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1550 Low Voltage Variance Account	Yes	Yes
1551 Smart Meter Entity Charge Variance Account	Yes	Yes
1580 RSVA – Wholesale Market Service	Yes	Yes
1584 RSVA-Network	Yes	Yes
1586 RSVA-Connection	Yes	Yes
1588 RSVA-Power	Yes	Yes
1589 RSVA-GA	Yes	Yes
1595 Disposition and Recovery/Refund of Regulatory Balances Control Account	Yes	Yes

1.2. GROUP 2 DEFERRAL AND VARIANCE ACCOUNTS

As part of this application, Alectra Utilities proposes to dispose of its Group 2 DVA balances as of December 31, 2024 and forecast balances for 2025 and 2026. Alectra Utilities proposes to dispose the balances through class-specific rate riders for each rate zone. The amounts proposed for disposition are aligned with the audited financial statements for the fiscal year ended December 31, 2024, and include forecasted principal activity and carrying costs for 2025 and 2026. Alectra Utilities will update the Group 2 DVA 2025 actual balances once the audited balances become available.

Tables 9-1-2 through 9-1-7 provide a complete list of Alectra Utilities' Group 2 DVAs and balances as of December 31, 2024, and identifies which accounts Alectra Utilities proposes for disposition in this application, and which accounts it proposes to continue in the 2027-2031 rate term. Table 9-1-2 provides the consolidated balances for Alectra Utilities, which is the sum of the balances for each rate zone; Tables 9-1-3 to 9-1-7 provides the balances for each rate zone.

1 **Table 9-1-2: Alectra Utilities’ Group 2 DVA Balances (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Earnings Sharing Mechanism	0.0	0.0	0.0	No	No
1508 - Energy East Consultation Costs	0.1	0.0	0.2	Yes	No
1508 - OEB Cost Assessment Variance	14.0	1.6	15.6	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(6.7)	0.0	(6.7)	Yes	Yes
1508 - Advanced Pricing Project	0.0	0.0	0.0	No	No
1508 - CGAAP IFRS Differential	(0.2)	0.1	(0.1)	Yes	No
1508 - Hydro-One Charges	0.1	0.0	0.1	Yes	No
1508 - Pole Attachment Revenue Variance	(14.8)	(1.6)	(16.4)	Yes	No
1508 - Capitalization Policy	(25.1)	0.0	(25.1)	Yes	No
1508 - Incremental Capital Module	55.7	(0.1)	55.6	Yes	No
1508 - Long-term Load Mitigation	0.0	0.0	0.0	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	13.3	1.3	14.5	Yes	No
1508 - GOCA Variance Account	4.8	0.3	5.1	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.9	0.0	0.9	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	1.3	0.0	1.3	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.7	0.2	1.0	Yes	No
1548 RCVA STR	0.3	0.1	0.3	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(1.2)	(1.2)	Yes	No
1531 Renewable Connection Capital Deferral Account	0.5	0.2	0.7	Yes	No
1532 Renewable Connection OM&A Deferral Account	1.2	0.2	1.4	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.3)	0.0	(0.3)	Yes	No
1535 Smart Grid OM&A Deferral Account	2.7	0.6	3.3	Yes	No
1536 Smart Grid Funding Adder Deferral Account	0.0	0.0	0.0	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	(0.1)	0.4	0.2	Yes	No
1557 Meter Cost Deferral Account	14.2	2.2	16.4	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(35.5)	(4.3)	(39.8)	Yes	Yes
Total Balance	27.0	(0.1)	27.0		

1 **Table 9-1-3: Alectra Utilities’ Group 2 DVA Balances - HRZ (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Earnings Sharing Mechanism	0.0	0.0	0.0	No	No
1508 - Energy East Consultation Costs	0.0	0.0	0.0	Yes	No
1508 - OEB Cost Assessment Variance	4.6	0.5	5.1	Yes	Yes
1508 - Pole Attachment Revenue Variance	(6.0)	(0.7)	(6.7)	Yes	No
1508 - Capitalization Policy	(29.6)	0.0	(29.6)	Yes	No
1508 - Long-term Load Mitigation	0.0	0.0	0.0	Yes	No
1508 - GOCA Variance Account	0.6	0.0	0.6	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.2	0.0	0.2	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.2	0.0	0.3	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.1	0.0	0.1	Yes	No
1548 RCVA STR	0.0	0.0	0.0	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(0.3)	(0.3)	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.1)	0.0	(0.1)	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	0.0	0.1	0.2	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(7.2)	(0.9)	(8.1)	Yes	Yes
Total Balance	(37.2)	(1.1)	(38.3)		

1 **Table 9-1-4: Alectra Utilities’ Group 2 DVA Balances - BRZ (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - OEB Cost Assessment Variance	2.7	0.3	3.1	Yes	Yes
1508 - Pole Attachment Revenue Variance	(1.6)	(0.2)	(1.8)	Yes	No
1508 - Capitalization Policy	18.1	0.0	18.1	Yes	No
1508 - Incremental Capital Module	(7.9)	0.0	(7.9)	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	3.0	0.3	3.3	Yes	No
1508 - GOCA Variance Account	1.0	0.1	1.1	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.1	0.0	0.1	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.2	0.0	0.2	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	(0.1)	0.0	(0.1)	Yes	No
1548 RCVA STR	0.0	0.0	0.0	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(0.3)	(0.3)	Yes	No
1557 Meter Cost Deferral Account	1.4	0.2	1.6	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(4.4)	(0.5)	(4.9)	Yes	Yes
Total Balance	12.6	(0.2)	12.4		

1 **Table 9-1-5: Alectra Utilities’ Group 2 DVA Balances - PRZ (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Energy East Consultation Costs	0.1	0.0	0.1	Yes	No
1508 - OEB Cost Assessment Variance	5.5	0.6	6.1	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(4.7)	0.0	(4.7)	Yes	Yes
1508 - Advanced Pricing Project	0.0	0.0	0.0	No	No
1508 - CGAAP IFRS Differential	(0.2)	0.1	(0.1)	Yes	No
1508 - Hydro-One Charges	0.1	0.0	0.1	Yes	No
1508 - Pole Attachment Revenue Variance	(3.7)	(0.4)	(4.1)	Yes	No
1508 - Incremental Capital Module	57.2	0.1	57.3	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	8.6	0.8	9.4	Yes	No
1508 - GOCA Variance Account	1.4	0.1	1.5	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.3	0.0	0.3	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.4	0.0	0.4	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.4	0.1	0.6	Yes	No
1548 RCVA STR	0.0	0.0	0.0	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(0.4)	(0.4)	Yes	No
1532 Renewable Connection OM&A Deferral Account	0.0	0.0	0.1	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.2)	0.0	(0.2)	Yes	No
1535 Smart Grid OM&A Deferral Account	2.7	0.6	3.3	Yes	No
1536 Smart Grid Funding Adder Deferral Account	0.0	0.0	0.0	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	(0.3)	0.1	(0.1)	Yes	No
1557 Meter Cost Deferral Account	9.1	1.4	10.5	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(15.0)	(1.8)	(16.8)	Yes	Yes
Total Balance	61.8	1.4	63.2		

1 **Table 9-1-6: Alectra Utilities’ Group 2 DVA Balances - ERZ (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Energy East Consultation Costs	0.0	0.0	0.0	Yes	No
1508 - OEB Cost Assessment Variance	0.6	0.0	0.7	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(3.6)	0.0	(3.6)	Yes	Yes
1508 - Pole Attachment Revenue Variance	(2.3)	(0.3)	(2.6)	Yes	No
1508 - Capitalization Policy	(11.3)	0.0	(11.3)	Yes	No
1508 - Incremental Capital Module	6.3	(0.2)	6.2	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	0.9	0.1	1.0	Yes	No
1508 - GOCA Variance Account	1.4	0.1	1.5	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.2	0.0	0.2	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.3	0.0	0.3	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	(0.1)	0.0	(0.1)	Yes	No
1548 RCVA STR	0.3	0.1	0.4	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(0.2)	(0.2)	Yes	No
1531 Renewable Connection Capital Deferral Account	0.5	0.2	0.7	Yes	No
1532 Renewable Connection OM&A Deferral Account	1.1	0.2	1.3	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	0.1	0.1	0.2	Yes	No
1557 Meter Cost Deferral Account	3.2	0.6	3.8	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(7.2)	(0.9)	(8.1)	Yes	Yes
Total Balance	(9.4)	(0.1)	(9.5)		

1 **Table 9-1-7: Alectra Utilities’ Group 2 DVA Balances - GRZ (\$MM)**

	Principal Balance as of December 31, 2024	Carrying Charge Balance as of December 31, 2024	Total Balance as of December 31, 2024	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - OEB Cost Assessment Variance	0.6	0.1	0.7	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	1.6	0.0	1.6	Yes	Yes
1508 - Pole Attachment Revenue Variance	(1.2)	(0.1)	(1.3)	Yes	No
1508 - Capitalization Policy	(2.3)	0.0	(2.3)	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	0.7	0.1	0.8	Yes	No
1508 - GOCA Variance Account	0.4	0.0	0.4	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.1	0.0	0.1	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.1	0.0	0.1	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.4	0.0	0.4	Yes	No
1548 RCVA STR	0.0	0.0	0.0	Yes	No
1557 Meter Cost Deferral Account	0.4	0.1	0.5	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	No
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(1.7)	(0.2)	(1.9)	Yes	Yes
Total Balance	(0.8)	0.0	(0.9)		

2. CARRYING CHARGES

Alectra Utilities applied carrying charges to specific DVA accounts on a monthly basis using the OEB's prescribed interest rates summarized in Table 9-1-8 below. For the period after 2025 Q4, Alectra Utilities applied the OEB's prescribed interest rate for 2025 Q4 as a forecast. Alectra Utilities intends to update these rates with the actual approved rates at the time of disposition of these accounts.

Table 9-1-8: Interest on Carrying Charges

Quarter	Annual %	Quarter	Annual %
Q1 2017	1.10%	Q3 2021	0.57%
Q2 2017	1.10%	Q4 2021	0.57%
Q3 2017	1.10%	Q1 2022	0.57%
Q4 2017	1.50%	Q2 2022	1.02%
Q1 2018	1.50%	Q3 2022	2.20%
Q2 2018	1.89%	Q4 2022	3.87%
Q3 2018	1.89%	Q1 2023	4.73%
Q4 2018	2.17%	Q2 2023	4.98%
Q1 2019	2.45%	Q3 2023	4.98%
Q2 2019	2.18%	Q4 2023	5.49%
Q3 2019	2.18%	Q1 2024	5.49%
Q4 2019	2.18%	Q2 2024	5.49%
Q1 2020	2.18%	Q3 2024	5.20%
Q2 2020	2.18%	Q4 2024	4.40%
Q3 2020	0.57%	Q1 2025	3.64%
Q4 2020	0.57%	Q2 2025	3.16%
Q1 2021	0.57%	Q3 2025	2.91%
Q2 2021	0.57%	Q4 2025	2.91%

Attachment 9-1

DVA Continuity Schedule HRZ

Please see live Excel version

Attachment 9-2

DVA Continuity Schedule BRZ

Please see live Excel version

Attachment 9-3

DVA Continuity Schedule PRZ

Please see live Excel version

Attachment 9-4

DVA Continuity Schedule ERZ

Please see live Excel version

Attachment 9-5

DVA Continuity Schedule GRZ

Please see live Excel version

3. **PLANNED DISPOSITION OF DEFERRAL AND VARIANCE ACCOUNTS**

In accordance with the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications*, distributors are required to provide specific information regarding the review and disposition of DVAs. Alectra Utilities has included this information in the following sections of the application:

- Section 4: Identifies the Group 2 DVAs that Alectra Utilities proposes to dispose of, effective January 1, 2027, for each rate zone.
- Section 5: Lists the Group 2 DVA accounts that Alectra Utilities is not seeking disposition for as part of this application.
- Section 6: Summarizes the proposed Group 2 DVA balances for disposition.
- Section 7: Describes the proposed allocation and recovery methodology for each Group 2 DVA account.
- Section 8: Summarizes the approach Alectra Utilities used to calculate the Group 2 DVA rate riders.
- Section 9: Proposes the new DVA accounts that Alectra Utilities seeks for approval.

1 **4. DVA PROPOSED FOR DISPOSITION**

2 **4.1. GROUP 1 DVA PROPOSED FOR DISPOSITION**

3 Alectra Utilities will update this section of the schedule once the audited Group 1 DVA balances
4 for 2025 become available.

4.2. GROUP 2 DVA PROPOSED FOR DISPOSITION

4.2.1. Account 1508 Sub-account - Energy East Consultation Costs

On June 13, 2014, the OEB established guidelines for a deferral account to record the Energy East Pipeline Project Consultation Costs (EB-2013-0398). The OEB advised that various stakeholders would share the costs of these proceedings, similar to the OEB assessment costs. As a result, LDCs would pay their proportional share of the incurred Energy East Pipeline Project Consultation Costs. The deferral account tracks the Energy East Consultation Costs allocated by the OEB to rate-regulated electricity distributors.

The account balance reflects the Energy East Consultation Costs allocated to HRZ, PRZ, and ERZ from April 1, 2015, to January 1, 2016, along with the associated carrying charges. Alectra Utilities is seeking approval to clear the \$0.2MM debit balance in this account through rate zone-specific rate riders for HRZ, PRZ, and ERZ, effective from January 1, 2027, to December 31, 2027. Following the clearance of this balance, Alectra Utilities proposes to discontinue this account.

Table 9-3-1 provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-1: Energy East Consultation Costs (\$MM)**

		Actual					Forecast				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	0.04	—	—	—	—	—	—	—	—	—	0.04
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.01
Total Proposed for Disposition	0.04	—	—	—	—	—	—	—	—	—	0.05
PRZ	0.06	—	—	—	—	—	—	—	—	—	0.06
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.01
Total Proposed for Disposition	0.06	—	—	—	—	—	—	—	—	—	0.07
ERZ	0.04	—	—	—	—	—	—	—	—	—	0.04
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.01
Total Proposed for Disposition	0.04	—	—	—	—	—	—	—	—	—	0.05
Alectra Total - Principal Balance	0.14	—	—	—	—	—	—	—	—	—	0.14
Alectra Total - Carrying Charges	—	—	—	—	—	—	0.01	0.01	—	—	0.04
Alectra Total	0.14	—	—	—	—	—	0.01	0.01	—	—	0.17

2

4.2.2. Account 1508 Sub-account - OEB Cost Assessment Variance

On February 9, 2016, the OEB established Account 1508 OEB Cost Assessment Variance for electricity distributors and transmitters to record material differences between OEB cost assessments currently built into rates, and cost assessments that result from the application of the new cost assessment model effective April 1, 2016.

This account captures the differences between the OEB assessment costs and cost assessment built into rates for Alectra Utilities from April 1, 2016 to December 31, 2024, along with the forecasted balances for 2025 and 2026. Alectra Utilities proposes the clearance of a \$23.1MM debit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. Alectra Utilities requests to update the actual 2025 and 2026 OEB cost assessment during this proceeding. Alectra Utilities also proposes the continuation of this account due to the high volatility of the OEB assessment costs.

Table 9-3-2 provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-2: OEB Cost Assessment Variance (\$MM)**

	Actual					Forecast					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	0.88	0.44	0.46	0.44	0.39	0.50	0.63	0.82	0.89	0.92	6.38
Carrying Charges	0.01	0.02	0.03	0.03	0.01	0.06	0.17	0.21	0.16	0.17	0.87
Total Proposed for Disposition	0.89	0.46	0.50	0.46	0.40	0.56	0.81	1.03	1.05	1.09	7.25
BRZ	0.50	0.23	0.24	0.26	0.25	0.33	0.42	0.52	0.60	0.62	3.95
Carrying Charges	—	0.01	0.02	0.01	0.01	0.03	0.10	0.13	0.10	0.11	0.52
Total Proposed for Disposition	0.50	0.24	0.26	0.27	0.26	0.36	0.52	0.64	0.69	0.72	4.47
PRZ	0.86	0.47	0.49	0.47	0.42	0.59	0.79	1.40	1.19	1.24	7.92
Carrying Charges	0.01	0.02	0.03	0.03	0.01	0.06	0.18	0.24	0.19	0.21	0.99
Total Proposed for Disposition	0.87	0.49	0.52	0.49	0.43	0.65	0.98	1.64	1.38	1.45	8.90
ERZ	0.12	0.02	0.03	0.01	(0.04)	0.05	0.15	0.30	0.36	0.38	1.37
Carrying Charges	—	—	—	—	—	—	0.01	0.02	0.03	0.03	0.11
Total Proposed for Disposition	0.12	0.02	0.04	0.01	(0.04)	0.05	0.16	0.32	0.38	0.42	1.48
GRZ	0.11	0.05	0.05	0.05	0.04	0.07	0.10	0.13	0.15	0.16	0.91
Carrying Charges	—	—	—	—	—	0.01	0.02	0.03	0.02	0.02	0.11
Total Proposed for Disposition	0.12	0.05	0.06	0.05	0.04	0.07	0.12	0.16	0.17	0.18	1.02
Alectra Total - Principal Balance	2.47	1.21	1.28	1.22	1.06	1.54	2.09	3.17	3.19	3.31	20.53
Alectra Total - Carrying Charges	0.02	0.06	0.09	0.07	0.04	0.16	0.49	0.62	0.49	0.55	2.60
Alectra Total	2.49	1.26	1.38	1.29	1.10	1.70	2.58	3.79	3.68	3.86	23.13

2

3 Table 9-3-3 provides the difference between the actual cost assessments and the amount

4 embedded in base rates for Alectra Utilities' predecessor utilities from 2016 to 2026. The 2025

5 and 2026 costs are forecasted amounts.

1 **Table 9-3-3: Account 1508 OEB Cost Assessment Variance (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	3.4	2.3	1.1
2017	4.6	3.1	1.5
2018	4.3	3.1	1.2
2019	4.4	3.1	1.3
2020	4.3	3.1	1.2
2021	4.2	3.1	1.1
2022	4.6	3.1	1.6
2023	5.2	3.1	2.1
2024	6.1	3.1	3.0
2025	6.3	3.1	3.2
2026	6.4	3.1	3.3
Total	53.6	33.1	20.5

2
3 Tables 9-3-4 through 9-3-8 outline the difference between the actual cost assessments and the
4 amount embedded in the base rate for each rate zone.

5 **Horizon RZ**

6 The amount proposed for disposition for the Horizon Utilities RZ is identified in Table 9-3-4,
7 below.

1 **Table 9-3-4: Account 1508 OEB Cost Assessment Variance - Horizon RZ (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	0.8	0.5	0.4
2017	1.1	0.6	0.5
2018	1.0	0.6	0.4
2019	1.1	0.6	0.5
2020	1.0	0.6	0.4
2021	1.0	0.6	0.4
2022	1.1	0.6	0.5
2023	1.2	0.6	0.6
2024	1.4	0.6	0.8
2025	1.5	0.6	0.9
2026	1.5	0.6	0.9
Total	12.8	6.5	6.4

3 **Brampton RZ**

4 The amount proposed for disposition for the Brampton RZ is identified in Table 9-3-5, below.

5 **Table 9-3-5: Account 1508 OEB Cost Assessment Variance - Brampton RZ (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	0.5	0.3	0.2
2017	0.7	0.4	0.3
2018	0.6	0.4	0.2
2019	0.6	0.4	0.2
2020	0.7	0.4	0.3
2021	0.7	0.4	0.3
2022	0.7	0.4	0.3
2023	0.8	0.4	0.4
2024	1.0	0.4	0.5
2025	1.0	0.4	0.6
2026	1.0	0.4	0.6
Total	8.3	4.4	3.9

1 **PowerStream RZ**

2 The amount proposed for disposition for the PowerStream RZ is identified in Table 9-3-6, below.

3 **Table 9-3-6: Account 1508 OEB Cost Assessment Variance - PowerStream RZ (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	1.2	0.8	0.4
2017	1.6	1.0	0.6
2018	1.5	1.0	0.5
2019	1.5	1.0	0.5
2020	1.5	1.0	0.5
2021	1.5	1.0	0.5
2022	1.7	1.0	0.6
2023	1.9	1.0	0.8
2024	2.1	1.0	1.1
2025	2.2	1.0	1.2
2026	2.3	1.0	1.2
Total	19.0	11.1	7.9

5 **Enersource RZ**

6 The amount proposed for disposition for the Enersource RZ is identified in Table 9-3-7, below.

1 **Table 9-3-7: Account 1508 OEB Cost Assessment Variance - Enersource RZ (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	0.7	0.6	0.0
2017	0.9	0.9	0.1
2018	0.9	0.9	0.0
2019	0.9	0.9	0.0
2020	0.9	0.9	0.0
2021	0.8	0.9	0.0
2022	0.9	0.9	0.0
2023	1.0	0.9	0.2
2024	1.2	0.9	0.3
2025	1.2	0.9	0.4
2026	1.2	0.9	0.4
Total	10.6	9.2	1.4

3 **Guelph Hydro RZ**

4 The amount proposed for disposition for the Guelph Hydro RZ is identified in Table 9-3-8, below.

5 **Table 9-3-8: Account 1508 OEB Cost Assessment Variance - Guelph Hydro RZ (\$MM)**

Year	Actual Cost	Amount in Rates	Difference
2016	0.2	0.1	0.0
2017	0.2	0.2	0.1
2018	0.2	0.2	0.0
2019	0.2	0.2	0.1
2020	0.2	0.2	0.1
2021	0.2	0.2	0.0
2022	0.2	0.2	0.1
2023	0.3	0.2	0.1
2024	0.3	0.2	0.1
2025	0.3	0.2	0.2
2026	0.3	0.2	0.2
Total	2.8	1.9	0.9

4.2.3. Account 1508 Sub-account - Other Post-Employment Benefit (OPEB) Deferral

Account

On January 31, 2013, the OEB approved the establishment of Account 1508 OPEB Deferral Account for legacy PowerStream (EB-2012-0161) to record cumulative actuarial gains or losses arising from updated actuarial assumptions related to its OPEB. These cumulative gains or losses are recognized in other comprehensive income within equity and, as a result, never enter rates.

On January 24, 2013, the OEB approved the establishment of Account 1508 OPEB Deferral Account for legacy Enersource (EB-2012-0033) to record cumulative actuarial gains or losses arising from updated actuarial assumptions related to its OPEB. These cumulative gains or losses are recognized in other comprehensive income within equity and, as a result, never enter rates.

On September 24, 2015 (amended October 20, 2015), the OEB approved the recovery of OPEB costs for legacy Guelph Hydro on a cash basis as an interim measure pending on the outcome of the OEB's OPEB consultation. The OEB, in EB-2015-0073, authorized the establishment of the deferral account 1508 OPEB forecast cash versus forecast accrual differential account for GRZ to record and track the difference in revenue requirement between OPEB accounted for using a forecasted cash basis (reflected in rates) and OPEB accounted for using a forecasted accrual basis.

On September 14, 2017, the OEB issued its final report on the *Regulatory Treatment of Pension and Other Post-employment Benefits Costs*, stipulating that utilities may propose disposition of this deferral account if the gains and losses that are tracked in this account do not substantially offset over time. Alectra Utilities found that the net gains that are tracked in this account did not substantially offset over time for PRZ and ERZ. Therefore, Alectra Utilities proposes to clear the credit balances in this account through rate zone-specific rate riders for the PRZ and the ERZ respectively, effective January 1, 2027 to December 31, 2027. Alectra Utilities expects that the OPEB plans will continue to experience actuarial gains or losses as result of changes in actuarial assumptions. To record these expected changes, Alectra Utilities proposes the continuation of this account in the 2027-2031 rate term for all rate zones.

Table 9-3-9 provides the details of the actual and forecasted balances included in this account by each rate zone.

Table 9-3-9: Account 1508 Sub-account - Other Post-Employment Benefit (OPEB) Deferral Account (\$MM)

	Actual								Forecast		Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
PRZ	(1.9)	(1.7)	7.5	1.9	(1.9)	(9.0)	0.8	(0.4)	—	—	(4.7)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	(1.9)	(1.7)	7.5	1.9	(1.9)	(9.0)	0.8	(0.4)	—	—	(4.7)
ERZ	(0.1)	(0.6)	0.6	0.5	(0.5)	(3.6)	0.2	(0.1)	—	—	(3.6)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	(0.1)	(0.6)	0.6	0.5	(0.5)	(3.6)	0.2	(0.1)	—	—	(3.6)
GRZ	0.8	0.4	0.2	0.2	0.1	—	(0.1)	(0.1)	—	—	1.6
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	0.8	0.4	0.2	0.2	0.1	—	(0.1)	(0.1)	—	—	1.6
Alectra Total - Principal Balance	(1.2)	(1.9)	8.3	2.6	(2.2)	(12.6)	1.0	(0.6)	—	—	(6.7)
Alectra Total - Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Alectra Total	(1.2)	(1.9)	8.3	2.6	(2.2)	(12.6)	1.0	(0.6)	—	—	(6.7)

Alectra Utilities proposes the clearance of a \$4.7MM credit balance in this account for the PRZ. The credit balance is supported by the actuarial valuations from RSM Canada Consulting. This balance reflects the PRZ's cumulative actuarial gains, resulting from updated actuarial assumptions related to its OPEB, for the period from 2014 to 2024.

Alectra Utilities proposes the clearance of a \$3.6MM credit balance in this account for the ERZ. The credit balance is supported by the actuarial valuations from RSM Canada Consulting. This

1 balance reflects the ERZ's cumulative actuarial gains, resulting from updated actuarial
2 assumptions related to its OPEB, for the period from 2014 to 2024.

3 Alectra Utilities proposes the clearance of a \$1.6MM debit balance in this account for the GRZ.
4 The accrual balance is supported by the actuarial valuations from RSM Canada Consulting. This
5 balance reflects the GRZ's OPEB forecast cash versus forecast accrual differential from 2016 to
6 2024.

4.2.4. Account 1508 Sub-account - CGAAP IFRS Differential

On January 31, 2013, the OEB approved the establishment of 1508 Sub-account - CGAAP IFRS Differential (EB-2012-0161) for legacy PowerStream to record the impact of CWIP that would have been included in rate base after December 31, 2012 under CGAAP, but is not eligible for capitalization under MIFRS. The OEB subsequently approved a four year rate rider for recovery of legacy PowerStream's CWIP account balance, effective January 1, 2013 to December 31, 2016.

The balance in this account represents the residual amount (net of total recoveries) of the legacy PowerStream's Rate Rider for Recovery of CGAAP/CWIP Differential, along with carrying charges calculated until December 31, 2026. Alectra Utilities proposes the clearance of a \$0.1MM credit balance in this account by means of rate zone-specific rate riders for PRZ, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes the account to be discontinued.

4.2.5. Account 1508 Sub-account - Hydro-One Charges

In Hydro One's Application for electricity distribution rates effective May 1, 2009 (EB-2008-0187), the OEB approved Regulatory Asset Recovery 2008 - Rider 3A to clear several Hydro One DVA balances. The OEB's APH Frequently Asked Questions October 2009 stipulates that, for Rider 3A, the distributor should consider how best to allocate the rider amount to its own accounts. An approach the distributor could use to record the Rider 3A amount in its related accounts is to break out the rider amount into separate components in relation to each account. Following the OEB's APH, legacy PowerStream allocated a portion (8%) of the Rider 3A amount to 1508 based on Hydro One's 1508 balance contribution to the total approved DVA balances. The same allocation approach is also applied to Hydro One's volumetric rate riders #9 DVA disposition 2012, #10 Incremental Capital Costs, #11 Smart Grid Costs and #12 Shared Tax Savings approved in EB-2012-0136 and EB-2013-0141.

The balance in this account reflects the percentage allocation of the Hydro One's approved Rate Riders from EB-2008-0187, EB-2012-0136 and EB-2013-0141 allocated to 1508, along with carrying charges calculated to December 31, 2026. Alectra Utilities proposes the clearance of a \$0.1MM debit balance in this account by means of rate zone-specific rate riders for the PRZ, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes the account to be discontinued.

4.2.6. Account 1508 Sub-account - Pole Attachment Revenue Variance

On March 22, 2018, the OEB issued the report on *Wireline Pole Attachment Charges*. In the report, the OEB set a new province-wide wireline pole attachment charge of \$43.63 per pole per year effective January 1, 2019. As a transitional measure, to help mitigate the impact of the increase from the charge of \$22.35 to the new charge of \$43.63, the OEB ordered that the LDCs without a distributor-specific charge will charge a province-wide pole attachment charge of \$28.09 per pole per year effective from September 1, 2018 until December 31, 2018.

On July 20, 2018, the OEB established a new variance account, Account 1508 – Sub Account – Pole Attachment Revenue Variance for LDCs without a distributor-specific pole attachment charge to record the excess incremental revenues received from carriers for the new pole attachment charge into this account.

This account captures the excess revenue collected from September 1, 2018 to December 31, 2024, along with the forecasted balances for 2025 and 2026 including associated carrying charges. The balance reflects the difference between revenue charges to carriers at the new pole attachment rates and the rate of \$22.35 per pole attachment. Alectra Utilities proposes the clearance of a \$22.5MM credit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes to discontinue this account, as updated forecast of pole attachment revenues are incorporated in the 2027-2031 rate term. Alectra Utilities will update its Tariff of Rates and Charges with updated OEB Wireline Pole Attachment Charges as approved by the OEB in its annual update applications.

Table 9-3-10 provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-10: Account 1508 Sub-account - Pole Attachment Revenue Variance (\$MM)**

	Actual					Forecast				Total
	2018	2019	2020	2021	2022	2023	2024	2025	2026	
HRZ	(0.1)	(0.9)	(1.5)	(1.2)	(0.7)	(0.8)	(0.9)	(1.0)	(1.0)	(8.1)
Carrying Charges	—	—	—	—	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(1.1)
Total Proposed for Disposition	(0.1)	(0.9)	(1.5)	(1.2)	(0.8)	(1.0)	(1.2)	(1.2)	(1.3)	(9.1)
BRZ	—	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(2.1)
Carrying Charges	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
Total Proposed for Disposition	—	(0.3)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(2.4)
PRZ	(0.1)	(0.7)	(0.8)	(0.8)	(0.4)	(0.5)	(0.5)	(0.6)	(0.6)	(4.9)
Carrying Charges	—	—	—	—	—	(0.1)	(0.2)	(0.1)	(0.1)	(0.7)
Total Proposed for Disposition	(0.1)	(0.7)	(0.8)	(0.8)	(0.5)	(0.6)	(0.7)	(0.7)	(0.8)	(5.6)
ERZ	—	(0.4)	(0.5)	(0.5)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(3.1)
Carrying Charges	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
Total Proposed for Disposition	—	(0.4)	(0.5)	(0.5)	(0.3)	(0.4)	(0.4)	(0.4)	(0.5)	(3.5)
GRZ	—	(0.2)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(1.7)
Carrying Charges	—	—	—	—	—	—	(0.1)	—	—	(0.2)
Total Proposed for Disposition	—	(0.2)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(1.9)
Alectra Total - Principal Balance	(0.2)	(2.5)	(3.3)	(3.0)	(1.7)	(1.9)	(2.2)	(2.4)	(2.5)	(19.8)
Alectra Total - Carrying Charges	—	—	(0.1)	—	(0.2)	(0.6)	(0.7)	(0.5)	(0.5)	(2.7)
Alectra Total	(0.2)	(2.5)	(3.4)	(3.0)	(1.9)	(2.5)	(2.9)	(2.9)	(3.1)	(22.5)

2
3 Table 9-3-11 below provides the calculation of the Pole Attachment Revenue Variance as
4 required by the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate*
5 *Applications - 2025 Edition for 2026 Rate Applications.*

1 **Table 9-3-11: Account 1508 sub-account Pole Attachment Revenue Variance (\$MM) -**
2 **Alectra Utilities**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	133	134	134	135	138	139	139	142	142	
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	1.0	3.0	3.0	3.0	3.1	3.1	3.1	3.2	3.2	25.7
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.6	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	1.2	5.8	6.0	6.0	4.8	5.0	5.3	5.6	5.8	45.5
Total Variance	E-C	0.3	2.8	3.0	3.0	1.7	1.9	2.1	2.4	2.6	19.8

3
4 Tables 9-3-12 through 9-3-16 outline the difference between the actual cost assessments and
5 the amount embedded in the base rate for each rate zone.

1 **Horizon RZ**

2 The amount proposed for disposition for the Horizon RZ is identified in Table 9-3-12, below.

3 **Table 9-3-12: Account 1508 sub-account Pole Attachment Revenue Variance - Horizon RZ**
4 **(\$MM)**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	53	54	54	55	57	57	57	58	58	
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	0.4	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	10.5
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.6	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	0.5	2.3	2.4	2.4	2.0	2.1	2.2	2.3	2.4	18.5
Total Variance	E-C	0.1	1.1	1.2	1.2	0.7	0.8	0.9	1.0	1.1	8.1

5

1 **Brampton RZ**

2 The amount proposed for disposition for the Brampton RZ is identified in Table 9-3-13, below.

3 **Table 9-3-13: Account 1508 sub-account Pole Attachment Revenue Variance - Brampton**
4 **RZ (\$MM)**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	14	14	14	15	15	15	15	15	15	131
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	2.7
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.6	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	0.1	0.6	0.6	0.6	0.5	0.5	0.6	0.6	0.6	4.8
Total Variance	E-C	0.0	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.3	2.1

5

1 **PowerStream RZ**

2 The amount proposed for disposition for the PowerStream RZ is identified in Table 9-3-14,
3 below.

4 **Table 9-3-14: Account 1508 sub-account Pole Attachment Revenue Variance -**
5 **PowerStream RZ (\$MM)**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	33	34	34	34	34	35	35	35	35	308
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	0.2	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	6.4
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.6	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	0.3	1.5	1.5	1.5	1.2	1.2	1.3	1.4	1.4	11.3
Total Variance	E-C	0.1	0.7	0.7	0.8	0.4	0.5	0.5	0.6	0.6	4.9

6

1 **Enersource RZ**

2 The amount proposed for disposition for the Enersource RZ is identified in Table 9-3-15, below.

3 **Table 9-3-15: Account 1508 sub-account Pole Attachment Revenue Variance - Enersource**
4 **RZ (\$MM)**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	21	21	21	21	21	21	21	21	21	191
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	0.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.0
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.6	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	0.2	0.9	0.9	0.9	0.7	0.8	0.8	0.8	0.9	7.0
Total Variance	E-C	0.0	0.4	0.5	0.5	0.3	0.3	0.3	0.4	0.4	3.1

5

1 **Guelph Hydro RZ**

2 The amount proposed for disposition for the Guelph Hydro RZ is identified in Table 9-3-16,
3 below.

4 **Table 9-3-16: Account 1508 sub-account Pole Attachment Revenue Variance - Guelph**
5 **Hydro RZ (\$MM)**

		2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Number of Attachments (000's)	A	11	11	11	11	11	11	11	13	13	102
Pole Attachment Charge at the rate of \$22.35	B	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	22.4	
Wireline Pole Attachment Revenue at the rate of \$22.35	C=AXB	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	2.1
Actual/Forecast Pole Attachment Charge per year, per pole, \$/Pole	D	28.1	43.6	44.5	44.5	34.8	36.1	37.8	39.1	40.2	
Actual/Forecast Wireline Pole Attachment Revenue	E=AXD	0.1	0.5	0.5	0.5	0.4	0.4	0.4	0.5	0.5	3.8
Total Variance	E-C	0.0	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	1.6

6

4.2.7. Account 1508 Sub-account - Impact of Post-merger Capitalization Policy Change

Alectra Utilities aligned its capitalization policy in 2017 as a result of the consolidation through which Alectra Utilities was formed, and as required under the *International Financial Reporting Standards* (IFRS) to align the capitalization policies for the Alectra Utilities rate zones. For the predecessor companies that formed Alectra Utilities, PowerStream was the acquirer in accordance with IFRS 3 and IFRS 10. Consequently, Alectra Utilities adopted PowerStream's capitalization policy. In 2017, the capitalization policies of the former Enersource, Horizon Utilities and Brampton changed to conform to the capitalization policy of the acquirer (as identified by IFRS), the former PowerStream. In the 2018 EDR Application proceeding (EB-2017-0024), the OEB directed Alectra Utilities to establish Account 1508, Sub-account impact of Post-merger Capitalization Policy Changes to track the impact of the change to the capitalization policy. In 2019, the capitalization policy of the former Guelph Hydro was changed to align to the capitalization policy of the former PowerStream.

In the 2020 EDR Application proceeding (EB-2019-0018), the OEB stated that the Account 1576 approach should be used by Alectra Utilities to calculate the capitalization policy impact. The Account 1576 approach determines a principal balance in the deferral account based on the difference between the property, plant and equipment (PP&E) of a utility on the previous and new capitalization policies.

As of July 2019, HRZ, BRZ, PRZ, ERZ, successfully migrated to Alectra Utilities' Enterprise Resource Planning (ERP) system. As a result, Alectra Utilities could no longer track the actual impacts of the change in accounting policy for each of these rate zones without the costly maintenance of separate accounting systems. Alectra Utilities proposed an allocation methodology based on the best available data prior to the ERP convergence as a reasonable approach to proxy the actual impacts. Alectra Utilities proposed to determine an allocation percentage by rate zone to be applied to 2019 to 2026 distribution system plant capital based on a ratio of the actual impact of the capitalization policy change prior to the ERP convergence to actual distribution system plant capital. In the OEB's Decision and Rate Order in Alectra Utilities' 2021 EDR Application, the OEB accepted the allocation methodology applied by Alectra Utilities to the capitalization policy deferral accounts.

- 1 This account captures the impact of the capitalization policy change from 2017 to 2024, along
- 2 with the forecasted balance for 2025 and 2026.
- 3 Table 9-3-17 provides the details of the actual and forecasted balances included in this account
- 4 for each rate zone.

Table 9-3-17: Account 1508 Sub-account - Impact of Post-merger Capitalization Policy
Change(\$MM)

	Actual					Forecast					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	—	(1.0)	1.0	(6.3)	(5.8)	(6.3)	(6.1)	(5.0)	(5.0)	(8.0)	(42.6)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	(1.0)	1.0	(6.3)	(5.8)	(6.3)	(6.1)	(5.0)	(5.0)	(8.0)	(42.6)
BRZ	1.2	1.7	2.2	2.1	3.0	2.4	2.5	2.9	3.2	4.6	25.8
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	1.2	1.7	2.2	2.1	3.0	2.4	2.5	2.9	3.2	4.6	25.8
ERZ	—	(1.9)	(2.9)	(1.3)	(1.4)	(0.9)	(1.2)	(1.7)	(1.4)	(2.5)	(15.3)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	(1.9)	(2.9)	(1.3)	(1.4)	(0.9)	(1.2)	(1.7)	(1.4)	(2.5)	(15.3)
GRZ	—	—	—	(0.7)	(1.0)	0.5	(0.5)	(0.6)	(0.4)	(0.5)	(3.2)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	(0.7)	(1.0)	0.5	(0.5)	(0.6)	(0.4)	(0.5)	(3.2)
Alectra Total - Principal Balance	1.2	(1.1)	0.2	(6.3)	(5.1)	(4.3)	(5.3)	(4.4)	(3.7)	(6.5)	(35.2)
Alectra Total - Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Alectra Total	1.2	(1.1)	0.3	(6.3)	(5.1)	(4.3)	(5.3)	(4.4)	(3.7)	(6.5)	(35.2)

Alectra Utilities proposes the clearance of a \$35.2MM credit balance through rate zone-specific rate riders for HRZ, BRZ, ERZ and GRZ, effective from January 1, 2027 to December 31, 2027. The proposed disposition amount includes a rate of return on capital that is earned between the start of the rebasing year and the date that the principal balance is fully amortized (end of the disposition period). Alectra Utilities applied the proposed 2027 weighted average cost of capital

of 6.10% to the balance recorded in this deferral account. Alectra Utilities proposes the account to be discontinued as Alectra Utilities' capitalization policy is aligned across all rate zones.

Table 9-3-18 below provides the capitalization policy impact for Alectra Utilities

Table 9-3-18: Account 1508 sub-account – Capitalization Policy Impact (\$MM) - Alectra Utilities

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening net PP&E	0.0	0.0	0.1	(0.3)	5.7	10.2	15.4	20.7	25.1	28.8
Net Additions	0.0	0.1	(0.5)	6.2	4.8	5.7	5.9	5.0	4.5	5.4
Net Depreciation	0.0	0.0	0.0	(0.1)	(0.3)	(0.4)	(0.5)	(0.7)	(0.8)	(0.9)
Closing net PP&E (1)	0.0	0.1	(0.3)	5.7	10.2	15.4	20.7	25.1	28.8	33.2
1508 Capitalization Policy Variance	0.0	(0.1)	0.3	(5.7)	(10.2)	(15.4)	(20.7)	(25.1)	(28.8)	(33.2)
Rate of Return Applied	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %
Rate of Return	0.0	0.0	0.0	(0.3)	(0.6)	(0.9)	(1.3)	(1.5)	(1.8)	(2.0)

Tables 9-3-19 through 9-3-22 below provide the impact for each rate zone.

Horizon RZ

The capitalization policy impact for the Horizon RZ is identified in Table 9-3-19, below.

1 **Table 9-3-19: Account 1508 sub-account – Capitalization Policy Impact - HRZ (\$MM)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening net PP&E	0.0	0.0	0.0	0.0	6.4	12.1	18.4	24.6	29.6	34.6
Net Additions	0.0	0.0	0.0	6.5	6.1	6.8	6.8	5.9	6.0	6.6
Net Depreciation	0.0	0.0	0.0	(0.2)	(0.3)	(0.5)	(0.7)	(0.8)	(0.9)	(1.1)
Closing net PP&E (1)	0.0	0.0	0.0	6.4	12.1	18.4	24.6	29.6	34.6	40.1
1508 Capitalization Policy Variance	0.0	0.0	0.0	(6.4)	(12.1)	(18.4)	(24.6)	(29.6)	(34.6)	(40.1)
Rate of Return Applied	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %
Rate of Return	0.0	0.0	0.0	(0.4)	(0.7)	(1.1)	(1.5)	(1.8)	(2.1)	(2.4)

3 **Brampton RZ**

4 The capitalization policy impact for the Brampton RZ is identified in Table 9-3-20, below.

5 **Table 9-3-20: Account 1508 sub-account – Capitalization Policy - BRZ (\$MM)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening net PP&E	0.0	(1.8)	(3.3)	(5.2)	(7.2)	(10.3)	(12.6)	(15.1)	(18.1)	(21.3)
Net Additions	(1.8)	(1.6)	(2.0)	(2.3)	(3.3)	(2.7)	(2.9)	(3.4)	(3.8)	(3.7)
Net Depreciation	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.6	0.7
Closing net PP&E (1)	(1.8)	(3.3)	(5.2)	(7.2)	(10.3)	(12.6)	(15.1)	(18.1)	(21.3)	(24.3)
1508 Capitalization Policy Variance	1.8	3.3	5.2	7.2	10.3	12.6	15.1	18.1	21.3	24.3
Rate of Return Applied	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %
Rate of Return	0.1	0.2	0.3	0.4	0.6	0.8	0.9	1.1	1.3	1.5

7 **Enersource RZ**

8 The capitalization policy impact for the Enersource RZ is identified in Table 9-3-21, below.

1 **Table 9-3-21: Account 1508 sub-account – Capitalization Policy - ERZ (\$MM)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening net PP&E	0.0	1.8	3.4	4.8	6.1	7.5	8.4	9.6	11.3	12.7
Net Additions	1.9	1.7	1.5	1.5	1.6	1.1	1.5	2.0	1.8	2.1
Net Depreciation	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)
Closing net PP&E (1)	1.8	3.4	4.8	6.1	7.5	8.4	9.6	11.3	12.7	14.4
1508 Capitalization Policy Variance	(1.8)	(3.4)	(4.8)	(6.1)	(7.5)	(8.4)	(9.6)	(11.3)	(12.7)	(14.4)
Rate of Return Applied	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %
Rate of Return	(0.1)	(0.2)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.7)	(0.8)	(0.9)

3 **Guelph RZ**

4 The capitalization policy impact for the Guelph RZ is identified in Table 9-3-22, below.

5 **Table 9-3-22: Account 1508 sub-account – Capitalization Policy - GRZ (\$MM)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Opening net PP&E	0.0	0.0	0.0	0.0	0.4	0.8	1.2	1.7	2.3	2.7
Net Additions	0.0	0.0	0.0	0.4	0.4	0.5	0.5	0.6	0.5	0.4
Net Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)
Closing net PP&E (1)	0.0	0.0	0.0	0.4	0.8	1.2	1.7	2.3	2.7	3.0
1508 Capitalization Policy Variance	0.0	0.0	0.0	(0.4)	(0.8)	(1.2)	(1.7)	(2.3)	(2.7)	(3.0)
Rate of Return Applied	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %	6.1 %
Rate of Return	0.0	0.0	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)

4.2.8. Account 1508 Sub-account - Useful Life Changes

Alliance Consulting Group was engaged to conduct a depreciation study for Alectra Utilities and recommend updated useful lives and asset components. These recommendations were implemented effective January 1, 2025, as detailed in Exhibit 2B, Tab 3, Schedule 1. The change of useful lives is expected to result in an overall decrease of depreciation expense of \$16.6MM and \$23.5MM for 2025 and 2026 respectively. In its 2026 EDR Application (EB-2025-0055), Alectra Utilities has requested the OEB's approval for an accounting order to establish a new deferral and variance account, effective January 1, 2025 to capture the impact resulting from the useful life changes.

The impact of the change in useful lives has been recorded in Account 1508, sub-account: Useful Life Changes using the Account 1576 approach. The Account 1576 approach determines a principal balance in the deferral account based on the difference between the PP&E on the previous and new useful lives. The calculation of the impact resulting from the useful life changes is filed as Attachment 9-6 to this Exhibit.

Alectra Utilities proposes the clearance of a \$40.2MM credit balance (refund) to customers through rate zone-specific rate riders, effective January 1, 2027, to December 31, 2027. The proposed disposition amount includes a rate of return on capital that is earned between the start of the rebasing year and the date that the principal balance is fully amortized (end of the disposition period). Alectra Utilities applies the proposed 2027 weighted average cost of capital of 6.10% to the balance recorded in this deferral account for disposition. Alectra Utilities proposes the account to be discontinued as the changes were implemented in 2025 and have been reflected in the Fixed Asset Continuity schedules for the 2027-2031 rate term.

Table 9-3-23 provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-23: Account 1508 - Useful Life Changes (\$MM)**

	Forecast		
	2025	2026	Total
HRZ	(3.2)	(4.6)	(7.8)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(3.2)	(4.6)	(7.8)
BRZ	(2.6)	(3.6)	(6.2)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(2.6)	(3.6)	(6.2)
PRZ	(5.6)	(7.9)	(13.5)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(5.6)	(7.9)	(13.5)
ERZ	(4.3)	(6.0)	(10.3)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(4.3)	(6.0)	(10.3)
GRZ	(1.0)	(1.4)	(2.4)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(1.0)	(1.4)	(2.4)
Alectra Total - Principal Balance	(16.6)	(23.5)	(40.2)
Alectra Total - Carrying Charges	0.0	0.0	0.0
Alectra Total	(16.6)	(23.5)	(40.2)

2

Attachment 9-6

Useful Life Changes Impact Calculation

Please see live Excel version

4.2.9. Account 1508 Sub-account - Incremental Capital Expenditures

Alectra Utilities has outlined its ICM projects as approved by the OEB in Exhibit 2B, Tab 5, Schedule 1, including detailed variance explanations between the approved and actual ICM funding for each project.

The impact of the capital cost allowance (CCA) rule change for the approved ICM projects are excluded from the 1508 Sub-account and instead reflected in the 1592 Sub-account - PILs and Tax Variances CCA Changes. For further details on Account 1592, refer to Exhibit 9, Tab 3, Schedule 26.

Alectra Utilities has calculated the actual revenue requirements and corresponding true-up amounts for the OEB-approved ICM projects in the BRZ, PRZ, and ERZ rate zones, comparing them against the ICM funding rate riders collected from customers.

Brampton RZ

Alectra Utilities proposes to refund the ICM true-up amount of \$2.0MM over a one year period, from January 1, 2027 to December 31, 2027 for the BRZ. This amount has been included in the DVA Continuity Schedule filed in Exhibit 9, Tab 1, Schedule 1 Attachment 9-2. The ICM True-up models for the BRZ are available as Attachment 9-7 to this Exhibit.

The ICM true-up for the Brampton RZ is identified in Table 9-3-24, below.

1 **Table 9-3-24: ICM True-up - Brampton RZ (\$MM)**

	ICM Project Name	Approved Costs	Actual Costs	Difference	Revenue Requirement Include Forecast to 2026	Revenue Collected from ICM Rate Riders Include Forecast to 2026	Recovery/ (Refund)
2018	Pleasant TS CCRA True Up	6.8	6.8	—	5.7	7.4	(1.7)
2021	Goreway TS CCRA True Up	5.7	5.5	(0.1)	3.2	3.6	(0.4)
2021	Goreway Road Widening	2.1	2.4	0.3	1.3	1.2	—
2	Total	14.6	14.7	0.2	10.2	12.3	(2.0)

3 **PowerStream RZ**

4 Alectra Utilities proposes to recover the ICM true-up amount of \$1.7MM over a one year period,
5 from January 1, 2027 to December 31, 2027 for the PRZ. This amount has been included in the
6 DVA Continuity Schedule filed in Exhibit 9, Tab 1, Schedule 1 Attachment 9-3. The ICM True-up
7 models for PRZ are available as Attachment 9-8 to this Exhibit. For the 2019 York Region Rapid
8 Transit (YRRT) project, the actual revenue requirement is calculated based on the lower of the
9 actual capital expenditures and the 2019 maximum eligible incremental capital amount for PRZ
10 approved by the OEB for the project.

11 The ICM true-up for the PowerStream RZ is identified in Table 9-3-25, below.

1 **Table 9-3-25: ICM True-up - PowerStream RZ (\$MM)**

	ICM Project Name	Approved Costs	Actual Costs	Difference	Revenue Requirement Include Forecast to 2026	Revenue Collected from ICM Rate Riders Include Forecast to 2026	Recovery/ (Refund)
2018	Road Authority YRRT	11.2	15.9	4.6	10.0	8.4	1.6
2019	Road Authority YRRT	13.3	25.4	12.1	11.1	10.4	0.7
2019	Bathurst Road Widening	5.5	2.8	(2.7)	1.7	1.5	0.1
2021	Rutherford Road Widening	2.9	3.1	0.2	1.4	1.3	—
2023	Cable Renewal	16.2	13.8	(2.4)	5.0	5.0	—
2024	Cable Renewal	17.3	13.9	(3.3)	3.0	3.8	(0.8)
2	Total	66.3	74.9	8.6	32.2	30.5	1.7

3 **Enersource RZ**

4 Alectra Utilities proposes to refund the ICM true-up amount of \$3.0MM over a one year period
5 from January 1, 2027 to December 31, 2027 for the ERZ. This amount has been included in the
6 DVA Continuity Schedule filed in Exhibit 9, Tab 1, Schedule 1 Attachment 9-4. The ICM True-up
7 models for ERZ are available as Attachment 9-9 to this Exhibit.

8 The ICM true-up for the Enersource RZ is identified in Table 9-3-26, below.

1 **Table 9-3-26: ICM True-up - Enersource RZ (\$MM)**

	ICM Project Name	Approved Costs	Actual Costs	Difference	Revenue Requirement Include Forecast to 2026	Revenue Collected from ICM Rate Riders Include Forecast to 2026	Recovery/ (Refund)
2018	Leaking Transformer - Overhead	3.7	1.3	(2.3)	1.0	3.0	(1.9)
2018	Leaking Transformer - Padmount/Vault	4.8	5.7	0.9	4.8	3.9	0.9
2018	York MS - Civil Construction	2.2	2.5	0.3	2.2	1.8	0.4
2019	Leaking Transformer - 2019	7.5	4.5	(3.0)	3.2	5.8	(2.6)
2023	Cable Renewal	1.9	2.2	0.3	0.8	0.6	0.2
Total		20.1	16.3	(3.8)	12.0	15.0	(3.0)

Attachment 9-7

ICM True-up Model BRZ

Please see live Excel version

Attachment 9-8

ICM True-up Model PRZ

Please see live Excel version

Attachment 9-9

ICM True-up Model ERZ

Please see live Excel version

4.2.10. Account 1508 Sub-account - Direct Labour Capitalization Changes

Alectra Utilities undertook a third-party study to evaluate and update Alectra Utilities' Direct Labour Capitalization rate methodology used, as outlined in Exhibit 2B, Tab 6, Schedule 2. Alectra Utilities implemented the revised methodology effective January 1, 2025. The results of the study indicate an increase in labour capitalization (i.e., higher capital costs) and a corresponding decrease to OM&A costs in 2025 and 2026. In its 2026 EDR application (EB-2025-0055), Alectra Utilities has requested the OEB's approval for an accounting order to establish a new deferral and variance account, effective January 1, 2025, to capture the financial impacts resulting from the Direct Labour Capitalization Changes.

The impact of the changes has been recorded in Account 1508, Sub-account: Direct Labour Capitalization Changes. The supporting calculation is filed as Attachment 9-10 to this Exhibit.

Alectra Utilities proposes the clearance of a \$11.7MM credit balance (refund) to customers through rate zone-specific rate riders, effective January 1, 2027, to December 31, 2027. The proposed disposition amount includes a rate of return on capital that is earned between the start of the rebasing year and the date that the principal balance is fully amortized (end of the disposition period). Alectra Utilities applied the proposed 2027 weighted average cost of capital of 6.10% to the balance recorded in this deferral account for disposition. Alectra Utilities proposes the account to be discontinued as the changes have been implemented and reflected in the forecasts for 2027-2031.

Table 9-3-27 provides the details of the forecasted balances included in this account for each rate zone.

1 **Table 9-3-27: Account 1508 - Direct Labour Capitalization Changes (\$MM)**

	Forecast		
	2025	2026	Total
HRZ	(1.1)	(1.2)	(2.3)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(1.1)	(1.2)	(2.3)
BRZ	(0.9)	(0.9)	(1.8)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(0.9)	(0.9)	(1.8)
PRZ	(1.9)	(2.0)	(3.9)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(1.9)	(2.0)	(3.9)
ERZ	(1.5)	(1.5)	(3.0)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(1.5)	(1.5)	(3.0)
GRZ	(0.3)	(0.4)	(0.7)
Carrying Charges	0.0	0.0	0.0
Total Proposed for Disposition	(0.3)	(0.4)	(0.7)
Alectra Total - Principal Balance	(5.7)	(6.0)	(11.7)
Alectra Total - Carrying Charges	0.0	0.0	0.0
Alectra Total	(5.7)	(6.0)	(11.7)

2

Attachment 9-10

Direct Labour Capitalization Impact Calculation

Please see live Excel version

4.2.11. Account 1508 Sub-account - Long-term Load Mitigation

Alectra Utilities uses this account to record the lost revenue resulting from the elimination of the long-term load transfer arrangement between legacy Horizon Utilities and Niagara-on-the-Lake Hydro Inc. The elimination of the LTLT resulted in higher delivery charges for the affected customers transferred to Alectra Utilities. As part of the rate mitigation, Alectra Utilities applied a monthly bill credit to each affected customer and recorded the credits in Account 1508 Sub-account - Long-term Load Mitigation.

The amount proposed for disposition is a \$0.01MM recovery (debit balance) as of December 31, 2024. To recover the credit applied to the affected customer accounts, Alectra Utilities proposes the clearance of the balance in this account by means of rate zone-specific rate riders for the HRZ effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes the account to be discontinued.

4.2.12. Account 1508 Sub-account - Collection of Account Charge-Related Lost Revenue

On March 14, 2019, the OEB issued amendments to the *Distribution System Code* (DSC), *Standard Supply Service Code* (SSSC), *Unit Sub-Metering Code* (USMC) and *Gas Distribution Access Rule* (GDAR) related to customer service rules. The March 2019 amendments prohibited distributors from applying the collection of account charge, effective July 1, 2019. As part of the OEB's Decision and Rate Order in Alectra Utilities' 2020 EDR Application (EB-2019-0018), the OEB approved the establishment of a deferral account for the Collection of Account charge-related lost revenues.

This account captures the lower of the lost revenues from the elimination of the charge and the amount of revenue forecasted for these charges from the last rebasing application for BRZ, PRZ, ERZ, and GRZ. The lost collection of account charge revenue that would have been recorded is calculated by multiplying the number of disconnection notices sent to the customers for non-payment by the legacy collection of account charges.

Alectra Utilities proposes the clearance of a \$20.3MM debit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes to discontinue this account as no provision is established for other revenues from the Collection of Account charges in the 2027-2031 rate term.

Table 9-3-28 provides the details of the actual and forecasted balances included in this account by each rate zone.

1 **Table 9-3-28: Account 1508 Sub-account - Collection of Account Charge-Related Lost**
2 **Revenue (\$MM)**

	Actual				Forecast				
	2019	2020	2021	2022	2023	2024	2025	2026	Total
BRZ	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.1
Carrying Charges	—	—	—	—	0.1	0.1	0.1	0.1	0.5
Total Proposed for Disposition	0.3	0.5	0.5	0.6	0.7	0.7	0.6	0.7	4.6
PRZ	0.8	1.6	1.5	1.6	1.6	1.6	1.5	1.5	11.5
Carrying Charges	—	—	—	0.1	0.3	0.4	0.3	0.3	1.4
Total Proposed for Disposition	0.8	1.6	1.5	1.7	1.9	2.0	1.8	1.8	13.0
ERZ	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.3
Carrying Charges	—	—	—	—	—	—	—	—	0.2
Total Proposed for Disposition	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.4
GRZ	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	1.2
Carrying Charges	—	—	—	—	—	—	—	—	0.1
Total Proposed for Disposition	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	1.3
Alectra Total - Principal Balance	1.2	2.4	2.3	2.5	2.4	2.3	2.4	2.4	18.0
Alectra Total - Carrying Charges	—	—	—	0.1	0.5	0.6	0.5	0.5	2.2
Alectra Total	1.2	2.4	2.4	2.6	2.9	3.0	2.8	2.9	20.3

3
4 Table 9-3-29 below provides the calculation of Collection of Account charge-related lost
5 revenues for Alectra Utilities from 2019- to 2026. The 2025 and 2026 numbers for non-payment
6 notices are forecasted amounts.

Table 9-3-29: Account 1508 sub-account Collection of Account Charge Variance (\$MM) - Alectra Utilities

		2019	2020	2021	2022	2023	2024	2025	2026	Total
# of Notices Issued for Non-Payment (000's)	A	76	119	127	144	155	158	155	155	
Legacy Collection Account Charge (Average)	B	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23	
Expected Collection Charges	C=AXB	1.8	2.8	2.9	3.3	3.5	3.8	3.4	3.4	24.9
Approved Amount in Rates	D	1.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5	18.7
Deferred Collection Charges		1.2	2.4	2.4	2.4	2.4	2.3	2.4	2.4	18.0

Tables 9-3-30 through 9-3-33 provide the calculation of Collection of Account charge-related lost revenues for each rate zone.

Brampton RZ

The amount proposed for disposition for the Brampton RZ is identified in Table 38, below.

Table 9-3-30: Account 1508 sub-account Collection of Account Charge Variance - Brampton RZ (\$MM)

		2019	2020	2021	2022	2023	2024	2025	2026	Total
# of Notices Issued for Non-Payment (000's)	A	16	25	29	35	39	46	46	46	
Legacy Collection Account Charge	B	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	
Expected Collection Charges	C=AXB	0.5	0.8	0.9	1.0	1.2	1.4	1.4	1.4	8.5
Approved Amount in Rates	D	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.1
Deferred Collection Charges	Lower of C and D	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	4.1

PowerStream RZ

The amount proposed for disposition for the PowerStream RZ is identified in Table 9-3-31, below.

Table 9-3-31: Account 1508 sub-account Collection of Account Charge Variance - PowerStream RZ (\$MM)

		2019	2020	2021	2022	2023	2024	2025	2026	Total
# of Notices Issued for Non-Payment (000's)	A	36	58	54	60	63	66	49	49	
Legacy Collection Account Charge	B	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	
Expected Collection Charges	C=AXB	1.1	1.8	1.6	1.8	1.9	2.0	1.5	1.5	13.0
Approved Amount in Rates	D	0.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6	11.7
Deferred Collection Charges	Lower of C and D	0.8	1.6	1.6	1.6	1.6	1.6	1.5	1.5	11.5

Enersource RZ

The amount proposed for disposition for the Enersource RZ is identified in Table 9-3-32, below.

Table 9-3-32: Account 1508 sub-account Collection of Account Charge Variance - Enersource RZ (\$MM)

		2019	2020	2021	2022	2023	2024	2025	2026	Total
# of Notices Issued for Non-Payment (000's)	A	14	25	28	32	34	37	37	37	
Legacy Collection Account Charge	B	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	
Expected Collection Charges	C=AXB	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	2.2
Approved Amount in Rates	D	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.3
Deferred Collection Charges	Lower of C and D	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.3

Guelph Hydro RZ

The amount proposed for disposition for the Guelph Hydro RZ is identified in Table 9-3-33, below.

1 **Table 9-3-33: Account 1508 sub-account Pole Attachment Revenue Variance - Guelph**
2 **Hydro RZ (\$MM)**

		2019	2020	2021	2022	2023	2024	2025	2026	Total
# of Notices Issued for Non-Payment (000's)	A	11	11	16	17	19	8	23	24	
Legacy Collection Account Charge	B	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	
Expected Collection Charges	C=AXB	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	1.2
Approved Amount in Rates	D	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.6
Deferred Collection Charges	Lower of C and D	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	1.2

4.2.13. Account 1508 Sub-account - GOCA Variance Account

The OEB established a generic, sector-wide variance account, the Getting Ontario Connected Act (GOCA) variance account (EB-2023-0143), to track incremental costs of locates in 2023 and future years arising from the implementation of provincial legislation: Bill 93 (the *Getting Ontario Connected Act, 2022*). The OEB set an effective date of April 1, 2023 for the establishment of the variance account. It is expected that any costs before this date would have been at a scale that can be managed within existing rates.

Alectra Utilities proposes the clearance of a \$9.5MM debit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. This account captures the differences between the actual locate costs incurred from April 1, 2023 to December 31, 2024 combined with forecasted costs for 2025 and 2026, and the costs currently built into rates. The approved costs are escalated accordingly by the OEB-approved Price Cap adjustment for Alectra Utilities and its predecessor utilities. The balances recorded in this account are both incremental to the amounts included in base rates and are a direct result of Bill 93. Alectra Utilities proposes to discontinue this account as an updated forecast of locate costs resulting from Bill 93 have been incorporated in the 2027-2031 rate term.

Table 9-3-34 below provides the details of the actual and forecasted balances included in this account by rate zone.

1 **Table 9-3-34: Account 1508 Sub-account - GOCA Variance Account (\$MM)**

	Actual		Forecast		Total
	2023	2024	2025	2026	
HRZ	0.1	0.5	0.5	0.5	1.5
Carrying Charges	—	—	—	—	0.1
Total Proposed for Disposition	0.1	0.5	0.5	0.5	1.6
BRZ	0.6	0.4	0.4	0.4	1.8
Carrying Charges	—	—	—	—	0.1
Total Proposed for Disposition	0.6	0.4	0.4	0.4	1.9
PRZ	1.3	0.1	0.3	0.4	2.1
Carrying Charges	—	0.1	—	0.1	0.2
Total Proposed for Disposition	1.3	0.2	0.4	0.4	2.3
ERZ	0.6	0.8	0.7	0.8	2.9
Carrying Charges	—	—	0.1	0.1	0.2
Total Proposed for Disposition	0.7	0.8	0.8	0.9	3.1
GRZ	0.4	—	—	—	0.5
Carrying Charges	—	—	—	—	0.1
Total Proposed for Disposition	0.4	—	0.1	0.1	0.5
Alectra Total - Principal Balance	3.1	1.7	1.9	2.1	8.9
Alectra Total - Carrying Charges	0.1	0.2	0.2	0.2	0.7
Alectra Total	3.2	1.9	2.1	2.3	9.5

2

3 Table 9-3-35 below provides the calculation for the difference between the actual costs of

4 locates and the amount embedded in rates for Alectra Utilities from 2023 to 2026.

Table 9-3-35: Account 1508 OEB GOCA Variance (\$MM) - Alectra Utilities

		2023	2024	2025	2026	Total
Actual Cost	A	7.3	7.0	7.4	7.6	29.3
Amount in Rates	B	4.2	5.2	5.4	5.5	20.4
Difference	C=A-B	3.1	1.7	1.9	2.1	8.9

Tables 9-3-36 through 9-3-40 outlines the difference between the actual cable locate costs and the amount embedded in the base rate for each rate zone. The 2025 and 2026 costs are forecast amounts.

Horizon RZ

The amount proposed for disposition for the Horizon RZ is identified in Table 9-3-36, below.

Table 9-3-36: Account 1508 OEB GOCA Variance - Horizon RZ (\$MM)

		2023	2024	2025	2026	Total
Actual Cost	A	0.8	1.3	1.3	1.4	4.8
Amount in Rates	B	0.7	0.8	0.9	0.9	3.3
Difference	C=A-B	0.1	0.5	0.5	0.5	1.5

Brampton RZ

The amount proposed for disposition for the Brampton RZ is identified in Table 9-3-37, below.

Table 9-3-37: Account 1508 OEB GOCA Variance - Brampton RZ (\$MM)

		2023	2024	2025	2026	Total
Actual Cost	A	1.2	1.2	1.2	1.2	4.8
Amount in Rates	B	0.6	0.8	0.8	0.8	3.0
Difference	C=A-B	0.6	0.4	0.4	0.4	1.8

PowerStream RZ

The amount proposed for disposition for the PowerStream RZ is identified in Table 9-3-38, below.

Table 9-3-38: Account 1508 OEB GOCA Variance - PowerStream RZ (\$MM)

		2023	2024	2025	2026	Total
Actual Cost	A	3.4	2.7	3.0	3.1	12.1
Amount in Rates	B	2.1	2.5	2.6	2.7	9.9
Difference	C=A-B	1.3	0.1	0.3	0.4	2.1

Enersource RZ

The amount proposed for disposition for the Enersource RZ is identified in Table 9-3-39, below.

Table 9-3-39: Account 1508 OEB GOCA Variance - Enersource RZ (\$MM)

		2023	2024	2025	2026	Total
Actual Cost	A	1.2	1.5	1.5	1.6	5.9
Amount in Rates	B	0.6	0.8	0.8	0.8	3.0
Difference	C=A-B	0.6	0.8	0.7	0.8	2.9

Guelph Hydro RZ

The amount proposed for disposition for the Guelph Hydro RZ is identified in Table 9-3-40, below.

Table 9-3-40: Account 1508 OEB GOCA Variance - Guelph Hydro RZ (\$MM)

		2023	2024	2025	2026	Total
Actual Cost	A	0.6	0.3	0.4	0.4	1.7
Amount in Rates	B	0.3	0.3	0.3	0.3	1.2
Difference	C=A-B	0.4	0.0	0.0	0.0	0.5

**4.2.14. Account 1508 Sub-account - LEAP Emergency Financial Assistance Funding
Deferral Account**

On February 12, 2024, the OEB announced changes to the Low-income Energy Assistance Program (LEAP) Emergency Financial assistance (EB-2023-0135). The OEB updated the LEAP income eligibility thresholds to align with the new expanded Ontario Electricity Support Program (OESP) income thresholds effective March 1, 2024. The updates also included an adjustment to the current LEAP amount to reflect inflationary changes and adopted OEB Staff's recommendation that no eligible LEAP applicant should be denied assistance due to lack of funding. For regulatory efficiency, the OEB also issued an accounting order establishing a generic deferral account, effective March 1, 2024, allowing distributors to record prudently incurred LEAP contributions that exceed the funding amounts embedded in rates.

Alectra Utilities proposes the clearance of a \$3.2MM debit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. This account captures the differences between the actual LEAP contributions from January 1, 2024 to December 31, 2024 combined with forecasted amounts in 2025 and 2026, and the amounts currently built into rates. Alectra Utilities proposes to discontinue this account as an updated LEAP Contribution has been incorporated in the 2027-2031 rate term.

Table 9-3-41 below provides the details of the actual and forecasted balances included in this account by each rate zone.

1 **Table 9-3-41: Account 1508 Sub-account - LEAP Emergency Financial Assistance**
2 **Funding Deferral Account (\$MM)**

	Actual 2024	Forecast 2025	2026	Total
HRZ	0.2	0.2	0.2	0.6
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.2	0.2	0.2	0.6
BRZ	0.1	0.2	0.2	0.5
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.1	0.2	0.2	0.5
PRZ	0.3	0.4	0.4	1.0
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.3	0.4	0.4	1.1
ERZ	0.2	0.3	0.3	0.8
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.2	0.3	0.3	0.8
GRZ	0.1	0.1	0.1	0.2
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.1	0.1	0.1	0.2
Alectra Total - Principal Balance	0.9	1.1	1.1	3.1
Alectra Total - Carrying Charges	—	—	0.1	0.1
Alectra Total	0.9	1.1	1.2	3.2

3
4 Table 9-3-42 below provides the calculation of the difference between the actual LEAP
5 contributions and the amount embedded in rates. The balance for this account is determined on

a consolidated basis. For the purpose of calculating the rate rider, the balance is allocated to each rate zone in proportion to its respective share of Alectra Utilities' total metered consumption in 2024.

Table 9-3-42: Account 1508 Sub-account - LEAP Emergency Financial Assistance Funding Deferral Account - Alectra Utilities (\$MM)

		2024	2025	2026	Total
Actual Cost	A	1.6	1.8	1.8	5.2
Amount in Rates	B	0.7	0.7	0.7	2.1
Difference	C=A-B	0.9	1.1	1.1	3.1

4.2.15. Account 1511 Incremental Cloud Computing Implementation Costs

On November 2, 2024, the OEB issued an accounting order effective December 1, 2023, to create a deferral account to record incremental cloud computing implementation costs.

Alectra Utilities proposes the clearance of a \$2.0MM debit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. This account captures the incremental cloud computing implementation costs and related offsetting savings for Alectra Utilities' new Human Capital Management System (HCM), implemented in 2024. The strategic implementation of an HCM Cloud Computing System enhances operational efficiency, streamlines people processes, fosters greater employee engagement, and ensures Alectra Utilities could support its future expanding workforce. Alectra Utilities proposes to continue this account to capture any material incremental cloud computing implementation costs over the 2027-2031 rate term.

Table 9-3-43 below provides the details of the actual and forecasted balances included in this account by each rate zone.

1 **Table 9-3-43: Account 1511 Incremental Cloud Computing Implementation Costs (\$MM)**

	Actual 2024	Forecast 2025	2026	Total
HRZ	0.2	0.1	—	0.4
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.3	0.1	—	0.4
BRZ	0.2	0.1	—	0.3
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.2	0.1	—	0.3
PRZ	0.4	0.2	—	0.6
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.4	0.2	—	0.7
ERZ	0.3	0.1	—	0.5
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.3	0.2	—	0.5
GRZ	0.1	—	—	0.1
Carrying Charges	—	—	—	—
Total Proposed for Disposition	0.1	—	—	0.1
Alectra Total - Principal Balance	1.3	0.6	—	1.8
Alectra Total - Carrying Charges	—	0.1	0.1	0.1
Alectra Total	1.3	0.6	0.1	2.0

2
3 Table 9-3-44 below provides a breakdown of the total incremental implementation costs for the
4 HCM system. The balance for this account is determined on a consolidated basis. For the
5 purpose of calculating the rate rider, the balance is allocated to each rate zone in proportion to
6 its respective share of Alectra Utilities' total metered consumption in 2024.

1 **Table 9-3-44: Account 1511 Incremental Cloud Computing Implementation Costs- Alectra**
2 **Utilities (\$MM)**

Cost	2024	2025	2026	Total
Implementation	0.9	1.1		2.0
System Integration, API	0.1			0.1
Change Management	0.2			0.2
On-Going Licensing	0.2			0.2
Offset Savings	(0.1)	(0.6)		(0.7)
Total Deferral Account	1.3	0.6		1.8

4.2.16. Retail Cost Variance Accounts - Account 1518 RCVA Retail and 1548 RCVA STR

According to the OEB's APH, Account 1518 captures the net of revenues derived from establishing service agreements and distributor-consolidated billing and the cost of entering into the service agreements including other expenses necessary to maintain the retailer contracts. Account 1548 captures the net of revenues derived from the Service Transaction Request (in the form of a request fee, processing fee, information request fee, and default fee) and the incremental cost of labour, internal information system maintenance costs and delivery costs related to the Service Transaction Request (STR).

All the costs recorded in Account 1518 and Account 1548 are incremental costs of providing retail services. Alectra Utilities has followed Article 490, Retail Services and Settlement Variance of the APH for Account 1518 and Account 1548.

Alectra Utilities proposes the clearance of a \$0.8MM debit balance in 1518 account and a \$0.4MM debit balance in 1548 by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes to discontinue this account as it does not anticipate material balances in the future.

Table 9-3-45 provides the details of the actual and forecasted balances included in Account 1518, by rate zone.

1 **Table 9-3-45: Retail Cost Variance Accounts - Account 1518 RCVA Retail (\$MM)**

	Actual					Forecast					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	0.3	0.1	—	(0.1)	(0.1)	(0.1)	(0.1)	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.1
Total Proposed for Disposition	0.3	0.1	—	—	(0.1)	—	(0.1)	—	—	—	—
BRZ	0.1	—	—	—	—	—	(0.1)	—	—	—	(0.1)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	0.1	—	—	—	—	—	(0.1)	—	—	—	(0.2)
PRZ	0.7	0.2	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.3
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.2
Total Proposed for Disposition	0.7	0.2	—	(0.1)	(0.1)	(0.1)	(0.1)	—	—	—	0.5
ERZ	0.2	—	—	—	(0.1)	—	(0.1)	—	—	—	(0.1)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	0.2	—	—	—	(0.1)	—	(0.1)	—	—	—	(0.1)
GRZ	—	—	—	—	—	0.2	—	0.1	0.1	0.1	0.5
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.1
Total Proposed for Disposition	—	—	—	—	—	0.2	—	0.1	0.1	0.1	0.6
Alectra Total - Principal Balance	1.3	0.3	—	(0.2)	(0.2)	—	(0.4)	(0.1)	(0.1)	(0.1)	0.5
Alectra Total - Carrying Charges	—	—	—	—	—	—	0.1	—	—	—	0.3
Alectra Total	1.3	0.3	—	(0.2)	(0.2)	—	(0.3)	(0.1)	(0.1)	(0.1)	0.8

2

3 Table 9-3-46 provides the details of the actual and forecasted balances included in Account

4 1548, by rate zone.

1 **Table 9-3-46: Retail Cost Variance Accounts - Account 1548 RCVA STR (\$MM)**

	Actual					Forecast					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	—	—	—	—	—	—	—	—
BRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	—	—	—	—	—	—	—	—
PRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	—	—	—	—	—	—	—	—
ERZ	0.3	—	—	—	—	—	—	—	—	—	0.3
Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.1
Total Proposed for Disposition	0.3	—	—	—	—	—	—	—	—	—	0.4
GRZ	0.1	—	—	—	—	(0.3)	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	0.1	—	—	—	—	(0.3)	—	—	—	—	—
Alectra Total - Principal Balance	0.4	0.1	—	—	—	(0.3)	—	—	—	—	0.3
Alectra Total - Carrying Charges	—	—	—	—	—	—	—	—	—	—	0.1
Alectra Total	0.4	0.1	0.1	—	—	(0.3)	—	—	—	—	0.4

2

3 In accordance with the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate*

4 *Applications - 2025 Edition for 2026 Rate Applications*, Table 9-3-47 below provides the

1 revenues and expenses that are incorporated into the variances reported in Account 1518 and
2 Account 1548.

3 The revenues in Account 1518 are related to the amount billed to provide retail services and are
4 reflected in Account 4082 Retail Services Revenues. The revenues in Account 1548 are related
5 to the amount billed for Service Transaction Requests (STR) and are reflected in Account 4084
6 Service Transaction Requests Revenues. The costs recorded in Account 1518 and Account
7 1548 are based on the total incremental labour (recorded in 5315 Customer Billing, 5320
8 Collecting, and 5610 Management Salaries) and third party vendor costs of \$0.10 per retailer
9 customer (recorded in 5065 Meter Expense) for providing retail services and processing
10 services for STR. The total costs are allocated between Account 1518 and Account 1548 based
11 on the historical balances of Accounts 4082 and 4084.

12 Table 9-3-47 provides the difference between the retail service revenue and cost from 2016 to
13 2026 by USoA.

1 **Table 9-3-47: Account 1518/1548 Retail Cost Variance - Alectra Utilities (\$MM)**

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	2.2	0.5	0.3	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	6.6
Cost 5315		2.9	0.9	0.6	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	6.2
Cost 5320		—	—	—	—	—	—	—	—	—	—	—	—
Cost 5610		—	—	—	—	—	—	0.1	0.1	0.1	0.1	0.1	0.4
Cost 5065		0.1	0.1	0.1	—	—	—	—	—	—	—	—	0.5
Total Cost Reported in 1518	B	3.0	1.0	0.7	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3	7.1
Difference Reported in 1518	C=B-A	0.9	0.5	0.3	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	0.5
Revenue 4084	D	—	—	—	—	—	—	—	—	—	—	—	0.1
Cost 5315		0.3	—	—	—	—	—	—	—	—	—	—	0.4
Cost 5320		—	—	—	—	—	—	—	—	—	—	—	—
Cost 5610		—	—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	0.3	—	—	—	—	—	—	—	—	—	—	0.4
Difference Reported in 1548	F=E-D	0.2	—	—	—	—	—	—	—	—	—	—	0.3
Total Difference	G=C+F	1.1	0.5	0.4	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	0.8

2

3 Tables 9-3-48 through 9-3-52 outline the difference between the retail service revenue and cost

4 by USoA for each rate zone.

5 **Horizon RZ**

6 The amount proposed for disposition for the Horizon RZ by USoA is identified in Table 9-3-48,

7 below.

1 **Table 9-3-48: Account 1518/1548 Retail Cost Variance - Horizon RZ (\$MM)**

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.7
Cost 5315		0.8	0.2	0.2	0.1	0.1	—	—	—	—	—	—	1.5
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	0.1
Cost 5065			—	—	—	—	—	—	—	—	—	—	0.1
Total Cost Reported in 1518	B	0.8	0.2	0.2	0.1	0.1	0.1	—	0.1	0.1	0.1	0.1	1.7
Difference Reported in 1518	C=B-A	0.2	0.1	0.1	—	(0.1)	(0.1)	(0.1)	—	—	—	—	—
Revenue 4084	D	—	—	—	—	—	—	—	—	—	—	—	—
Cost 5315			—	—	—	—	—	—	—	—	—	—	—
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	—	—	—	—	—	—	—	—	—	—	—	—
Difference Reported in 1548	F=E-D	—	—	—	—	—	—	—	—	—	—	—	—
Total Difference	G=C+F	0.2	0.1	0.1	—	(0.1)	(0.1)	(0.1)	—	—	—	—	—

2

3 **Brampton RZ**

4 The amount proposed for disposition for the Brampton RZ by USoA is identified in Table 9-3-49,
5 below.

1 **Table 9-3-49: Account 1518/1548 Retail Cost Variance - Brampton RZ (\$MM)**

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.1
Cost 5315		0.4	0.1	—	0.1	—	—	—	—	—	—	—	0.9
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	0.1
Cost 5065			—	—	—	—	—	—	—	—	—	—	0.1
Total Cost Reported in 1518	B	0.4	0.2	0.1	0.1	—	—	—	—	—	—	—	1.0
Difference Reported in 1518	C=B-A	—	0.1	—	—	—	—	—	—	—	—	—	(0.1)
Revenue 4084	D	—	—	—	—	—	—	—	—	—	—	—	—
Cost 5315		—	—	—	—	—	—	—	—	—	—	—	—
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	—	—	—	—	—	—	—	—	—	—	—	—
Difference Reported in 1548	F=E-D	—	—	—	—	—	—	—	—	—	—	—	—
Total Difference	G=C+F	—	0.1	—	—	—	—	—	—	—	—	—	(0.1)

3 **PowerStream RZ**

4 The amount proposed for disposition for the PowerStream by USoA RZ is identified in Table
5 9-3-50, below.

1 **Table 9-3-50: Account 1518/1548 Retail Cost Variance - PowerStream RZ (\$MM)**

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	0.4	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.8
Cost 5315		0.7	0.4	0.3	0.1	0.1	—	—	—	—	—	—	1.8
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	0.1
Cost 5065		0.1	—	—	—	—	—	—	—	—	—	—	0.2
Total Cost Reported in 1518	B	0.8	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2.1
Difference Reported in 1518	C=B-A	0.4	0.3	0.2	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.3
Revenue 4084	D		—	—	—	—	—	—	—	—	—	—	—
Cost 5315			—	—	—	—	—	—	—	—	—	—	—
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	—	—	—	—	—	—	—	—	—	—	—	—
Difference Reported in 1548	F=E-D	—	—	—	—	—	—	—	—	—	—	—	—
Total Difference	G=C+F	0.4	0.3	0.2	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	0.3

3 **Enersource RZ**

4 The amount proposed for disposition for the Enersource RZ by USoA is identified in Table
5 9-3-51, below.

1 **Table 9-3-51: Account 1518/1548 Retail Cost Variance - Enersource RZ (\$MM)**

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	0.7	0.1	—	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.5
Cost 5315		0.9	0.1	—	0.1	0.1	—	—	—	—	—	—	1.2
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	0.1
Cost 5065			—	—	—	—	—	—	—	—	—	—	0.1
Total Cost Reported in 1518	B	0.9	0.1	—	0.1	0.1	—	—	—	—	—	—	1.3
Difference Reported in 1518	C=B-A	0.2	—	—	—	(0.1)	(0.1)	(0.1)	—	—	—	—	(0.2)
Revenue 4084	D	—	—	—	—	—	—	—	—	—	—	—	—
Cost 5315		0.3	—	—	—	—	—	—	—	—	—	—	0.3
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	0.3	—	—	—	—	—	—	—	—	—	—	0.3
Difference Reported in 1548	F=E-D	0.2	—	—	—	—	—	—	—	—	—	—	0.3
Total Difference	G=C+F	0.4	—	—	—	(0.1)	(0.1)	(0.1)	—	—	—	—	0.1

2

3 **Guelph Hydro RZ**

4 The amount proposed for disposition for the Guelph Hydro RZ by USoA is identified in Table
5 9-3-52, below.

1 Table 9-3-52: Account 1518/1548 Retail Cost Variance - Guelph Hydro RZ (\$MM)

USoA		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenue 4082	A	0.1	—	—	—	—	—	—	—	—	—	—	0.4
Cost 5315		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Cost 5065			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1518	B	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9
Difference Reported in 1518	C=B-A	0.1	—	0.1	—	—	—	—	—	0.1	0.1	0.1	0.5
Revenue 4084	D	—	—	—	—	—	—	—	—	—	—	—	—
Cost 5315		—	—	—	—	—	—	—	—	—	—	—	—
Cost 5320			—	—	—	—	—	—	—	—	—	—	—
Cost 5610			—	—	—	—	—	—	—	—	—	—	—
Total Cost Reported in 1548	E	—	—	—	—	—	—	—	—	—	—	—	—
Difference Reported in 1548	F=E-D	—	—	—	—	—	—	—	—	—	—	—	—
Total Difference	G=C+F	0.1	—	0.1	—	—	—	—	—	0.1	0.1	0.1	0.5

2

4.2.17. Account 1522 - Pension and OPEB Forecast Accrual versus Actual Cash

Payments Differential Carrying Charges

The OEB approved the recovery of OPEB costs for legacy Horizon, Brampton, PowerStream, and Enersource on an accrual basis. In accordance with the OEB's *Report on the Regulatory Treatment of Pension and OPEB Costs* issued on September 14, 2017, Account 1522 was established to track the difference between the forecast accrual amounts recovered in rates and the actual cash payments for OPEB costs. Carrying charges recorded in the account are based on the cumulative differential credit balance (i.e., the balance when the cumulative forecast accrual amount exceeds the cumulative cash payments).

Alectra Utilities proposes the clearance of a \$2.0MM credit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes to discontinue this account as it does not anticipate the annual balances remaining material in the future.

Table 9-3-53 below provides the details of the actual and forecasted balances, by rate zone.

1 **Table 9-3-53: Pension and OPEB Forecast Accrual versus Actual Cash Payments**
2 **Differential Tracking Account (\$MM)**

	Actual					Forecast					Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
HRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Total Proposed for Disposition	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
BRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
Total Proposed for Disposition	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
PRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
Total Proposed for Disposition	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
ERZ	—	(0.1)	0.1	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
Total Proposed for Disposition	—	(0.1)	0.1	—	—	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)
GRZ	—	—	—	—	—	—	—	—	—	—	—
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	—	—	—	—	—	—	—	—
Alectra Total - Principal Balance	—	(0.1)	0.1	—	—	—	—	—	—	—	—
Alectra Total - Carrying Charges	—	—	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.4)	(2.0)
Alectra Total	—	(0.1)	—	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.4)	(2.0)

4.2.18. Account 1531 Renewable Connection Capital Deferral Account

According to the OEB APH, Account 1531 records the capital deferral related to the investments associated with expansions to connect renewable generation facilities and renewable enabling improvements.

Account 1531 captures the ERZ's investments associated with renewable enabling improvements to connect renewable generation facilities. Alectra Utilities proposes the clearance of a \$0.5MM debit balance in Account 1531 by removing the balance from the deferral account and adding it to the fixed assets.

Alectra Utilities does not intend to request renewable generation connection rate protection in the 2027-2031 rate term and proposes to discontinue this account.

4.2.19. 1532 Renewable Connection OM&A Deferral Account

According to the OEB APH, Account 1532 captures incremental operating, maintenance, amortization and administrative expenses directly related to expansions to connect renewable generation facilities, and renewable enabling improvements.

Alectra Utilities proposes the clearance of a \$1.6MM debit balance in 1532. Account 1532 captures the incremental operating, maintenance, amortization and administrative expenses directly related to renewable enabling improvements for ERZ incurred from 2010 to 2019. The Direct Benefits portion of the balance in Account 1532 has been included in the DVA Continuity Schedule to be disposed of by means of rate zone-specific rate riders for ERZ, effective January 1, 2027 to December 31, 2027.

Alectra Utilities does not intend to request renewable generation connection rate protection in the 2027-2031 rate term and proposes to discontinue this account.

4.2.20. Account 1533 Renewable Generation Connection Funding Adder Deferral Account

According to the OEB APH, Account 1533 captures the variance between the distributor's revenue requirement associated with the actual capital and operating costs that are eligible for rate protection, as incurred by the distributor for eligible renewable enabling and expansion investments and the provincial rate protection payments collected from the IESO.

Alectra Utilities proposes the clearance of a \$0.3MM credit balance in 1533 by means of rate zone-specific rate riders for HRZ and PRZ, effective January 1, 2027 to December 31, 2027.

Alectra Utilities uses this account to record the net of the annual revenue requirement impact on an actual basis applicable to in-service capital assets, depreciation and incurred OM&A expenses, and the provincial rate protection payments received from the IESO. No carrying charges are recorded on this account. Alectra Utilities proposes to discontinue this account after the disposition of the proposed balance.

Table 9-3-54 below provides the details of the actual and forecasted balances by each rate zone.

1 **Table 9-3-54: Account 1533 Renewable Generation Connection Funding Adder Deferral**
2 **Account (\$MM)**

	Actual					Forecast					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
HRZ	(0.2)	—	—	0.1	—	—	—	—	—	—	(0.1)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	(0.2)	—	—	0.1	—	—	—	—	—	—	(0.1)
PRZ	—	—	—	—	—	—	—	—	—	—	(0.2)
Carrying Charges	—	—	—	—	—	—	—	—	—	—	—
Total Proposed for Disposition	—	—	—	—	—	—	—	—	—	—	(0.2)
Alectra Total - Principal Balance	(0.5)	(0.2)	(0.1)	0.1	0.5	—	—	(0.2)	—	—	(0.3)
Alectra Total - Carrying Charges	—	—	—	(0.1)	—	—	(0.1)	0.2	—	—	—
Alectra Total	(0.5)	(0.2)	(0.1)	—	0.6	—	(0.1)	—	—	—	(0.3)

4.2.21. Account 1535 Smart Grid OM&A Deferral Account

According to the OEB APH, Account 1535 captures operating, maintenance, amortization and administrative expenses directly related to the smart grid development activities.

The OEB approved the disposition of legacy PowerStream's Account 1535 balances as of December 31, 2014 as part of the deferral and variance account balances disposed of in EB-2015-0003. The current balance in this account captures the operating, maintenance, amortization and administrative expenses incurred from 2015 to 2016 related to the legacy PowerStream's smart grid development activities.

Alectra Utilities proposes the clearance of a \$3.4MM debit balance in this account by means of rate zone-specific rate riders for the PRZ, effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes the account to be discontinued in accordance with the OEB APH, which requires that existing deferral accounts for smart grid development be closed following the approval of a rate order that is underpinned by a distributor's first consolidated Distribution System Plan.

Table 9-3-55 below summarizes the costs incurred from 2015 to 2016 for the legacy PowerStream's smart grid projects, categorized by smart grid technology.

Table 9-3-55: Account 1535 Smart Grid OM&A Deferral Account by categories (\$MM)

Technologies	2015	2016	Total Balance
Operations Technologies	0.3	0.0	0.3
Storage Technologies	0.0	0.1	0.1
Electric Vehicle Technologies	0.1	0.0	0.1
Home Technologies	1.6	0.6	2.2
Total Principal Balance	2.1	0.6	2.7
Carrying Charges			0.7
Total Balance			3.4

4.2.22. Account 1536 Smart Grid Funding Adder Deferral Account

According to the OEB APH, Account 1536 records the revenue collected through a funding adder approved by the OEB related to smart grid development.

Legacy PowerStream received approval for a Rate Rider for Smart Grid True-up Variance Account (2014 balance) over a 12-month period, October 2016 to September 2017 (EB-2015-0003). Account 1536 was used to record the revenue collected through a rate rider approved by the OEB related to smart grid development.

Alectra Utilities proposes the clearance of a \$0.003MM credit balance in this account by means of rate zone-specific rate riders for the PRZ, effective January 1, 2027 to December 31, 2027. The balance is related a residual amount from legacy PowerStream's Rate Rider for Disposition of Smart Grid True-up Variance Account (2014 Balance). Alectra Utilities proposes to discontinue this account after the disposition of the proposed balance.

4.2.23. Account 1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs

Alectra Utilities proposes the clearance of a \$0.1MM debit balance in this account by means of rate zone-specific rate riders for HRZ, PRZ, and ERZ effective January 1, 2027 to December 31, 2027. The balance in this account is the residual amount of the legacy Rate Riders for recovery of Stranded Meter Assets and approved stranded meter costs carrying charges. Alectra Utilities proposes the clearance of the balance in this account by means of class-specific rate riders effective January 1, 2027 to December 31, 2027. Alectra Utilities proposes to discontinue this account.

Table 9-3-56 below provides the details of the actual and forecasted balances by each rate zone.

1 **Table 9-3-56: Account 1555 Smart Meter Capital and Recovery Offset Variance Account,**
2 **Sub-account Stranded Meter Costs (\$MM)**

	Actual					Forecast					Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
HRZ	0.02	—	—	—	—	—	—	—	—	—	0.02
Carrying Charges	0.14	—	—	—	—	—	—	—	—	—	0.15
Total Proposed for Disposition	0.16	—	—	—	—	—	—	—	—	—	0.16
PRZ	(0.03)	(0.24)	—	—	—	—	—	—	—	—	(0.27)
Carrying Charges	0.20	—	(0.01)	—	—	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	0.13
Total Proposed for Disposition	0.16	(0.25)	(0.01)	—	—	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.14)
ERZ	0.36	0.02	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	0.03
Carrying Charges	0.07	0.01	—	—	—	—	—	—	—	—	0.07
Total Proposed for Disposition	0.42	0.03	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	0.10
Alectra Total - Principal Balance	0.34	(0.22)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.23)
Alectra Total - Carrying Charges	0.41	—	(0.01)	—	—	—	(0.01)	(0.01)	(0.01)	(0.01)	0.35
Alectra Total	0.75	(0.22)	(0.05)	(0.05)	(0.05)	(0.05)	(0.06)	(0.06)	(0.05)	(0.05)	0.12

4.2.24. Account 1557 Meter Cost Deferral Account

On May 21, 2014, the OEB issued amendments to Section 5.1.3 of the DSC, which required distributors to install a Metering Inside Settlement Time (MIST) meter on any existing customer facilities, where the customer had a monthly average peak demand during a calendar year of over 50 kW, by no later than August 21, 2020. On July 23, 2020, the OEB issued a Decision and Order (EB-2020-0187) amending the licenses of all electricity distributors to extend the deadline for compliance to March 31, 2021, as a result of operational challenges related to the COVID-19 emergency. Alectra Utilities subsequently requested a further extension and was granted approval for an extension to December 31, 2021, for four of its rate zones (i.e., HRZ, BRZ, PRZ, and ERZ) and to July 30, 2022, for the GRZ. On May 12, 2022, the OEB granted Alectra Utilities' request for a further extension to December 31, 2022 for all rate zones, except for the GRZ, which was extended to July 31, 2023 (EB-2022-0090). Alectra Utilities successfully completed the MIST project for all rate zones in 2023.

Following the amendments to the DSC described above, the OEB established Account 1557 Meter Cost Deferral Account to track the incremental capital and OM&A costs outside of the established rates, associated with MIST meter requirements. Alectra Utilities proposes the clearance of a \$17.2MM debit balance in this account. In addition, Alectra Utilities seeks approval to recover a revenue requirement of \$11.4MM, calculated based on the incremental costs recorded in this account, by means of rate zone-specific rate riders for BRZ, ERZ, PRZ, and GRZ, effective January 1, 2027 to December 31, 2027. To support the calculation of the revenue requirement, Alectra Utilities has provided the revenue requirement models for the applicable rate zones as Attachments 9-11 through 9-14 to this Exhibit. Alectra Utilities proposes to discontinue this account after the disposition of the proposed balance.

Table 9-3-57 provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-57: Account 1557 Meter Cost Deferral Account (\$MM)**

	Actual							Forecast			Total
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
BRZ	0.0	0.0	0.0	1.1	0.2	0.3	(0.1)	0.0	0.0	0.0	1.4
Carrying Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.3
Total Proposed for Disposition	0.0	0.0	0.0	1.1	0.2	0.4	(0.1)	0.1	0.0	0.0	1.7
PRZ	2.8	2.0	0.0	2.0	1.9	0.3	0.0	0.0	0.0	0.0	9.1
Carrying Charges	0.0	0.1	0.1	0.1	0.0	0.2	0.5	0.5	0.3	0.3	1.9
Total Proposed for Disposition	2.9	2.1	0.1	2.1	1.9	0.5	0.5	0.5	0.3	0.3	11.0
ERZ	3.4	(0.1)	(2.2)	0.2	2.0	0.0	0.0	0.0	0.0	0.0	3.1
Carrying Charges	0.1	0.1	0.1	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.8
Total Proposed for Disposition	3.4	0.0	(2.2)	0.2	2.0	0.0	0.1	0.1	0.1	0.1	4.0
GRZ	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.4
Carrying Charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total Proposed for Disposition	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.5
Alectra Total - Principal Balance	6.2	1.9	(2.1)	3.4	4.1	0.6	0.0	(0.1)	0.0	0.0	14.1
Alectra Total - Carrying Charges	0.1	0.1	0.2	0.1	0.1	0.3	0.7	0.7	0.4	0.4	3.1
Alectra Total	6.3	2.1	(1.9)	3.5	4.2	0.9	0.7	0.7	0.4	0.4	17.2

3 Table 9-3-58 below provides a breakdown of the total incremental costs for MIST Project.

1 **Table 9-3-58: Account 1557 Incremental Capital and OM&A related to Revenue**
2 **Requirement - Alectra Utilities (\$MM)**

	BRZ	ERZ	PRZ	GRZ	Total
Incremental Capital	1.4	3.0	9.0	0.4	13.8
OM&A	0.0	0.0	0.1	0.0	0.1
Net Book Value of Stranded Meters	0.0	0.1	0.0	0.1	0.2
3 Total Costs Recorded in 1557 (Principal Balance)	1.4	3.1	9.1	0.4	14.1

Attachment 9-11

MIST Meter Revenue Requirement BRZ

Please see live Excel version

Attachment 9-12

MIST Meter Revenue Requirement PRZ

Please see live Excel version

Attachment 9-13

MIST Meter Revenue Requirement ERZ

Please see live Excel version

Attachment 9-14

MIST Meter Revenue Requirement GRZ

Please see live Excel version

**4.2.25. Account 1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account
- PILs and Tax Variances CCA Changes**

The OEB requires utilities to record the impact of any differences that result from a legislative or regulatory change to the tax rates or rules that are not incorporated in the distributor's rates. On June 21, 2019, Bill C-97, *the Budget Implementation Act, 2019, No. 1*, was given Royal Assent, which introduced the Accelerated Investment Incentive (AII) program. This program provides for a first-year increase in capital cost allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018 and made available for use before 2028. All phases out for eligible capital assets acquired during 2025 to 2027 and is completely eliminated for acquisitions in 2028 and onwards. On June 23, 2022, Bill C-19, *Budget Implementation Act, 2022, No. 1*, was given Royal Assent. Bill C-19 implements new CCA immediate expensing rules, up to a maximum of \$1.5MM, on eligible capital assets acquired after April 19, 2021, and available for use before January 1, 2024. Alectra Utilities has followed the OEB's *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance* issued on July 25, 2019 to record the revenue requirement impact of any changes in CCA rules that are not reflected in base rates. Alectra Utilities uses the Approved Additions Method to calculate the revenue requirement impact and records the full revenue requirement impact of any changes in CCA rules. The accelerated CCA impact related to the OEB approved ICM projects has also been included in this account. Consequently, the CCA impact has been excluded from Account 1508 Incremental Capital Expenditures.

Alectra Utilities proposes the clearance of a \$42.9MM credit balance in this account by means of rate zone-specific rate riders, effective January 1, 2027 to December 31, 2027.

Table 9-3-59 below provides the details of the actual and forecasted balances included in this account for each rate zone.

1 **Table 9-3-59: Account 1592 PILs and Tax Variance (\$MM)**

	Actual					Forecast			Total
	2019	2020	2021	2022	2023	2024	2025	2026	
HRZ	(1.9)	(1.5)	(1.3)	(1.4)	(1.2)	0.1	—	(0.1)	(7.3)
Carrying Charges	—	—	—	(0.1)	(0.3)	(0.4)	(0.2)	(0.2)	(1.3)
Total Proposed for Disposition	(1.9)	(1.5)	(1.3)	(1.5)	(1.5)	(0.3)	(0.3)	(0.3)	(8.7)
BRZ	(1.1)	(0.9)	(0.9)	(0.8)	(0.7)	—	—	—	(4.5)
Carrying Charges	—	—	—	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.8)
Total Proposed for Disposition	(1.1)	(0.9)	(0.9)	(0.9)	(0.9)	(0.2)	(0.2)	(0.2)	(5.3)
PRZ	(3.2)	(2.8)	(2.9)	(3.2)	(2.9)	(0.1)	(0.3)	(0.4)	(15.6)
Carrying Charges	—	(0.1)	—	(0.2)	(0.7)	(0.8)	(0.5)	(0.4)	(2.7)
Total Proposed for Disposition	(3.2)	(2.9)	(2.9)	(3.4)	(3.5)	(0.8)	(0.8)	(0.8)	(18.3)
ERZ	(2.3)	(1.3)	(1.2)	(1.4)	(1.1)	—	—	(0.1)	(7.3)
Carrying Charges	—	—	—	(0.1)	(0.3)	(0.4)	(0.2)	(0.2)	(1.3)
Total Proposed for Disposition	(2.3)	(1.4)	(1.2)	(1.5)	(1.4)	(0.4)	(0.3)	(0.3)	(8.7)
GRZ	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)	—	—	—	(1.7)
Carrying Charges	—	—	—	—	(0.1)	(0.1)	(0.1)	—	(0.3)
Total Proposed for Disposition	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)	—	—	(0.1)	(2.0)
Alectra Total - Principal Balance	(9.0)	(6.9)	(6.6)	(7.0)	(6.1)	0.1	(0.4)	(0.6)	(36.4)
Alectra Total - Carrying Charges	(0.1)	(0.2)	(0.1)	(0.5)	(1.6)	(1.8)	(1.1)	(1.1)	(6.5)
Alectra Total	(9.1)	(7.1)	(6.7)	(7.5)	(7.7)	(1.8)	(1.5)	(1.6)	(42.9)

2

3 Table 9-3-60 below provides the revenue requirement impact recorded in account 1592 by
4 various tax rule changes.

1 **Table 9-3-60: Account 1592 PILs and Tax Variance - Alectra Utilities Tax Variance (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(8.5)	(7.0)	(6.5)	(6.3)	(5.8)	(0.2)	(0.6)	(0.8)	(35.7)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.8)	(0.3)	0.2	0.2	0.2	(0.5)
All related to ICM projects	(0.5)	0.1	(0.1)	0.0	0.0	0.1	0.0	0.0	(0.3)
Total	(9.0)	(6.9)	(6.6)	(7.0)	(6.1)	0.1	(0.4)	(0.6)	(36.4)

2
3 Tables 9-3-61 through 9-3-65 outline the revenue requirement impact recorded in account 1592
4 by various tax rule changes for each rate zone.

5 **Table 9-3-61: Account 1592 PILs and Tax Variance - HRZ (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(1.9)	(1.5)	(1.3)	(1.2)	(1.1)	0.0	(0.1)	(0.1)	(7.2)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.2)	(0.1)	0.0	0.0	0.0	(0.1)
All related to ICM projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	(1.9)	(1.5)	(1.3)	(1.4)	(1.2)	0.1	0.0	(0.1)	(7.3)

6

1 **Table 9-3-62: Account 1592 PILs and Tax Variance - BRZ (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(1.1)	(0.9)	(0.8)	(0.7)	(0.7)	0.0	0.0	(0.1)	(4.4)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
All related to ICM projects	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.1)
Total	(1.1)	(0.9)	(0.9)	(0.8)	(0.7)	0.0	0.0	0.0	(4.5)

3 **Table 9-3-63: Account 1592 PILs and Tax Variance - PRZ (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(2.8)	(2.9)	(2.9)	(3.0)	(2.8)	(0.2)	(0.4)	(0.4)	(15.4)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.2)	(0.1)	0.1	0.0	0.0	(0.1)
All related to ICM projects	(0.4)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)
Total	(3.2)	(2.8)	(2.9)	(3.2)	(2.9)	(0.1)	(0.3)	(0.4)	(15.6)

5 **Table 9-3-64: Account 1592 PILs and Tax Variance - ERZ (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(2.2)	(1.3)	(1.2)	(1.1)	(1.0)	0.0	(0.1)	(0.1)	(7.1)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.3)	(0.1)	0.0	0.1	0.1	(0.2)
All related to ICM projects	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	(2.3)	(1.3)	(1.2)	(1.4)	(1.1)	0.0	0.0	(0.1)	(7.3)

1 **Table 9-3-65: Account 1592 PILs and Tax Variance - GRZ (\$MM)**

	2019	2020	2021	2022	2023	2024	2025	2026	Total
Bill-C97 All	(0.5)	(0.4)	(0.3)	(0.3)	(0.2)	0.0	0.0	0.0	(1.6)
Bill-C19 All immediate expensing rules	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
All related to ICM projects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0			
Total	(0.5)	(0.4)	(0.3)	(0.3)	(0.3)	0.0	0.0	0.0	(1.7)

2
3 Alectra Utilities has submitted the calculations for accelerated CCA differences per year as
4 Attachment 9-15 and Attachment 9-16 to this Exhibit. The calculations include the undepreciated
5 capital cost continuity schedules for each year itemized by CCA class, the calculated PILs
6 differences and the grossed-up PILs differences.

Attachment 9-15

Accelerated CCA Differences (Bill C-97)

Please see live Excel version

Attachment 9-16

Accelerated CCA Differences (Bill C-19)

Please see live Excel version

5. DVA NOT PROPOSED FOR DISPOSITION

5.1. Account 1508 Sub-account - Earnings Sharing Mechanism (Year 9 and 10 of Deferred Rebasing Period)

The OEB requires consolidating entities that propose to defer rebasing beyond five years to implement an earnings sharing mechanism (ESM) for the period beyond five years, whereby excess earnings are shared with consumers on a 50:50 basis for all earnings that are more than 300 basis points above the consolidated entity's annual ROE. The ESM is designed to protect customers and ensure that they share in any increased benefits from consolidation during the deferred rebasing period. On December 12, 2019, the OEB issued a Partial Decision and Interim Order for Alectra Utilities 2020 Price Cap IR Application (EB-2019-0018), approving Alectra Utilities' ESM proposal. The proposal included a new variance account to track the ratepayer's share of excess earnings.

Alectra Utilities has not triggered the ESM in years 6-8 of the rebasing deferral period (2022-2024) and, therefore, as at December 31, 2024 there was no balance in this account.

Alectra Utilities proposes to discontinue this ESM DVA and proposes a new Earnings Sharing Mechanism Variance Account, as outlined in Exhibit 9, Tab 8.

5.2. Account 1508 Sub-account - Advantage Power Pricing Deferral Account

On July 18, 2016, the OEB issued the *Regulated Price Plan Roadmap: Guideline for Pilot Projects on RPP Pricing* (Guideline). With the release of the Guideline, the OEB invited distributors to participate in developing and implementing priority price and non-price pilots that have been identified by the OEB. On November 4, 2016, legacy PowerStream submitted an application to develop and implement pilots, including the continuation of the Advantage Power Pricing pilot, which would support the OEB's objectives as set out in the Guideline. The OEB approved legacy PowerStream's pilot proposal (EB-2016-0201). In accordance with the direction from the Minister of Energy to the Independent Electricity System Operator (IESO) dated December 16, 2016, the IESO's conservation fund served as a source of funding for the pilot in amounts determined by the OEB.

On May 12, 2017, the OEB granted Alectra Utilities a deferral account for cost associated with extending the Advantage Power Pricing pilot (EB-2017-0097). This account came into effect on November 1, 2016, when the IESO funding for the pilot ended, until October 31, 2017, when the funding for approved RPP pilots began.

The costs associated with extending the Advantage Power Pricing pilot from November 1, 2016 to October 31, 2017, including carrying charges, were \$0.5MM. The OEB conducted a review of the balance recorded in Account 1508 Sub-Account Advantage Power Pricing in 2021. Upon the completion of the OEB's review, Alectra Utilities received \$0.5MM from the IESO in December 2021 and subsequently cleared the balances recorded in this account. Alectra Utilities is not seeking the disposition of the balance in this account as there is no balance in this account. Alectra Utilities proposes the account to be discontinued.

5.3. Account 1509 - Impacts Arising from the COVID-19 Emergency

On March 25, 2020, the OEB issued an accounting order for the establishment of a deferral account to record impacts arising from the COVID-19 pandemic. The OEB established Account 1509 - Impacts Arising from the COVID-19 Emergency, for electricity distributors to track incremental costs and lost revenues related to the COVID-19 pandemic. On June 17, 2021, the OEB issued the *Report of the Ontario Energy Board: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency* which established the guideline for the COVID-19 deferral account. The OEB expects applications for the COVID-19 to be filed only on an exceptions basis for costs not related to the mandated government or OEB-initiated programs. Alectra Utilities is not seeking disposition of this account, as there are no deferral balances recorded.

5.4. Account 1568 - Lost Revenue Adjustment Mechanism Variance Account

Alectra Utilities' application for approval of LRAM-eligible amounts for prospective disposition was filed in its 2024 EDR Application (EB-2023-0241). In that proceeding, the OEB approved LRAM-eligible amounts for 2024 to 2026 for all rate zones, arising from persisting savings from the completed CDM programs. Alectra Utilities has a zero balance in the LRAMVA and is not seeking disposition of this account.

1 **6. SUMMARY OF PROPOSED DVA DISPOSITION**

2 Alectra Utilities proposes the disposition of its Group 2 DVA actual balances as of December 31,
3 2024, along with the forecasted balances for 2025 and 2026. Table 9-5-1 provides a summary of
4 proposed disposition of Group 2 DVA balances for Alectra Utilities.

1 **Table 9-5-1: Summary of Proposed Dispositions - Alectra Utilities Group 2 Accounts**
2 **(\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Earnings Sharing Mechanism	0.0	0.0	0.0	No	No
1508 - Energy East Consultation Costs	0.1	0.0	0.2	Yes	No
1508 - OEB Cost Assessment Variance	20.5	2.6	23.1	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(6.7)	0.0	(6.7)	Yes	Yes
1508 - Advanced Pricing Project	0.0	0.0	0.0	No	No
1508 - CGAAP IFRS Differential	(0.2)	0.1	(0.1)	Yes	No
1508 - Hydro-One Charges	0.1	0.0	0.1	Yes	No
1508 - Pole Attachment Revenue Variance	(19.8)	(2.7)	(22.5)	Yes	No
1508 - Capitalization Policy	(35.2)	0.0	(35.2)	Yes	No
1508 - Incremental Capital Module	(3.4)		(3.4)	Yes	No
1508 - Long-term Load Mitigation	0.0	0.0	0.0	Yes	No
1508 - Collection of Account Charge- Related Lost Revenue	18.0	2.2	20.3	Yes	No
1508 - GOCA Variance Account	8.9	0.7	9.5	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	3.1	0.1	3.2	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	1.8	0.1	2.0	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.5	0.3	0.8	Yes	No
1548 RCVA STR	0.3	0.1	0.4	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(2.0)	(2.0)	Yes	No
1531 Renewable Connection Capital Deferral Account	0.0	0.0	0.0	Yes	No
1532 Renewable Connection OM&A Deferral Account	0.1	0.0	0.1	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.3)	0.0	(0.3)	Yes	No
1535 Smart Grid OM&A Deferral Account	2.7	0.7	3.4	Yes	No
1536 Smart Grid Funding Adder Deferral Account	0.0	0.0	0.0	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	(0.2)	0.4	0.1	Yes	No
1557 Meter Cost Deferral Account	11.4		11.4	Yes	No
1508, Accounting Changes - Useful Lives	(40.2)	0.0	(40.2)	Yes	No
1508, Accounting Changes - Direct Labour Capitalization	(11.7)	0.0	(11.7)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(36.4)	(6.5)	(42.9)	Yes	Yes
Total Balance	(86.6)	(3.8)	(90.4)		

1 **Table 9-5-2 : Summary of Proposed Dispositions - HRZ Group 2 Accounts (\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Earnings Sharing Mechanism	—	—	—	No	No
1508 - Energy East Consultation Costs	—	—	—	Yes	No
1508 - OEB Cost Assessment Variance	6.4	0.9	7.3	Yes	Yes
1508 - Pole Attachment Revenue Variance	(8.1)	(1.1)	(9.1)	Yes	No
1508 - Capitalization Policy	(42.6)	—	(42.6)	Yes	No
1508 - Long-term Load Mitigation	—	—	—	Yes	No
1508 - GOCA Variance Account	1.5	0.1	1.6	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.6	—	0.6	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	—	—	—	No	No
1511 Incremental Cloud Computing Implementation Costs	0.4	—	0.4	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	—	0.1	—	Yes	No
1548 RCVA STR	—	—	—	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	—	(0.5)	(0.5)	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.1)	—	(0.1)	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	—	0.1	0.2	Yes	No
1508, Accounting Changes - Useful Lives	(7.8)	—	(7.8)	Yes	No
1508, Accounting Changes - Direct Labour Capitalization	(2.3)	—	(2.3)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	—	—	—	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(7.3)	(1.3)	(8.7)	Yes	Yes
Total Balance	(59.2)	(1.7)	(60.9)		

1 **Table 9-5-3: Summary of Proposed Dispositions - BRZ Group 2 Accounts (\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - OEB Cost Assessment Variance	3.9	0.5	4.5	Yes	Yes
1508 - Pole Attachment Revenue Variance	(2.1)	(0.3)	(2.4)	Yes	No
1508 - Capitalization Policy	25.8	—	25.8	Yes	No
1508 - Incremental Capital Module			(2.0)	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	4.1	0.5	4.6	Yes	No
1508 - GOCA Variance Account	1.8	0.1	1.9	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.5	—	0.5	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	—	—	—	No	No
1511 Incremental Cloud Computing Implementation Costs	0.3	—	0.3	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	(0.1)	—	(0.2)	Yes	No
1548 RCVA STR	—	—	—	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	—	(0.6)	(0.6)	Yes	No
1557 Meter Cost Deferral Account			1.3	Yes	No
1508, Accounting Changes - Useful Lives	(6.2)	—	(6.2)	Yes	No
1508, Accounting Changes - Direct Labour Capitalization	(1.8)	—	(1.8)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	—	—	—	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(4.5)	(0.8)	(5.3)	Yes	Yes
Total Balance	21.6	(0.5)	20.4		

1 **Table 9-5-4: Summary of Proposed Dispositions - PRZ Group 2 Accounts (\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Energy East Consultation Costs	0.1	—	0.1	Yes	No
1508 - OEB Cost Assessment Variance	7.9	1.0	8.9	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(4.7)	—	(4.7)	Yes	Yes
1508 - Advanced Pricing Project	—	—	—	No	No
1508 - CGAAP IFRS Differential	(0.2)	0.1	(0.1)	Yes	No
1508 - Hydro-One Charges	0.1	—	0.1	Yes	No
1508 - Pole Attachment Revenue Variance	(4.9)	(0.7)	(5.6)	Yes	No
1508 - Incremental Capital Module			1.7	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	11.5	1.4	13.0	Yes	No
1508 - GOCA Variance Account	2.1	0.2	2.3	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	1.0	—	1.1	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	—	—	—	No	No
1511 Incremental Cloud Computing Implementation Costs	0.6	—	0.7	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.3	0.2	0.5	Yes	No
1548 RCVA STR	—	—	—	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	—	(0.6)	(0.6)	Yes	No
1532 Renewable Connection OM&A Deferral Account	—	—	—	Yes	No
1533 Renewable Generation Connection Funding Adder Deferral Account	(0.2)	—	(0.2)	Yes	No
1535 Smart Grid OM&A Deferral Account	2.7	0.7	3.4	Yes	No
1536 Smart Grid Funding Adder Deferral Account	—	—	—	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	(0.3)	0.1	(0.1)	Yes	No
1557 Meter Cost Deferral Account			5.9	Yes	No
1508, Accounting Changes - Useful Lives	(13.5)	—	(13.5)	Yes	No
1508, Accounting Changes - Direct Labour Capitalization	(3.9)	—	(3.9)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	—	—	—	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(15.6)	(2.7)	(18.3)	Yes	Yes
Total Balance	(17.0)	(0.1)	(9.6)		

1 **Table 9-5-5: Summary of Proposed Dispositions - ERZ Group 2 Accounts (\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - Energy East Consultation Costs	0.0	0.0	0.1	Yes	No
1508 - OEB Cost Assessment Variance	1.4	0.1	1.5	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	(3.6)	0.0	(3.6)	Yes	Yes
1508 - Pole Attachment Revenue Variance	(3.1)	(0.4)	(3.5)	Yes	No
1508 - Capitalization Policy	(15.3)	0.0	(15.3)	Yes	No
1508 - Incremental Capital Module			(3.0)	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	1.3	0.2	1.4	Yes	No
1508 - GOCA Variance Account	2.9	0.2	3.1	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.8	0.0	0.8	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.5	0.0	0.5	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	(0.1)	0.0	(0.1)	Yes	No
1548 RCVA STR	0.3	0.1	0.4	Yes	No
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	0.0	(0.3)	(0.3)	Yes	No
1531 Renewable Connection Capital Deferral Account	0.0	0.0	0.0	Yes	No
1532 Renewable Connection OM&A Deferral Account	0.1	0.0	0.1	Yes	No
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	0.0	0.1	0.1	Yes	No
1557 Meter Cost Deferral Account			3.8	Yes	No
1508, Accounting Changes - Useful Lives	(10.3)	0.0	(10.3)	Yes	No
1508, Accounting Changes - Direct Labour Capitalization	(3.0)	0.0	(3.0)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(7.3)	(1.3)	(8.7)	Yes	Yes
Total Balance	(35.4)	(1.4)	(35.9)		

1 **Table 9-5-6: Summary of Proposed Dispositions - GRZ Group 2 Accounts (\$MM)**

	Principal Balance as of December 31, 2026	Carrying Charge Balance as of December 31, 2026	Total Balance as of December 31, 2026	Proposed for Disposition (Yes/No)	To be Continued (Yes/No)
1508 - OEB Cost Assessment Variance	0.9	0.1	1.0	Yes	Yes
1508 - Other Post-Employment Benefit Deferral Account	1.6	0.0	1.6	Yes	Yes
1508 - Pole Attachment Revenue Variance	(1.7)	(0.2)	(1.9)	Yes	No
1508 - Capitalization Policy	(3.2)	0.0	(3.2)	Yes	No
1508 - Long-term Load Mitigation	0.0	0.0	0.0	Yes	No
1508 - Collection of Account Charge-Related Lost Revenue	1.2	0.1	1.3	Yes	No
1508 - GOCA Variance Account	0.5	0.1	0.5	Yes	No
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	0.2	0.0	0.2	Yes	No
1509 - Impacts Arising from the COVID-19 Emergency	0.0	0.0	0.0	No	No
1511 Incremental Cloud Computing Implementation Costs	0.1	0.0	0.1	Yes	Yes
1518 Retail Cost Variance Account (RCVA) Retail	0.5	0.1	0.6	Yes	No
1548 RCVA STR	0.0	0.0	0.0	Yes	No
1557 Meter Cost Deferral Account			0.4	Yes	No
1508, Accounting Changes - Useful Lives	(2.4)	0.0	(2.4)	Yes	No
1568 Lost Revenue Adjustment Mechanism Variance Account	0.0	0.0	0.0	No	Yes
1508, Accounting Changes - Direct Labour Capitalization	(0.7)	0.0	(0.7)	Yes	No
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	(1.7)	(0.3)	(2.0)	Yes	Yes
Total Balance	(4.7)	(0.1)	(4.4)		

7. DVA ALLOCATION AND RECOVERY METHODOLOGY

Alectra Utilities allocates DVA balances to rate classes based on the methodologies described in the OEB's *EDDVAR Report*. For accounts that were not in existence when the *EDDVAR Report* was issued or where the *EDDVAR Report* specifies that allocation should be determined on a case-by-case basis, Alectra Utilities has proposed specific allocation methodologies.

The following table provides the proposed rate class allocators for each account requested for clearance:

1 **Table 9-6-1: Proposed rate class allocators for each Group 2 Account**

Account	Allocator
1508 - Energy East Consultation Costs	kWh
1508 - OEB Cost Assessment Variance	kWh
1508 - Other Post-Employment Benefit Deferral Account	kWh
1508 - CGAAP IFRS Differential	kwh
1508 - Hydro-One Charges	kwh
1508 - Pole Attachment Revenue Variance	Distribution Rev.
1508 - Capitalization Policy	kWh
1508 - Incremental Capital Module	kWh
1508 - Long-term Load Mitigation	kWh
1508 - Collection of Account Charge-Related Lost Revenue	kWh
1508 - GOCA Variance Account	kWh
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	kWh
1508 - LEAP Emergency Financial Assistance Funding Deferral Account	kWh
1518 Retail Cost Variance Account (RCVA) Retail	# of Customers
1548 RCVA STR	# of Customers
1522 - Pension and OPEB Forecast Accrual versus Actual Cash Payments Differential Tracking Account	kWh
1525 - Miscellaneous Deferred Debits	kWh
1531 Renewable Connection Capital Deferral Account	kWh
1532 Renewable Connection OM&A Deferral Account	kwh
1533 Renewable Generation Connection Funding Adder Deferral Account	kwh
1535 Smart Grid OM&A Deferral Account	kwh
1536 Smart Grid Funding Adder Deferral Account	kwh
1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs	kwh
1557 Meter Cost Deferral Account	GS>50
1508 Sub-account - Useful Life Changes	kwh
1508 Direct Labour Capitalization Changes	kwh
1592 PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes	kWh

8. DEVELOPMENT OF RATE RIDERS

Alectra Utilities proposes to clear its Group 2 DVA balances through rate riders as follows:

- For the Residential class, Alectra Utilities proposes to implement fixed rate riders, consistent with the class's fully fixed distribution rate design.
- For all other rate classes, Alectra Utilities proposes to implement volumetric rate riders.

Alectra Utilities further proposes separate rate riders for the disposition of the balances in the following Group 2 DVA accounts:

- Account 1508, Sub-account – Impact of Post-Merger Capitalization Policy
- Account 1508, Sub-account – Useful Life Changes
- Account 1508, Sub-account – Direct Labour Capitalization Changes
- Account 1508, Sub-account – Incremental Capital Module True Up
- Account 1557 – Meter Cost Deferral Account Revenue Requirement
- Account 1592 - PILs and Tax Variance for 2006 and Subsequent Years, Sub-account - PILs and Tax Variances CCA Changes

Alectra Utilities proposes a one-year disposition period for all Group 2 DVA proposed for disposition, from January 1, 2027 to December 31, 2027.

9. NEW DEFERRAL AND/OR VARIANCE ACCOUNTS

This schedule sets out Alectra Utilities' proposals to establish new deferral and variance accounts and includes evidence demonstrating that the OEB's eligibility criteria of causation, materiality and prudence. Alectra Utilities has also included draft accounting orders for each new account which includes a description of the mechanics of the account, provides sample journal entries and the proposed duration of the account.

9.1. CAPITAL RELATED REVENUE REQUIREMENT VARIANCE ACCOUNT (CRRRVA)

Subject to the OEB's approval of the Custom IR framework, Alectra Utilities proposes a Capital-Related Revenue Requirement Variance Account (CRRRVA) for the 2027-2031 term of the DSP. The CRRRVA is an asymmetrical account to the benefit of ratepayers, intended to capture the cumulative differences between forecast and actual capital-related revenue requirement over the 2027-2031 rate term. The account ensures that capital-related costs in excess of forecast are absorbed by the utility while protecting customers from overcollection relative to costs. If the cumulative revenue requirement from January 1, 2027 to December 31, 2031 is greater than zero, the variance account is set to zero, if not already at zero. If it is less than zero, there will be an entry to the variance account representing a potential refund to ratepayers. Alectra Utilities proposes to report on its actual versus forecast in-service additions in its annual applications, however, the assessment of the account will be based on the cumulative difference over the five-year period.

The CRRRVA amount each year will be derived on an Alectra Utilities-wide basis. Calculating the annual CRRRVA amount on a company-wide basis is consistent with the reality of executing a multi-year capital investment plan. Alectra Utilities requires the flexibility in the execution of the plan to respond to business-as-usual investment prioritization, unplanned investments and system priorities as a whole. The variance account will be disposed of at the end of the five year term, if applicable.

The capital related revenue requirement includes depreciation, interest, return and PILs applied in the calculation of the capital related revenue requirement. All components of cost of capital will use the rates, and capital structure, as approved by the OEB in this proceeding.

Eligibility Criteria

The OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications* specify that requests for new deferral or variance accounts must satisfy the OEB's eligibility criteria of causation, materiality and prudence. The proposed CRRRVA satisfies the OEB's eligibility criteria as follows:

Causation – The amounts captured in the CRRRVA will capture differences between forecast and actual capital-related revenue requirement.

Materiality – Given the number of projects and the overall size of the proposed investments in the DSP, there is a high likelihood that the amounts recorded to the CRRRVA over the five-year term of the DSP will exceed the \$1MM materiality threshold for Alectra Utilities. The DSP contemplates total capital expenditures of approximately \$3.1B over the 2027-2031 period.

Prudence – The CRRRVA will protect ratepayers in the event that Alectra Utilities' actual revenue requirement related to capital was less than the amount funded in the approved revenue requirement for the 2027-2031 rate period.

A draft accounting order for the proposed CRRRVA, which includes a description of the mechanics of the account, examples of the general ledger entries and the proposed manner in which to dispose of the account, is provided in Appendix 'A'.

Appendix A: Draft Accounting Order - Capital-Related Revenue Requirement Variance Account (CRRRVA)

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

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

Alectra Utilities will establish this account, effective January 1, 2027, to record the revenue requirement impact of under-spending on Alectra Utilities' capital plan. The purpose of this account is to record the revenue requirement associated with the difference between actual and forecasted cumulative capital additions (net of capital contributions) for 2027-2031, should in-service capital additions be lower than, or the pacing of capital additions be slower than, forecast over the 2027-2031 period.

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

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

The sample journal entries are provided below:

- | | |
|-----|--|
| Dr. | 4080, Distribution Services Revenue |
| Cr. | 1508, Other Regulatory Assets, Sub-account Capital Additions, Depreciation |
| Cr. | 1508, Other Regulatory Assets, Sub-account Capital Additions, Interest |
| Cr. | 1508, Other Regulatory Assets, Sub-account CRRRVA, Return |
| Cr. | 1508, Other Regulatory Assets, Sub-account CRRRVA, PILS |

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

1 Dr. 6035, Other Interest Expense

2 Cr. 1508, Other Regulatory Assets, Sub-account, CRRRVA Carrying Charges(various)

3 *To record carrying charges*

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

9.2. EARNINGS SHARING MECHANISM VARIANCE ACCOUNT (ESMVA)

Alectra Utilities is proposing the Earnings Sharing Mechanism Variance Account (ESMVA) as another customer protection mechanism as part of its proposed Custom IR rate framework. The ESMVA is proposed to share any excess earnings above a 150 basis point dead band above OEB-approved ROE, with a 50/50 split between customers and the utility. The ESMVA is asymmetrical, benefiting customers only when earnings exceed the threshold. The ESM is proposed to be calculated on a cumulative basis over the 2027 to 2031 rate term.

Eligibility Criteria

The OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications* specify that requests for new deferral or variance accounts must satisfy the OEB's eligibility criteria of causation, materiality and prudence. The proposed ESMVA satisfies the OEB's eligibility criteria as follows:

Causation – The amounts in the ESMVA will capture 50% of all earnings that are 150 basis points above the OEB-approved ROE. These earnings are outside of the base upon which Alectra Utilities' rates are derived.

Materiality – As with all OEB-approved ESMs, there is no application of the OEB's materiality threshold as set out in section 2.0.8 of the Chapter 2 Filing Requirements. The ESMVA is a customer protection element of the Alectra Utilities' rate framework.

Prudence – The amounts recorded in the ESMVA will be supported by Alectra Utilities' RRR filings, and annual financial statements. The criteria for recording amounts in the ESMVA is set out and clearly defined in this Exhibit and accompanying Draft Accounting Order.

A draft accounting order for the proposed ESMVA, which includes a description of the mechanics of the account, examples of the general ledger entries and the proposed manner in which to dispose of the account, is provided in Appendix 'B'.

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

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

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

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

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

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

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

The sample journal entries are provided below:

Dr. 4080, Distribution Services Revenue

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

To record ratepayer share of excess earnings

Dr. 6035, Other Interest Expense

- 1 Cr. 1508, Other Regulatory Assets, Sub-account, ESMVA Carrying Charges
- 2 *To record carrying charges*
- 3 Alectra Utilities will apply to the OEB to clear the balance in the ESMVA through rate riders at
- 4 the end of the 2027 to 2031 rate period (i.e., in Alectra Utilities' next rebasing application).

9.3. NON-WIRES SOLUTION DEFERRAL ACCOUNT (NWSDA)

Alectra Utilities requests approval to establish a deferral account under Account 1508, Other Regulatory Assets. The proposed deferral account would be comprised of a Sub-account NWS Program OM&A, and a Sub-account NWS Program OM&A - Carrying Charges for the purpose of recording OM&A costs incurred to acquire DERs and operate and manage the Non-Wires Solutions (NWS) Program, net of third-party funding and any OEB-approved incentive revenues such as Margin-on-Payments (MoP). Disposition of the NWSDA would be sought at the end of the 2027 to 2031 rate term via appropriate rate riders. If approved, Alectra Utilities will file supporting evidence on procurement results, costs, and performance when seeking disposition.

Alectra Utilities' Distribution System Plan (DSP) integrates NWS into capacity planning using Preliminary NWS Framework defined in the DSP Chapter 5.3.5 NWS to Address System Needs. Initial analysis indicates that up to approximately \$13.2MM in OM&A expenses may be required through the incentive term, between 2027 and 2031 to procure up to 32 MW of flexible capacity annually to defer five select MS/TS projects at targeted locations. A 25% MoP applied to eligible third-party DER payments estimated at \$12.0MM could generate approximately \$3.0MM in offsetting incentive revenues while maintaining a positive Distribution Service Test (DST). Market depth and price discovery remain evolving. Alectra Utilities plans to run competitive, transparent RFI/RFP processes and local auctions and refine utilization assumptions through operational experience and evaluation, measurement & verification (EM&V). The requested NWSDA permits prudent scaling while protecting customers from forecast error.

The proposed expenses to be included in the NWSDA are incremental OM&A expenses not included in base rates that are directly caused by the NWS Program, including but not limited to availability, energy and other payments/charges to DER owners/aggregators, contracting costs, equipment and system costs, operation and maintenance, administrative costs and EM&V where capitalization is not appropriate, and incremental operational costs of coordination with the IESO. Amounts recorded will be net of third-party funding/recoveries (e.g., IESO incentives, municipal/partner contributions, federal grants) and, if approved by the OEB, net of incentive revenues such as MoP.

Eligibility Criteria

The OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2025 Edition for 2026 Rate Applications* specify that requests for new deferral or variance accounts must satisfy the OEB's eligibility criteria of causation, materiality and prudence. The proposed NWS sub-account satisfies the OEB's eligibility criteria as follows:

Causation - The costs proposed for the NWSDA address documented capacity needs identified in the DSP – Exhibit 2A, Tab 1, Schedule 1, Section 5.3.5 Non-Wires Solutions to Address System Needs. These costs are not included in OM&A for 2027–2031; therefore, eligible costs are incremental, prudently incurred OM&A expenses necessary to deliver NWS capacity relief to five MS/TS, including DER payments, contracting, equipment and system costs, operation and maintenance, administrative costs, EM&V, and costs of coordination with the IESO. Alectra Utilities will offset NWS Program OM&A costs any with third-party funding/recoveries (e.g., IESO incentives, municipal/partner contributions, federal grants) or OEB-approved incentive revenues such as MoP.

Materiality - Based on current planning, Alectra Utilities anticipates up to approximately \$13.2MM in OM&A expenses by the end of 2031 to acquire and operate up to 32 MW of flexible capacity to defer five MS/TS projects. This exceeds Alectra Utilities' materiality threshold of \$1MM, as defined in section 2.0.8 of the OEB's *Chapter 2 Filing Requirements for Electricity Distribution Rate Applications*. Although actual costs may differ from this forecast based on market price discovery, auction results, portfolio size, site-specific utilization, and realized performance, costs are expected to exceed Alectra Utilities' materiality threshold.

Prudence - Alectra Utilities intends to use competitive, transparent RFI/RFP/RFQ processes with clear eligibility, auction rules, performance obligations, penalties/remedies, and settlement mechanics tailored to distribution-level DER portfolios and local needs at targeted MS/TS. The NWS Program will be supported by application of the OEB's BCA Framework (including the Distribution Service Test), with assumptions updated to reflect realized pricing, utilization, and operating experience. Contracts will include M&V protocols and telemetry/controls requirements appropriate to resource type

1 and response speed; settlement will be tied to verified availability and delivered capacity
2 (or energy where applicable).

3 A draft accounting order for the proposed NWSDA, which includes a description of the
4 mechanics of the account, examples of the general ledger entries and the proposed manner in
5 which to dispose of the account, is provided in Appendix 'C'.

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

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

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

Effective January 1, 2027, Alectra Utilities will record in these accounts the OM&A costs associated with acquiring and operating distribution-level Non-Wires Solutions (NWS). Eligible cost components are limited to OM&A required as payments to DER owners/aggregators, contracting costs, equipment and system costs, operation and maintenance, administrative costs and EM&V, and costs of coordination with the IESO. Any amounts recorded will be net of any third-party funding or recoveries (e.g. IESO incentives, municipal/partner contributions, federal grants) and, if approved by the OEB, net of incentive revenues such as Margin-on-Payments (MoP) credited against the principal balance.

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

The sample journal entries are provided below:

Dr.	1508, Other Regulatory Assets, Sub-account NWS Program OM&A
Cr.	Account(s) associated with the NWS OM&A costs

To record NWS OM&A not included in base rates

Dr.	1508, Other Regulatory Assets, Sub-account NWS Program OM&A Carrying Charges
Cr.	4405, Interest and Dividend Income

To record carrying charges on the monthly opening balance in Account 1508, Sub-account NWS Program OM&A.

1 Dr. 4235, Other Operating Revenues/Miscellaneous Service Revenues
2 Cr. 1508, Other Regulatory Assets, Sub-account NWS Program OM&A

3 *To record approved incentive revenues*

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