
Ontario Energy Board issues decision on Alectra Utilities Corporation's application for additional capital funding for its Enersource and PowerStream rates zones.

On November 17, 2022, the Ontario Energy Board (OEB) issued its [Decision and Order](#) on Alectra Utilities Corporation's (Alectra) application for approval of incremental capital funding to repair or replace deteriorated underground cables in its Enersource and PowerStream rates zones. The Enersource rate zone covers electricity customers in the City of Mississauga. The PowerStream rate zone covers electricity customers in the cities of Barrie, Markham, and Vaughan and the towns of Aurora, Richmond Hill, Alliston, Beeton, Bradford West Gwillimbury, Penetanguishene, Thornton, and Tottenham.

Electricity distributors typically file a major rate application with the OEB to reset their rates every five years based on an in-depth review of their costs to serve their customers and to invest in and maintain their distribution systems. This is referred to as "rebasings". Between those rebasing applications, rates are typically set based on an OEB-approved formula that accounts for inflation and productivity. However, during that time OEB policy permits electricity distributors to apply for additional capital funding if certain criteria are met. This is referred to as the "Incremental Capital Module" or "ICM".

Alectra's next rebasing application is expected to be for distribution rates effective January 1, 2027, at the end of its deferred rebasing period.¹

In this application, Alectra sought:

- approval for \$25.3 million of incremental capital funding in 2023 for the renewal of deteriorated underground cables in the PowerStream and Enersource rate zones
- advanced approval of its request for capital funding of \$26.9 million in 2024 for the renewal of deteriorated underground cables in the PowerStream and Enersource rate zones. Rates for this request would be determined in the annual filing for 2024 rates.

In its Decision and Order, the OEB approved incremental capital funding in 2023 of:

- \$16.2 million for the PowerStream rate zone (a reduction of \$0.4 million from Alectra's request of \$16.6 million), subject to confirmation of the calculation based on the maximum incremental funding amount using the inflation factor for 2023.

¹ Following the merger in 2017 that formed Alectra, Alectra was granted a ten-year deferred rebasing period from 2017 to 2026 for the Horizon, Enersource, PowerStream and Brampton rate zones. The Guelph rate zone was later separately acquired and was granted a ten-year deferred period from 2019 to 2028.

- \$1.9 million for the Enersource rate zone (a reduction of \$6.8 million from the funding request of \$8.7 million) to reflect the OEB’s expectation that in 2023 Alectra will be able to fund a portion of the program cost through existing distribution rates as it has in the past.

The OEB denied Alectra’s request related to funding for its proposed 2024 cable renewal program. That request was not in keeping with the OEB’s policy that incremental capital funding requests for periods more than one year away should be reviewed as part of a rebasing application, and the OEB was not convinced that the balance of convenience and efficiency favours a deviation from that policy in this case.

About the OEB

The OEB is the independent regulator of Ontario’s electricity and natural gas sectors. It protects the interests of consumers and supports the collective advancement of the people of Ontario. Its goal is to deliver public value through prudent regulation and independent adjudicative decision-making which contributes to Ontario’s economic, social and environmental development.

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This Backgrounder was prepared by OEB staff to inform Ontario’s energy consumers about the OEB’s decision and is not for use in legal or regulatory proceedings. It is not part of the OEB’s reasons for the decision; those may be found in the Decision and Order issued November 17, 2022, which is the official OEB document.