Schedule 5.1 - Allocators

March 3, 2023

Functional and Classification Allocators

E - External Allocation Factors - based on direct knowledge from data in the utility's accounting and other records

I - Internal Allocation Factors - based on some combination of external allocation factors, previously directly assigned costs and other internal allocation factors.

Allocator Name	Description
Functional Allocators	
DIST	100% Functionalized to Distribution and is considered to be directly related to the Distribution System (E)
ONSITE	100% Functionalized to Onsite, which refers to the costs associated with a customer on the system (onsite includes a portion of service lines, meters and regulators installed on-site at the customer's premises) (E)
Classification Allocators	
CUST	based on costs that vary with specific customer requirements, the number of customers, or both (such as meters and service lines) - (100% classified to Customer) (E)
DEMAND	based on costs associated with design day demand (100% classified to Demand) (E)
MAINS	assumes 38% classification to Customer (to meet the minimum system requirements) and 62% classification to Demand (to meet peak demand needs) – applied to steel mains (E)
MAINS-PL	assumes 64% classification to Customer (to meet the minimum system requirements) and 36% classification to Demand (to meet peak demand needs) – applied to plastic mains (E)

Class Allocators

Demand Allocators	
MainsDemand	based on the Calculated peak design day - No amount allocated to Small General (E)
MainsDemand-PL	based on the Calculated peak design day - No amount allocated to Small General or ICG (E)
Peak	calculated peak design day (the 24-hour period where there is the maximum amount of system demand). Based on forecasted consumption with adjustments for forecasted weather (degree days) (E)
Delivery_Rev	percentages are established based on the breakdown of forecasted distribution revenue by rate class (E)
Customer Allocators	
Billing	calculated using average number of customers with a weighting to account for differences in assumed billing costs between classes. Allocations based on interviews with billing, professional judgment and advice from Black & Veatch (E)
Bills_All	calculated by multiplying the average number of customers in the class by 12 (assumed number of bills per customer per year) (E)
Delivery_Rev	percentages are established based on the breakdown of forecasted distribution revenue by rate class (E)
Incentives	based on incentive expenditures per rate class (E)
MainsCustomer	the average number of total customers in each rate class for 2022 (E)
MainsCustomer-PL	the average number of total customers in each rate class for 2022 – no allocation to ICG (E)
Meter_Invest	the average cost per meter, multiplied by the average number of customers in each rate class (E)
MetersRead	expenses are calculated using average number of customers and incorporating a weighting, using Black & Veatch assumptions based on prior client studies/experience, to account for differences in assumed costs between classes. The weightings account for staff time and capital (E)
Service_Invest	the average cost per service multiplied by the average number of customers in each rate class (E)
Write-offs	based on the percentage of bad debt expense calculated for each rate class (E)

Internal Allocators

Internal allocators are used for all three stages of the cost-of-service study; for functionalization, classification, and class allocation.

Internal Allocators	
DIST_PT	based on total Distribution Plant (I)
DISTOnlyPT	based only Distribution Plant Accounts 473 – 478 – used to allocate Land & Land Rights and Other Distribution Expenses and Development.
LABOR	total labour amount, based on a review of total O&M labour costs in each cost centre (I)
O&MXGAS	total operating expenses (less any gas related O&M i.e. gas nomination services) (I)
PLANT	total amount of Plant in Service (I)
MAIN&SERVICE	based on the mains and services portion of Distribution Plant and contains a Demand and Customer component (I)
RevReq	based on the revenue requirement (I)
RateBase	total amount of Rate Base (I)
RevReqxGas	total revenue requirement less any gas related expenses (I)