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**Commission de l'Énergie
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BY E-MAIL

October 18, 2017

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Alectra Utilities Corporation
Application for Rates
Board File Number EB-2017-0024**

Procedural Order No. 1 issued on September 8, 2017, as corrected and re-issued September 15, 2017, established that OEB staff was to file a proposed issues list, or, alternatively, advise the OEB in writing that the parties and OEB staff had been unable to reach an agreement on a draft issues list by October 18, 2017.

OEB staff advises the OEB that parties have been unable to reach an agreement on a draft issues list. OEB staff prepared a draft issues list for the consideration of the parties and the parties made suggestions for changes to this list, as is shown on the attached draft issues list. OEB staff notes that any proposed changes on the attached draft issues list that are not attributed to a specific party were proposed by Alectra Utilities. However, no agreement was reached among the parties for the inclusion of any of these issues on the final issues list.

Alectra Utilities made the suggestion that in the event parties were unable to agree on a proposed issues list the matter be discussed during the settlement conference next week in order to attempt to reach an agreement. No parties expressed opposition to this proposal, except for BOMA which expressed its view that it is important to settle the issues list before the settlement conference as parties need to know the issues they are being asked to deal with at the settlement conference and have some time to prepare their negotiating positions on each issue.

OEB staff supports Alectra Utilities' proposal that the issues list be discussed during the settlement conference next week. While mindful of the concerns expressed by BOMA, OEB staff notes in support of this approach that while it is unusual not to have an approved issues list going into a settlement conference the processing of the application has proceeded through the interrogatory stage in the absence of an issues

list and OEB staff is of the view that the settlement conference can commence in the absence of an approved issues list.

OEB staff further notes that the adoption of this approach by the OEB would allow the settlement conference to proceed as scheduled while providing parties with an opportunity to have face-to-face discussions concerning the issues list as part of the settlement process. OEB staff's view is that such an approach would enhance the probabilities of reaching agreement on as many of the issues as possible.

Original Signed by

Martin Davies
Project Advisor, Rates
Major Applications

Attachment

cc: Parties to EB-2017-0024

Alectra Utilities Corporation
2018 Distribution Rates Application
Ontario Energy Board File Number EB-2017-0024
Draft Issues List

1.0 CUSTOM INCENTIVE RATE APPLICATION UPDATE

1.1 Is the Year 4 Custom IR Update proposed by the Horizon Utilities Rate Zone complete and in accordance with the EB-2014-0002 settlement agreement and any applicable OEB ~~requirements~~ policies and practices and, if not, are any proposed departures adequately justified?

VECC comment: "Ensure that this issue covers looking at whether the earnings sharing is calculated correctly."

(City of Hamilton Proposed Additions to this issue)

Are the proposed rates for the HRZ just and reasonable?

What changes, if any, are required in the way street light rates are determined to ensure that they reflect existing circumstances and circumstances which may exist in 2018?

Whether Alectra is permitted to defer updating its load profile until rebasing in 2027? Whether updating the load profile on rebasing in 2027 is permissible under the decisions in EB-2014-0002 and EB-2016-0025.

2.0 INCENTIVE REGULATORY MECHANISM (IRM) SCHEDULES AND MODELS

2.1 Are the IRM Model filings by the Brampton, Enersource and PowerStream rate zones in accordance with ~~the OEB~~ requirements's policies and practices, and if not, are any proposed departures adequately justified?

2.2 Is Alectra Utilities' application of the Incremental Capital Module (ICM) criteria in accordance with the OEB requirements's policies and practices and if not, are any proposed departures adequately justified?

2.3 Is the level of planned capital expenditures proposed in the ICMs appropriate and is the rationale for planning, prioritization (addition proposed by AMPCO) and

pricing choices appropriate and adequately explained and should the level of expenditures be approved by the OEB, giving due consideration to:

~~customer feedback and preferences;~~

~~productivity;~~

~~compatibility with historical expenditures;~~

~~compatibility with applicable benchmarks;~~

~~reliability and service quality;~~

~~impact on distribution rates;~~

~~trade-offs with OM&A spending;~~

~~government-mandated obligations;~~

~~the objectives of Alectra Utilities and its customers; and~~

~~the five-year Distribution System Plans.~~

2.4 Are Alectra's proposals regarding the ICM True-ups appropriate? (CCC)

2.5 Is the Enersource Distribution System Plan appropriate? (BOMA)

2.5 Does the DSP filed for the Enersource Rate Zone provide sufficient information to support the proposed ICM for this rate zone? Is the DSP for the Enersource Rate Zone in accordance with the Board's filing guidelines? (VECC suggestion for this issue)

3.0 ACCOUNTING

3.1 Are Alectra Utilities' proposals for deferral and variance accounts, including the balances in the existing accounts and their disposition, requests for new accounts and the continuation of existing accounts, appropriate?

VECC comment: "Ensure that this issue captures clearance of the LRAMVA and includes specific reference to the proposed Metrolinx and GO Rail deferral accounts."