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**BY E-MAIL**

November 10, 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 (Corrected and Re-Issued September 15, 2017), established that if there was no settlement proposal arising from the Settlement Conference, parties were to file and serve on the other parties by November 10, 2017 any submissions on which issues should be heard in writing, and for which issues the OEB should hold an oral hearing.

On November 3, 2017, Alectra Utilities advised the OEB that no settlement had been reached by Alectra Utilities and parties during the Settlement Conference held on October 25 and 26<sup>th</sup>, 2017.

Procedural Order No. 2, issued on October 24, 2017, established that OEB staff was to file a draft issues list agreed to by OEB staff, intervenors and Alectra Utilities by November 3, 2017, but that in the absence of an agreement on a draft issues list, OEB staff, intervenors and Alectra Utilities were permitted to file further comments with the OEB on the revised draft issues list contained in Schedule A of the Procedural Order by November 3, 2017.

On November 3, 2017, OEB staff advised the OEB that no agreement had been reached by the parties on a draft issues list.

The comments of parties suggested that the revised draft issues list was appropriate with the exception that there were two additional areas for which issues were suggested to be added to or be encompassed by the revised draft issues list.

These both related to Issue 1.1 which is described as follows on the revised draft issues list:

Is the Year 4 Custom IR Update proposed for the Horizon Utilities rate zone (RZ) complete and in accordance with the framework accepted by the OEB from the EB-2014-0002 settlement agreement and any applicable OEB policies, practices and requirements and, if not, are any proposed departures adequately justified?

The first suggestion, which was made by a number of parties, but opposed by Alectra Utilities, was that this issue either be stated to encompass, or be rewritten or expanded to include the capitalization change, which had been made by Alectra Utilities in the Horizon rate zone.

The second suggestion, which was made by the City of Hamilton, was that this issue be expanded to include changes, if any, that are required in the way streetlighting rates are determined in the Horizon RZ in order that they give full effect to the City of Hamilton's LED conversion program and related issues.

OEB staff submits that all issues on the revised draft issues list except for those related to the Incremental Capital Modules (ICM) filed for the Brampton, Enersource and PowerStream rate zones (i.e. issues 2.2 to 2.5) can be dealt with in writing. In OEB staff's view, the process could benefit from further testing of the ICM requests given the extent and scope of the proposals.

OEB staff further submits that if either or both of the suggested additions noted above are added to the approved issues list by the OEB, they would likely need to be dealt with orally. OEB staff notes that the OEB panel may benefit from hearing directly from parties on the capitalization matter and how parties are interpreting the prior settlement agreement.

*Original Signed by*

Martin Davies  
Project Advisor, Rates  
Major Applications

cc: Parties to EB-2017-0024