

CCC-1

Please file all materials provided to the Executive Team and the Alectra Board of Directors when seeking approval of this Application, and the specific requests for relief included in the Application.

Response:

1 Alectra Utilities provides two PowerPoint presentations that were presented to its Executive
2 Committee, in advance of the filing of this Application. CCC-1_Attach 1 is the presentation
3 delivered by the Vice President Regulatory Affairs to the Executive Committee in March 2017.
4 CCC-1_Attach 2 is the presentation delivered by the Vice President Regulatory Affairs to the
5 Executive Committee in May 2017.
6 There were no materials filed with the Alectra Board of Directors seeking approval of this
7 Application. The President and CEO of Alectra, Brian Bentz, in conjunction with his Executive
8 Team, has the mandate to approve the filing of rate applications.
9 Alectra Utilities has also provided CCC-1_Attach 3_Reg Report_Applications_17_05_19 and
10 CCC-1_Attach 4_Reg Update_Applications_17_08_24. Both of these reports to the Alectra
11 Utilities Audit, Finance and Risk Management Committee of the Board of Directors contain
12 updates on the application.

Upcoming Alectra Utilities Rate Application – 2018 Rates

March 2017

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Rate Setting Method

Rate Zone	Last Rebasing	2016	2017	2018	2019	2020
Enersource	2013	IRM	IRM	IRM	IRM	IRM
Horizon Utilities	2015	Custom	Custom	Custom	Custom	IRM
Hydro One Brampton	2016	Cost of Service	IRM	IRM	IRM	IRM
PowerStream	2017	IRM	Cost of Service	IRM	IRM	IRM

IRM = Incentive Regulation Mechanism



Application Requirements – by Rate Zone

Horizon Utilities Rate Zone – Annual Filing

- Revenue requirement update for:
 - Cost of Power flow-through costs
 - Cost of Capital Parameters;
 - OEB Policy changes;
 - Ministerial Directives (e.g. OESP)
- 2016 Actuals for:
 - Earnings Sharing Mechanism (“ESM”);
 - Capital Investment Variance Account (“CIVA”);
 - Efficiency Adjustment



Application Requirements – by Rate Zone

(cont'd)

All other Rate Zones – IRM + Incremental Capital Module (“ICM”) Application

IRM

- inflation rate, stretch factor (based on efficiency cohort ranking)

ICM

- Provide explanation for any ICM that could not have been foreseen or sufficiently planned as part of DSP;
- Establish need for and prudence of proposed projects:
- Provide materiality threshold calculation;
- Provide means test calculation and explanation if overearning in last historical actual year;
- Calculate incremental revenue requirement and proposed ICM rate riders; and
- Explain significant differences in capital budget forecast from DSP forecast.



Application Requirements – by Rate Zone

(cont'd)

All other Rate Zones – IRM + ICM Application

Third Party Assurance

- expected to present objective, well researched information, supported by a high quality and thorough analysis (using either third party or internal resources) that can be rigorously tested

Customer Consultation

- overview of customer needs, preferences and expectations learned through the utility's customer engagement activities
- demonstrate how the utility has reflected customer input in the development of its plans.



Criteria for ICM Eligibility

Distributors proposing amounts for recovery by way of an ICM must meet all three of the following criteria:

Materiality:

- Determines the eligible incremental capital allowable for ICM funding
- Calculated as the difference between the total capital budget and the OEB defined materiality threshold – maximum amount eligible for recovery
- Materiality threshold formula has been updated to incorporate a growth factor to take into account multi-year impacts – no longer a single year-over-year change
- ICM request must have significant influence on operation of the distributor



Criteria for ICM Eligibility (cont'd)

Need:

- Means Test
 - Determines qualification for incremental capital funding;
 - Calculation is based on the actual regulated rate of return compared to the OEB approved rate of return;
 - If the regulated rate of return exceeds the OEB approved rate of return by over 300 basis points, incremental capital funding is not allowed.
- Amounts must be:
 - based on discrete projects; and
 - clearly outside of the base upon which rates were derived.

Prudence:

- Distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers



Eligible Projects

Eligible Projects

- Can include normal and expected capital investments
- Are no longer limited to non-discretionary projects
- Cannot be part of typical annual programs
- Must be material: Brampton \$0.38MM, Enersource \$0.59MM, PowerStream \$0.998MM
- Must be discrete and directly related to the claimed driver
 - the Board does not define “discrete”; will determine on a case by case basis

Eligible Discrete Projects

Enersource Rate Zone	
Project	2018 Proposed ICM
Substation Upgrade - York MS (Equipment)	\$1,026,041
Substation Upgrade - York MS (Civil Construction)	\$2,205,988
Overhead Rebuilds - Lake/John	\$927,370
Overhead Rebuilds - Church	\$1,020,107
Leaking Transformer Replacement Project - Overhead	\$3,663,239
Leaking Transformer Replacement Project - Padmount/Vault	\$4,784,004
Subdivision Rebuild - Glen Erin & Montevideo (Section 1)	\$1,548,270
Subdivision Rebuild - Credit Woodlands Crt/Wiltshire	\$1,961,142
Subdivision Rebuild - Tenth line Main Feeder	\$1,135,398
Subdivision Rebuild - Folkway & Erin Mills Main Feeder	\$1,032,180
Road Widening Project - QEW (Evans to Cawthra)	\$1,617,775
Substation Upgrade - Webb MS	\$4,432,750
Subdivision Rebuild - Glen Erin & Battleford	\$1,548,270
Subdivision Rebuild - Walmart Cables	\$1,548,270
Total Enersource Rate Zone	\$28,450,804

Eligible Discrete Projects (cont'd)

Draft Brampton Rate Zone	
Project	2018 Proposed ICM (TBD)
CCRA True-Up: Pleasant TS	\$6,923,000

PowerStream Rate Zone	
Project	2018 Proposed ICM
Road Authority YRRT Yonge St	\$14,283,443
Radial Supply Remediation/Conversion - 13.8 to 27.6 kV on Miller Ave	\$1,628,533
Station Switchgear Replacement (ACA) 8th Line MS323	\$1,394,991
Planned Circuit Breaker Replacement - Richmond Hill TS#1	\$2,341,642
Install Two 27.6kV Ccts on 16th Ave from Hwy 404 to Woodbine Ave	\$1,187,653
Build double ccts 27.6kV pole line on 19th Ave between Leslie St and Bayview Ave	\$1,202,306
Rebuild 27.6 kV pole line on Warden Ave into 4 ccts from 16th Ave to Major Mack	\$1,372,976
Vaughan TS#4 Feeder Integration - Part 2	\$4,302,513
Double Circuit existing 23M21 Circuit from Bayfield & Livingstone to Little Lake MS.	\$2,148,044
Total PowerStream Rate Zone	\$29,862,102

Total All Rate Zones	\$65,235,906
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Update on Customer Consultation

- RFP issued to two respondents on February 22, 2017
- Addendum issued on March 2, 2017
- RFP responses due on March 6, 2017
- Tentative presentation day scheduled for March 9, 2017



Update on DSP Review and Third Party Assurance

- Limited options for 3rd party review
- OEB has engaged many of the engineering firms – conflict of interest
- Vanry and KPMG are options



OEB Customer Consultation Post Filing

- OEB implemented its new customer engagement framework to “engage with and empower energy consumers”
- Community meetings to share summary of the application and raise awareness of the OEB
- Likely to be used in “major” ICM applications



Strategic Considerations

- Advanced Capital Module release and MAADs policy released after HOBNI filing
- Enersource and PowerStream – need a different application approach
- Capitalization policy impacts
- LRT variance account?
- Z-factor or other levers for CCRA

Timeline for 2018 Application

Start Date	End Date	Activity	Responsibility
Mar 6-2017	Apr 28-2017	Solicit/receive 3rd party assurance for DSPs	VP Regulatory/3rd party-DSP
Mar 6-2017	Mar 31-2017	Engage 3rd party to conduct customer engagement	VP Regulatory
Mar 6-2017	Mar 31-2017	Internal review of DSPs to determine capital requirements; identify changes to DSPs based on merger/other activates; communicate to 3rd party-DSP	VP Asset Management
Apr 3-2017	Apr 21-2017	Conduct customer engagement; present potential capital projects to customers for feedback	3rd party-Customer Engagement
Apr 10-2017	Apr 26-2017	1st draft of ICM section of Annual Filing (establish need and prudence, provide materiality threshold calc, means test calc, revenue requirement calc, differences in capital budget vs. DSP)	Director Regulatory
Apr 27-2017	May 10-2017	Review 1st Draft of Submission - ICM section	VP Regulatory/VP Asset Management
May 1-2017	May 12-2017	Modify capital projects eligible for funding and revise funding request based on DSP assurance and customer engagement	Asset Management/Regulatory
May 15-2017	Jun 2-2017	1st draft of Annual Filing including rates and ICM funding	Regulatory
Jun 5-2017	Jun 9-2017	Review Final Draft of Submission	VP Regulatory/VP Asset Management
Jun 12-2017	Jun 16-2017	Review Final Draft of Submission	CFO
Jun 23-2017	Jun 23-2017	Final Submission	VP, Regulatory Affairs

Alectra Utilities Application Update

May 15, 2017

Bill Impacts

Distribution Bill Impacts including Distribution Specific Rate Riders									
Rate Zone		Brampton		Enersource		Horizon Utilities		PowerStream	
Rate Class	Monthly Volume	2018 vs. 2017		2018 vs. 2017		2018 vs. 2017		2018 vs. 2017	
		\$	%	\$	%	\$	%	\$	%
Residential	750 kWh	\$ 0.12	0.50%	\$ 0.47	1.91%	\$ (1.63)	(5.76)%	\$ 0.48	1.69%
GS<50	2,000 kWh	\$ (1.00)	(1.60)%	\$ 3.53	4.99%	\$ (2.98)	(4.57)%	\$ 3.09	4.68%

Total Distribution Bill Impacts including All Rate Riders									
Rate Zone		Brampton		Enersource		Horizon Utilities		PowerStream	
Rate Class	Monthly Volume	2018 vs. 2017		2018 vs. 2017		2018 vs. 2017		2018 vs. 2017	
		\$	%	\$	%	\$	%	\$	%
Residential	750 kWh	\$ 1.82	7.36%	\$ 0.89	3.26%	\$ (1.55)	(5.19)%	\$ (1.55)	(4.81)%
GS<50	2,000 kWh	\$ 3.54	5.64%	\$ 4.63	6.13%	\$ (2.98)	(4.35)%	\$ (2.11)	(2.83)%

ICM Impact			
Rate Class	Monthly Volume	Enersource	PowerStream
Residential	750 kWh	\$0.42	\$0.26
GS<50kW	2,000 kWh	\$1.17	\$0.67
GS>50-499kW	250 kW	\$21.76	\$11.26
GS>500-4,999kW	2250 kW	\$125.38	n/a
Large Use	5000 kW	\$504.14	\$163.32
Capital Requirement		\$28,643,339	\$25,891,795
Revenue Requirement		\$2,312,951	\$1,904,507

Alectra-Enersource 2018-2022 DSP

- As part of the 2018 IRM+ICM Application, an updated DSP for Mississauga will be filed with the OEB representing a 5 year investment of \$ 430.5 MM
- Investment portfolio aligns with Alectra's 2017-2021 Business Plan but does not include adjustment for synergies nor transitional costs related primarily to the general plant category.

2018-2022 Alectra-Enersource DSP (000s)	2018	2019	2020	2021	2022	Total
System Access	22,837	22,274	22,349	21,229	13,749	102,438
System Renewal	40,910	42,150	41,520	40,160	36,940	201,680
System Service	16,007	14,847	13,917	13,982	15,397	74,150
General Plant	12,023	10,267	11,196	10,040	8,669	52,195
Total	91,777	89,538	88,982	85,411	74,755	430,463

Alectra-Enersource 2018-2022 DSP

- System access investments account for 24% of the 5 year DSP investment plan largely driven by the Light Rail Transit project, ICI connections, road widening and connection of new condominiums.

System Access

Description	2018	2019	2020	2021	2022	Total
Light Rail Transit	8,400	8,800	8,550	7,800	1,200	34,750
Industrial & Commercial Services	4,346	4,346	4,346	4,346	4,346	21,728
Road Projects	4,206	3,306	3,606	3,306	2,106	16,530
New Subdivisions	2,172	2,172	2,172	2,172	2,172	10,858
Smart Metering in New Condos	1,426	1,446	1,446	1,446	1,446	7,210
Metering Equipment	1,384	1,337	1,337	1,337	1,437	6,832
Residential Service Upgrades	763	763	763	763	763	3,815
Wholesale Metering	45	35	65	10	280	435
Green Energy - FIT/MicroFIT	95	70	65	50	-	280
Total	22,837	22,274	22,349	21,229	13,749	102,438

Alectra-Enersource 2018-2022 DSP

- System renewal investments account for 47% of the 5 year investment plan. Significant drivers include the subdivision renewal projects, overhead renewal and transformer replacement project.

System Renewal

Description	2018	2019	2020	2021	2022	Total
Subdivision Renewal Projects	16,102	17,252	18,502	18,502	18,502	88,860
Overhead Distribution Renewal and Sustainment	6,492	7,032	7,032	7,032	7,212	34,800
Transformer Replacement	9,578	9,578	7,548	5,438	1,438	33,580
Underground Distribution Renewal and Sustainment	4,670	4,670	4,670	4,670	4,670	23,350
Subtransmission Renewal	3,736	3,286	3,436	4,186	4,786	19,430
Emergency Replacement Program	332	332	332	332	332	1,660
Total	40,910	42,150	41,520	40,160	36,940	201,680

Alectra-Enersource 2018-2022 DSP

- System service investments make up 17% of the 5 year investment plan largely driven by construction and upgrades of municipal substations. On average, Enersource plans to renew or upgrade five stations per year over the planning period.

System Service

Description	2018	2019	2020	2021	2022	Total
Municipal Substation Construction & Upgrades	9,927	9,052	7,902	8,212	9,352	44,443
Automation / SCADA Replacement and Enhancement Program	3,482	3,357	3,517	3,272	3,547	17,173
Subtransmission Expansion	2,599	2,439	2,499	2,499	2,499	12,535
Total	16,007	14,847	13,917	13,982	15,397	74,150

Alectra-Enersource 2018-2022 DSP

- General plant accounts for 12% of the 5 year plan. The GP investment portfolio aligns with Alectra's 2017-2021 Business Plan but does not include adjustment for synergies nor transitional costs.

General Plant

Description	2018	2019	2020	2021	2022	Total
Grounds & Buildings	3,200	3,325	3,575	3,050	2,295	15,445
Rolling Stock	2,520	2,796	3,101	2,428	1,887	12,732
Information Technology	1,258	1,231	2,160	1,967	1,377	7,993
Meter to Cash	2,260	1,950	1,150	1,130	1,400	7,890
Engineering & Asset Systems	580	675	875	1,205	745	4,080
JDE/ERP System	2,005	90	135	60	765	3,055
Major Tools	200	200	200	200	200	1,000
Total	12,023	10,267	11,196	10,040	8,669	52,195



Customer Engagement Update

- Engaged Innovative Research
- Online Workbook
 - In market for all rate zones
 - Allows all customers to provide feedback to Alectra
- Telephone Survey
 - Enersource and PowerStream
 - Residential, GS<50kW, GS >50kW

Timeline and Next Steps

Task	Timeline
Update DSP based on Vanry and Torsys Observations	Apr 24th - May 19th
Submit Draft DSP to Vanry, Torsys, SVP Network Services	May 19th
Receive Feedback from Vanry, Torsys, SVP Network Services	May 26th
Receive Feedback from Customer Engagement	May 26th
Incorporate changes from Customer Engagement, Vanry, Torsys & SVP	May 26th - June 2nd
Final Draft Submitted to President and to CFO	June 2nd
Comments back from President and from CFO	June 9th



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REPORT

Date of Report	April 24, 2017
Submitted by	Indy J. Butany-DeSouza
Subject	Regulatory Update - Applications
Item #	3 b)
Meeting Date	May 19, 2017

☒ For Information

☐ For Approval

This Regulatory Report addresses the upcoming Alectra Utilities electricity distribution rate (“EDR”) applications.

Electricity Distribution Rate Applications

Alectra Utilities will be filing one application for 2018 electricity distribution rates (“EDR”) for all four rate zones (in late Q2/ early Q3) for an update to EDR and other charges, effective January 1, 2018. The methodology through which Alectra Utilities will request 2018 EDR is dependent on the application methodology for the predecessor utilities, now rate zones, and where each rate zone is in the OEB’s rate-setting process. The Horizon Utilities rate zone will be filing its third annual update to its Custom Incentive Rate Application; the Brampton, Enersource and PowerStream rate zones will be filing under the OEB’s Incentive Regulation Mechanism (“IRM”).

Horizon Utilities Rate Zone

Alectra Utilities’ EDR and other charges for the Horizon Utilities rate zone for the 2015-2019 rate plan term were set through the OEB’s Custom Incentive Rate-setting (“CIR”) mechanism in 2015. Horizon Utilities files an annual update that includes mechanistic adjustments, as well as adjustments due to generic OEB policy changes that apply to all distributors, as agreed in the Settlement Agreement.

In the 2018 Annual Filing, Alectra Utilities will seek the following:



- An adjustment to base distribution rates as a result of changes to: (i) cost of capital parameters, and (ii) working capital base due to Cost of Power flow-through costs;
- Approval for the calculation of its 2016 achieved ROE of 9.88% for the purposes of earnings sharing;
- Approval for the continuation of the implementation of the New Distribution Rate Design for residential customers – this will be the third year of a four year implementation to fully fixed rates for residential customers;
- Approval to reduce the 2017 Street Lighting Class revenue to cost ratio ("RCR") by 6.67% to 106.66% from the 2017 RCR of 133.33%; and
- Disposition of Deferral and Variance Accounts through rate riders.

The Settlement Agreement with respect to the 2015 CIR Application included three contingent revenue adjustment mechanisms: an Earnings Sharing Mechanism ("ESM"); a Capital Investment Variance Account ("CIVA"); and an Efficiency Adjustment. The adjustments under these mechanisms are as follows:

- ESM: The ESM requires that earnings in excess of the approved ROE be shared on an equal basis with customers. The 2017 ROE was 9.88%, which was 0.69% higher than the 2016 approved ROE of 9.19%. This translates into an earnings excess of \$1.4MM, 50% or \$0.7MM of which will be shared with customers, subject to a review of the Application;
- CIVA: If Alectra Utilities' actual capital additions in the Horizon Utilities rate zone are less than forecast in its CIR Application, the revenue requirement corresponding to the shortfall is returned to customers. In 2016, actual capital additions with respect to the Horizon Utilities rate zone were \$3.1MM higher than forecast in the CIR Application. On this basis, Alectra Utilities does not have a CIVA liability at this time;
- The Efficiency Adjustment applies in the event that efficiency cohort for the Horizon Utilities rate zone is less than Cohort III in any year during the CIR term, as identified in the OEB's annual Benchmarking Report. The OEB will release the Benchmarking Report in Q3. Assuming there is no change in the efficiency ranking, no Efficiency Adjustment will be made to the revenue requirement for the 2018 Rate Year as provided for in the Settlement Agreement.

Bill impacts for 2018 as compared to 2017 are being developed for the Horizon Utilities' rate zone.



Brampton, Enersource and PowerStream Rate Zones

Alectra Utilities will be filing IRM applications for the Brampton, Enersource and PowerStream rate zones.

Under the IRM methodology, rate escalation is based on a price cap index, which is equal to inflation less a productivity component and stretch factor determined by the OEB.

The Brampton, Enersource and PowerStream rates zones will also be filing for:

- Disposition of Deferral and Variance Accounts through rate riders;
- Approval for the continuation of the implementation of the New Distribution Rate Design for residential customers; and
- Incremental Capital Module ("ICM") requests for the Enersource and PowerStream rate zones. The ICM addresses the treatment of capital investment needs that arise during the rate-setting plan which are incremental to a materiality threshold. The magnitude of the capital request for each of the rate zones is not likely to exceed \$29MM for the Enersource rate zone and \$26MM for the PowerStream rate zone.

The aforementioned figures exclude incremental capital associated with the Metrolinx project to electrify the GO Transit lines. Management continues to receive updates from Metrolinx on potential investment in the various rate zones. The timing and magnitude of the related investment in order to move Alectra Utilities' plant from the right of way is unknown. The Application may include a request for a deferral account for the related investment, given the current uncertainty.

Bill impacts are being developed and will be provided in due course.



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**REPORT TO THE
AUDIT FINANCE AND RISK MANAGEMENT COMMITTEE**

Date of Report	July 28, 2017
Submitted by	Indy J. Butany-DeSouza, VP, Regulatory Affairs
Subject	Regulatory Affairs Update - Applications
Item #	3.6
Meeting Date	August 24, 2017

☒ For Information

☐ For Approval

Summary

This Regulatory Report addresses Alectra Utilities' 2018 electricity distribution rate ("EDR") application, filed with the Ontario Energy Board ("OEB") on July 7, 2017.

Management has provided a separate report on current regulatory issues in the electricity sector.

Electricity Distribution Rate ("EDR") Applications - 2018

Alectra Utilities filed one application for 2018 EDR for all four predecessor utilities (now referred to as rate zones ("RZ")) for adjustments to distribution rates and other charges, effective January 1, 2018. The methodology through which Alectra Utilities requested EDR was dependent on the application methodology for each of the predecessor utilities. Alectra Utilities filed: i) the third annual update to the Custom Incentive rate ("CIR") plan for the Horizon Utilities RZ; and ii) Price Cap adjustments under the OEB's Incentive Regulation Mechanism ("IRM") for the Brampton, Enersource and PowerStream RZs.

Horizon Utilities Rate Zone

Alectra Utilities filed an annual update that included mechanistic adjustments, as well as adjustments due to generic OEB policy changes that apply to all distributors, as agreed in the Settlement Agreement.



In the 2018 Annual Filing for the Horizon Utilities RZ, Alectra Utilities will seek the following:

- An adjustment to base distribution rates as a result of changes to (i) cost of capital parameters and (ii) working capital due to Cost of Power flow-through costs;
- Approval for the calculation of its 2016 achieved ROE of 9.88% for the purposes of earnings sharing;
- Approval for the continuation of the implementation of fixed distribution rates for residential customers – this will be the third year of a four year implementation to fully fixed rates for residential customers;
- Approval to reduce the 2017 Street Lighting Class revenue to cost ratio (“RCR”) by 6.67% to 106.66% from the 2017 RCR of 113.33%;
- Disposition of Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) balances at December 31, 2015 related to Conservation and Demand Management (“CDM”) activities; and
- Disposition of Deferral and Variance Accounts through rate riders.

The Settlement Agreement with respect to the former Horizon Utilities 2015 CIR Application included three contingent revenue adjustment mechanisms: an Earnings Sharing Mechanism (“ESM”); a Capital Investment Variance Account (“CIVA”); and an Efficiency Adjustment. The adjustments under these mechanisms are as follows:

- ESM: The ESM requires that earnings in excess of the approved ROE be shared on an equal basis with customers. The 2017 ROE was 9.88%, which was 0.69% higher than the 2016 approved ROE of 9.19%. This corresponds to an earnings excess of \$1.4MM, 50% or \$0.7MM of which will be shared with customers subject to the determination of the OEB’s review of the Application;
- CIVA: If Alectra Utilities’ actual capital additions in the Horizon Utilities RZ are less than forecast in its CIR Application, the revenue requirement related to the shortfall is returned to customers at the end of the rate plan term. In 2016, actual capital additions in the Horizon Utilities RZ were \$3.1MM higher than forecast in the CIR Application. On this basis, Alectra Utilities does not have a CIVA liability;
- The Efficiency Adjustment applies in the event that the efficiency cohort for the Horizon Utilities RZ falls below Cohort III in any year during the CIR term, as identified in the OEB’s annual Benchmarking Report. The OEB will release a revised Benchmarking



Report in early Q3, 2017. Assuming there is no change in the efficiency ranking, no Efficiency Adjustment will be made to the revenue requirement for the 2018 Rate Year.

Brampton, Enersource and PowerStream Rate Zones

Alectra Utilities filed Price Cap adjustments under the OEB's IRM for the Brampton, Enersource and PowerStream rate zones, for the related EDR.

Under the IRM methodology, rate escalation is based on a price cap index, which is equal to inflation less a productivity component and stretch factor determined by the OEB.

The Brampton, Enersource and PowerStream rates zones will also be filing for:

- Disposition of Deferral and Variance Accounts through rate riders;
- Disposition of LRAMVA balances at December 31, 2015 related to CDM activities for the Enersource and PowerStream rate zones – Brampton requested disposition of LRAMVA balances at December 31, 2015 in its 2017 Annual Filing;
- Approval for the continuation of the implementation of fixed rates for residential customers; and
- Incremental capital funding through distribution rate riders, effective January 1, 2018 until the next rebasing application. The Incremental Capital Module ("ICM") addresses the treatment of capital investment needs that arise during the rate-setting plan which are incremental to a materiality threshold. The magnitude of the capital request for each of the rate zones is: \$6.8MM for the Brampton RZ; \$24.2MM for the Enersource RZ; and \$25.1MM for the PowerStream RZ. The magnitude of the ICM revenue request for each of the rate zones is: \$0.7MM for the Brampton RZ; \$2.0MM for the Enersource RZ; and \$1.8MM for the PowerStream RZ.

The aforementioned relief sought excludes incremental capital associated with the Metrolinx project to electrify the GO Transit lines. Management continues to receive updates from Metrolinx on potential investment in the various rate zones. The timing and magnitude of corresponding Alectra investment to move its plant from the right of way is unknown. The Application includes a request for a deferral account for the related investment, given the current uncertainty.

Summary of Bill Impacts

A summary of bill impacts for each rate class is presented in the tables below.



Table 1 – Distribution Bill Impacts – Horizon Utilities RZ

Distribution Bill Impacts - Horizon Utilities RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ (1.68)	(5.94)%
GS<50	kWh	2,000	\$ (2.40)	(3.68)%
GS>50	kW	250	\$ (2.80)	(0.27)%
Large User	kW	5,000	\$ 898.45	2.92%
Large User with Dedicated Assets	kW	20,000	\$ (64.42)	(0.53)%
Street Lighting	kW	4,974	\$ (3,694.87)	(3.49)%

Table excludes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the distribution bill impact is (\$1.68) or (5.94%) for the Horizon Utilities RZ, driven by the proposed ESM refund and a decrease in cost of power flow-through costs.

Table 2 – Total Bill Impacts – Horizon Utilities RZ

Total Bill Impacts - Horizon Utilities RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ (0.23)	(0.21)%
GS<50	kWh	2,000	\$ 1.28	0.44%
GS>50	kW	250	\$ (238.11)	(1.36)%
Large User	kW	5,000	\$ 7,424.96	1.87%
Large User with Dedicated Assets	kW	20,000	\$ 24,407.11	1.67%
Street Lighting	kW	4,974	\$ (7,491.78)	(1.96)%

Table includes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the total bill impact is (\$0.23) or (0.21%) for the Horizon Utilities RZ, driven by the proposed ESM refund and a decrease in cost of power flow-through costs, partially offset by a lower amount refunded for deferral and variance accounts compared to 2017.



Table 3 – Distribution Bill Impacts – Brampton RZ

Distribution Bill Impacts - Brampton RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ 0.23	0.98%
GS<50	kWh	2,000	\$ (2.39)	(3.84)%
GS 50-699 kW	kW	500	\$ (88.81)	(5.32)%
GS 700-4,999 kW	kW	1,432	\$ (152.06)	(2.48)%
Large User	kW	20,000	\$ (4,760.11)	(7.84)%
Street Lighting	kW	4,000	\$ 1,842.87	1.31%

Table excludes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the distribution bill impact is \$0.23 or 0.98% for the Brampton RZ, driven by the proposed ICM rate rider.

Table 4 – Total Bill Impacts – Brampton RZ

Total Bill Impacts - Brampton RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ 2.27	2.18%
GS<50	kWh	2,000	\$ 2.89	1.01%
GS 50-699 kW	kW	500	\$ (769.87)	(2.60)%
GS 700-4,999 kW	kW	1,432	\$ (2,566.91)	(2.52)%
Large User	kW	20,000	\$ 29,303.04	1.93%
Street Lighting	kW	4,000	\$ (8,546.56)	(1.48)%

Table includes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the total bill impact is \$2.27 or 2.18% for the Brampton RZ, driven by the proposed ICM rate rider and a lower amount refunded for deferral and variance accounts compared to 2017.



Table 5 – Distribution Bill Impacts – PowerStream RZ

Distribution Bill Impacts - PowerStream RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ 0.54	1.92%
GS<50	kWh	2,000	\$ 3.48	5.27%
GS>50	kW	250	\$ 56.54	4.72%
Large User	kW	7,350	\$ 502.49	2.21%
Street Lighting	kW	1	\$ 0.07	0.97%

Table excludes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the distribution bill impact is \$0.54 or 1.92% for the PowerStream RZ, driven by the proposed ICM rate rider.

Table 6 – Total Bill Impacts – PowerStream RZ

Total Bill Impacts - PowerStream RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ (2.05)	(1.84)%
GS<50	kWh	2,000	\$ (3.13)	(1.05)%
GS>50	kW	250	\$ (130.56)	(0.96)%
Large User	kW	7,350	\$ (12,125.48)	(2.74)%
Street Lighting	kW	1	\$ (0.62)	(1.18)%

Table includes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the total bill impact is (\$2.05) or (1.84%) for the PowerStream RZ, driven by a refund of deferral and variance account balances accumulated over for the two year period from 2015 to 2016.



Table 7 – Distribution Bill Impacts – Enersource RZ

Distribution Bill Impacts - Enersource RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ 0.41	1.67%
GS<50	kWh	2,000	\$ 3.41	4.82%
GS 50-499 kW	kW	230	\$ 138.58	11.86%
GS 500-4,999 kW	kW	2,250	\$ 535.83	7.36%
Large User	kW	5,000	\$ 1,368.85	4.68%
Street Lighting	kW	0.1	\$ (2.79)	(101.95)%

Table excludes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the distribution bill impact is \$0.41 or 1.67% for the Enersource RZ, driven by the proposed ICM rate rider.

Table 8 – Total Bill Impacts – Enersource RZ

Total Bill Impacts - Enersource RZ				
Customer Class	Billing Units	Average Monthly Volume	2018 vs. 2017	
			\$	%
Residential	kWh	750	\$ 1.26	1.18%
GS<50	kWh	2,000	\$ 5.79	1.92%
GS 50-499 kW	kW	230	\$ (9.73)	(0.06)%
GS 500-4,999 kW	kW	2,250	\$ 682.62	0.92%
Large User	kW	5,000	\$ 5,465.08	1.19%
Street Lighting	kW	0.1	\$ (3.20)	(40.03)%

Table includes the impact of HST (13%) & Provincial Rebate (8%)

For a typical residential customer using 750 kWh/month, the total bill impact is \$1.26 or 1.18% for the Enersource RZ, driven by the proposed ICM rate rider and a lower amount refunded for deferral and variance accounts compared to 2017.

Form of Hearing and Adjudication Timeline

Alectra Utilities requested the disposition of the application by way of written hearing. It is possible that the OEB will either adjudicate all elements of the application by way of written hearing, or that



it will split the application, such that mechanistic adjustments will be managed by way of written hearing and the ICM applications and DSP review will comprise a partial oral hearing.

Management has provided the following estimated adjudication timelines based on either a full written hearing or a written hearing and partial oral hearing in the tables, below.

Table 9 – Adjudication Timeline – Written Hearing

Adjudication Timeline - Written Hearing	Day	Date
Application Filed	0	07-Jul-17
Notice and Letter of Direction	23	01-Aug-17
Intervention Period	44	22-Aug-17
Procedural Order ("PO") #1	50	28-Aug-17
Interrogatories Issued	54	01-Sep-17
Interrogatories Filed with OEB	75	22-Sep-17
Technical Conference	89	06-Oct-17
Filing of Technical Conference Undertakings	96	13-Oct-17
Close of the Record	150	06-Dec-17
Decision Issued	185	10-Jan-18
Draft Rate Order Filed	199	24-Jan-18
OEB Staff and Intervenor Comments on DRO	206	31-Jan-18
Applicant Reply on DRO	213	07-Feb-18
Final Rate Order Issued by OEB	230	24-Feb-18

Table 10 – Adjudication Timeline – Oral Hearing

Adjudication Timeline - Partial Oral Hearing	Day	Date
Application Filed	0	07-Jul-17
Notice and Letter of Direction	23	01-Aug-17
Intervention Period	44	22-Aug-17
Procedural Order ("PO") #1	50	28-Aug-17
Interrogatories Issued	54	01-Sep-17
Interrogatories Filed with OEB	75	22-Sep-17
Technical Conference	89	06-Oct-17
Filing of Technical Conference Undertakings	96	13-Oct-17
Oral Hearing Begins	106	23-Oct-17
Filing of Oral Hearing Undertakings	113	30-Oct-17
Argument in Chief	113	30-Oct-17
Staff and Intervenor Submissions	123	09-Nov-17
Applicant Final Reply Submission	130	16-Nov-17
Close of the Record	150	06-Dec-17
Decision Issued	185	10-Jan-18
Draft Rate Order Filed	199	24-Jan-18
OEB Staff and Intervenor Comments on DRO	206	31-Jan-18
Applicant Reply on DRO	213	07-Feb-18
Final Rate Order Issued by OEB	230	24-Feb-18

The OEB is issuing Letter of Direction and will publish the Notice of Application (the "Notice") in the newspapers in all RZs. Following the publication of the Notice, intervenors will file their intervention requests. Beyond the intervenors that were party to the Mergers, Acquisitions, Amalgamations and Divestitures ("MAADs") Application, Management anticipates that the City of Hamilton may intervene; the scope of its intervention relates to Street Lighting rates.

CCC-2

Please explain, in detail, how Alectra currently undertakes its accounting procedures. Are each of the rate zones subject to separate accounting treatment? Are all actual expenditures earmarked according to the rate zones?

Response:

- 1 Alectra Utilities is required by IFRS to apply uniform accounting policies for like transactions in a
- 2 group of companies, therefore upon merger, all accounting policies were aligned across all rate
- 3 zones. The accounting procedures followed in each rate zone ensure that the accounting
- 4 policies are applied consistently across the organization.
- 5
- 6 All actual capital expenditures relating to distribution system investment and maintenance are
- 7 recorded based on the rate zone in which the activity occurred. The majority of the general plant
- 8 investments including land and buildings, tools and equipment, rolling stock are attributed
- 9 directly to each rate zone. Investment in information systems including hardware and software
- 10 are undertaken at the consolidated level and are not tracked separately by rate zone, as
- 11 identified in the Application at Exhibit 2, Tab 4, Schedule 11, p.22 and in the ERZ DSP at Exhibit
- 12 3, Tab 1, Schedule 1, Attachment 50, p. 19.

CCC-3

Reference(s): Ex. 1/T1/S1/p. 5

Please file the report undertaken by Vanry Associates that reviewed the Enersource RZ Distribution System Plan. Was this work subject to an RFP process? If not, why not? Did Vanry Associates review the Alectra system as whole, or did they only review the Enersource service territory?

Response:

- 1 Alectra Utilities filed the Vanry Report as Appendix G to the Distribution System Plan for the
- 2 Enersource Rate Zone. The work undertaken by Vanry was subject to an RFP process. The
- 3 scope of work by Vanry was in association with the Distribution System Plan for the Enersource
- 4 Rate Zone ("ERZ"). Therefore, Vanry's review was limited to the ERZ service territory and not
- 5 that of the full Alectra Utilities service territory.

CCC-4

Please explain what relief Alectra is seeking with respect the Enersource DSP?

Response:

1 The Ontario Energy Board ("OEB") has provided its expectations on the filing of Distribution
2 System Plans ("DSP") in the *Filing Requirements for Electricity Transmission and Distribution*
3 *Applications, Chapter 5 Consolidated Distribution System Plan Filing Requirements*, dated
4 March 28, 2013. In Section 5.1.3, the OEB has specified that, "[t]he Board may also require a
5 DS Plan to be filed in relation to leave to construct, Incremental Capital Module [("ICM")] or
6 Z-factor applications."
7 Alectra Utilities' predecessor, Enersource Hydro Mississauga did not have a final DSP
8 reviewed by the OEB. Consequently, in conjunction with the filing of the ICM application for
9 the Enersource Rate Zone ("ERZ"), Alectra Utilities has filed the ERZ DSP for the OEB's
10 review.

CCC-5

Does Alectra intend to apply for ICM relief for each rate zone, in each year prior to the rebasing period? If so, what is the expected annual funding amount in each year?

Response:

- 1 Please see Alectra Utilities' response to G-SEC-5 c).

CCC-6

The Council is interested in understanding the impacts of the Fair Hydro Plan on Alectra's rates. Please provide a schedule setting out, for each of the rate zones, the rate and bill impacts with and without the application of the Fair Hydro Plan.

Response:

- 1 Please see CCC-6_Attach 1 which includes bill impact spreadsheets for all rates zones.

ENERSOURCE RATE ZONE - RESIDENTIAL RPP Customer

750		Existing Rates before 8% rebate			Existing Rates w 8% rebate			Forecasted Rates			May 1 Rates			July 1 Rates		
		Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates		
		Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge
Electricity	Off-peak	487.50	\$0.087	\$42.41	487.50	\$0.087	\$42.41	487.50	\$0.091	\$44.36	487.50	\$0.077	\$37.54	487.50	\$0.065	\$31.69
	Mid-Peak	127.50	\$0.132	\$16.83	127.50	\$0.132	\$16.83	127.50	\$0.133	\$16.96	127.50	\$0.113	\$14.41	127.50	\$0.095	\$12.11
	On-Peak	135.00	\$0.180	\$24.30	135.00	\$0.180	\$24.30	135.00	\$0.185	\$24.98	135.00	\$0.157	\$21.20	135.00	\$0.132	\$17.82
Delivery-LDC	Fixed	1	\$19.71	\$19.71	1	\$19.71	\$19.71	1	\$19.71	\$19.71	1	\$19.71	\$19.71	1	\$19.71	\$19.71
	Variable	750	\$0.0069	\$5.18	750	\$0.0069	\$5.18	750	\$0.0069	\$5.18	750	\$0.0069	\$5.18	750	\$0.0069	\$5.18
Delivery-Pass Through	SME	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79
	Fixed Riders	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
	Variable Riders	750	-\$0.0017	-\$1.28	750	-\$0.0017	-\$1.28	750	-\$0.0017	-\$1.28	750	-\$0.0017	-\$1.28	750	-\$0.0017	-\$1.28
	Low Voltage	750	\$0.00020	\$0.15	750	\$0.00020	\$0.15	750	\$0.00020	\$0.15	750	\$0.00020	\$0.15	750	\$0.00020	\$0.15
	Line Losses			\$3.01			\$3.01			\$3.11			\$2.63			\$2.22
Transmission	RTSR - Network	750.0	\$0.0076	\$5.70	750.0	\$0.0076	\$5.70	750.0	\$0.0076	\$5.70	750.0	\$0.0076	\$5.70	750.0	\$0.0076	\$5.70
	RTSR - Connection	750.0	\$0.0063	\$4.73	750.0	\$0.0063	\$4.73	750.0	\$0.0063	\$4.73	750.0	\$0.0063	\$4.73	750.0	\$0.0063	\$4.73
Regulatory	Wholesale Market Service	777.0	\$0.0036	\$2.80	777.0	\$0.0036	\$2.80	777.0	\$0.0036	\$2.80	777.0	\$0.0036	\$2.80	777.0	\$0.0036	\$2.80
	OESP	777.0	\$0.0011	\$0.85	777.0	\$0.0011	\$0.85	777.0	\$0.0011	\$0.85	777.0	\$0.0000	\$0.00	777.0	\$0.0000	\$0.00
	Rural Rate Protection	777.0	\$0.0021	\$1.63	777.0	\$0.0021	\$1.63	777.0	\$0.0021	\$1.63	777.0	\$0.0021	\$1.63	777.0	\$0.0003	\$0.23
	SSS Admin	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25
Debt Retirement		750	\$0.000	\$0.00	750	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00
OESP Credit		1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
Total before HST				\$127.06			\$127.06			\$129.91			\$115.43			\$102.09
HST				\$16.52			\$16.52			\$16.89			\$15.01			\$13.27
Total Bill before 8% rebate (incl HST)				\$143.58			\$143.58			\$146.80			\$130.43			\$115.37
8% rebate				\$0.00			-\$10.16			-\$10.39			-\$9.23			-\$8.17
Total Bill after 8% rebate (incl HST)				\$143.58			\$133.41			\$136.41			\$121.20			\$107.20

Reduction compared to forecasted bill **without** 8% rebate
Reduction compared to forecasted bill **with** 8% rebate

-17.4%
-11.1%

-\$25.60

-27.0%
-21.4%

Reduction compared to existing bill **without** 8% rebate
Reduction compared to existing bill **with** 8% rebate

-15.6%
-9.2%

-25.3%
-19.6%

Loss Factor 0.036

HORIZON RATE ZONE - RESIDENTIAL RPP Customer

750		Existing Rates before 8% rebate			Existing Rates w 8% rebate			Forecasted Rates			May 1 Rates			July 1 Rates		
		Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates		
		Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge
Electricity	Off-peak	487.50	\$0.087	\$42.41	487.50	\$0.087	\$42.41	487.50	\$0.091	\$44.36	487.50	\$0.077	\$37.54	487.50	\$0.065	\$31.69
	Mid-Peak	127.50	\$0.132	\$16.83	127.50	\$0.132	\$16.83	127.50	\$0.133	\$16.96	127.50	\$0.113	\$14.41	127.50	\$0.095	\$12.11
	On-Peak	135.00	\$0.180	\$24.30	135.00	\$0.180	\$24.30	135.00	\$0.185	\$24.98	135.00	\$0.157	\$21.20	135.00	\$0.132	\$17.82
Delivery-LDC	Fixed	1	\$22.13	\$22.13	1	\$22.13	\$22.13	1	\$22.13	\$22.13	1	\$22.13	\$22.13	1	\$22.13	\$22.13
	Variable	750	\$0.0081	\$6.08	750	\$0.0081	\$6.08	750	\$0.0081	\$6.08	750	\$0.0081	\$6.08	750	\$0.0081	\$6.08
Delivery-Pass Through	SME	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79
	Fixed Riders	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
	Variable Riders	750	-\$0.0026	-\$1.95	750	-\$0.0026	-\$1.95	750	-\$0.0026	-\$1.95	750	-\$0.0026	-\$1.95	750	-\$0.0026	-\$1.95
	Low Voltage	750	\$0.00006	\$0.05	750	\$0.00006	\$0.05	750	\$0.00006	\$0.05	750	\$0.00006	\$0.05	750	\$0.00006	\$0.05
	Line Losses			\$3.17			\$3.17			\$3.27			\$2.77			\$2.34
Transmission	RTSR - Network	778.4	\$0.0074	\$5.76	778.4	\$0.0074	\$5.76	778.4	\$0.0074	\$5.76	778.4	\$0.0074	\$5.76	778.4	\$0.0074	\$5.76
	RTSR - Connection	778.4	\$0.0059	\$4.59	778.4	\$0.0059	\$4.59	778.4	\$0.0059	\$4.59	778.4	\$0.0059	\$4.59	778.4	\$0.0059	\$4.59
Regulatory	Wholesale Market Service	778.4	\$0.0036	\$2.80	778.4	\$0.0036	\$2.80	778.4	\$0.0036	\$2.80	778.4	\$0.0036	\$2.80	778.4	\$0.0036	\$2.80
	OESP	778.4	\$0.0011	\$0.86	778.4	\$0.0011	\$0.86	778.4	\$0.0011	\$0.86	778.4	\$0.0000	\$0.00	778.4	\$0.0000	\$0.00
	Rural Rate Protection	778.4	\$0.0021	\$1.63	778.4	\$0.0021	\$1.63	778.4	\$0.0021	\$1.63	778.4	\$0.0021	\$1.63	778.4	\$0.0003	\$0.23
	SSS Admin	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25
Debt Retirement		750	\$0.000	\$0.00	750	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00
OESP Credit		1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
Total before HST				\$129.70			\$129.70			\$132.55			\$118.04			\$104.68
HST				\$16.86			\$16.86			\$17.23			\$15.35			\$13.61
Total Bill before 8% rebate (incl HST)				\$146.56			\$146.56			\$149.78			\$133.39			\$118.29
8% rebate				\$0.00			-\$10.38			-\$10.60			-\$9.44			-\$8.37
Total Bill after 8% rebate (incl HST)				\$146.56			\$136.18			\$139.18			\$123.94			\$109.92

Reduction compared to forecasted bill **without** 8% rebate

-17.3% -\$25.84 -26.6%

Reduction compared to forecasted bill **with** 8% rebate

-10.9% -21.0%

Reduction compared to existing bill **without** 8% rebate

-15.4% -25.0%

Reduction compared to existing bill **with** 8% rebate

-9.0% -19.3%

Loss Factor 0.0379

HYDRO ONE BRAMPTON RATE ZONE - RESIDENTIAL RPP Customer

750		Existing Rates before 8% rebate			Existing Rates w 8% rebate			Forecasted Rates			May 1 Rates			July 1 Rates		
		Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates		
		Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge
Electricity	Off-peak	487.50	\$0.087	\$42.41	487.50	\$0.087	\$42.41	487.50	\$0.091	\$44.36	487.50	\$0.077	\$37.54	487.50	\$0.065	\$31.69
	Mid-Peak	127.50	\$0.132	\$16.83	127.50	\$0.132	\$16.83	127.50	\$0.133	\$16.96	127.50	\$0.113	\$14.41	127.50	\$0.095	\$12.11
	On-Peak	135.00	\$0.180	\$24.30	135.00	\$0.180	\$24.30	135.00	\$0.185	\$24.98	135.00	\$0.157	\$21.20	135.00	\$0.132	\$17.82
Delivery-LDC	Fixed	1	\$17.64	\$17.64	1	\$17.64	\$17.64	1	\$17.64	\$17.64	1	\$17.64	\$17.64	1	\$17.64	\$17.64
	Variable	750	\$0.0080	\$6.00	750	\$0.0080	\$6.00	750	\$0.0080	\$6.00	750	\$0.0080	\$6.00	750	\$0.0080	\$6.00
Delivery-Pass Through	SME	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79
	Fixed Riders	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
	Variable Riders	750	-\$0.0029	-\$2.18	750	-\$0.0029	-\$2.18	750	-\$0.0029	-\$2.18	750	-\$0.0029	-\$2.18	750	-\$0.0029	-\$2.18
	Low Voltage	750	\$0.00000	\$0.00	750	\$0.00000	\$0.00	750	\$0.00000	\$0.00	750	\$0.00000	\$0.00	750	\$0.00000	\$0.00
	Line Losses			\$2.85			\$2.85			\$2.94			\$2.49			\$2.10
Transmission	RTSR - Network	775.6	\$0.0074	\$5.74	775.6	\$0.0074	\$5.74	775.6	\$0.0074	\$5.74	775.6	\$0.0074	\$5.74	775.6	\$0.0074	\$5.74
	RTSR - Connection	775.6	\$0.0057	\$4.42	775.6	\$0.0057	\$4.42	775.6	\$0.0057	\$4.42	775.6	\$0.0057	\$4.42	775.6	\$0.0057	\$4.42
Regulatory	Wholesale Market Service	775.6	\$0.0036	\$2.79	775.6	\$0.0036	\$2.79	775.6	\$0.0036	\$2.79	775.6	\$0.0036	\$2.79	775.6	\$0.0036	\$2.79
	OESP	775.6	\$0.0011	\$0.85	775.6	\$0.0011	\$0.85	775.6	\$0.0011	\$0.85	775.6	\$0.0000	\$0.00	775.6	\$0.0000	\$0.00
	Rural Rate Protection	775.6	\$0.0021	\$1.63	775.6	\$0.0021	\$1.63	775.6	\$0.0021	\$1.63	775.6	\$0.0021	\$1.63	775.6	\$0.0003	\$0.23
	SSS Admin	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25
Debt Retirement		750	\$0.000	\$0.00	750	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00
OESP Credit		1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
Total before HST				\$124.33			\$124.33			\$127.18			\$112.72			\$99.41
HST				\$16.16			\$16.16			\$16.53			\$14.65			\$12.92
Total Bill before 8% rebate (incl HST)				\$140.49			\$140.49			\$143.71			\$127.37			\$112.33
8% rebate				\$0.00			-\$9.95			-\$10.17			-\$9.02			-\$7.95
Total Bill after 8% rebate (incl HST)				\$140.49			\$130.55			\$133.54			\$118.36			\$104.38

Reduction compared to forecasted bill **without** 8% rebate
Reduction compared to forecasted bill **with** 8% rebate

-17.6%
-11.4%

-27.4%
-21.8%

Reduction compared to existing bill **without** 8% rebate
Reduction compared to existing bill **with** 8% rebate

-15.8%
-9.3%

-25.7%
-20.0%

Loss Factor 0.0341

POWERSTREAM RATE ZONE - RESIDENTIAL RPP Customer

750		Existing Rates before 8% rebate			Existing Rates w 8% rebate			Forecasted Rates			May 1 Rates			July 1 Rates		
		Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates			Mar-17 Dx rates		
		Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge	Volume	Rate	Charge
Electricity	Off-peak	487.50	\$0.087	\$42.41	487.50	\$0.087	\$42.41	487.50	\$0.091	\$44.36	487.50	\$0.077	\$37.54	487.50	\$0.065	\$31.69
	Mid-Peak	127.50	\$0.132	\$16.83	127.50	\$0.132	\$16.83	127.50	\$0.133	\$16.96	127.50	\$0.113	\$14.41	127.50	\$0.095	\$12.11
	On-Peak	135.00	\$0.180	\$24.30	135.00	\$0.180	\$24.30	135.00	\$0.185	\$24.98	135.00	\$0.157	\$21.20	135.00	\$0.132	\$17.82
Delivery-LDC	Fixed	1	\$18.55	\$18.55	1	\$18.55	\$18.55	1	\$18.55	\$18.55	1	\$18.55	\$18.55	1	\$18.55	\$18.55
	Variable	750	\$0.0130	\$9.75	750	\$0.0130	\$9.75	750	\$0.0130	\$9.75	750	\$0.0130	\$9.75	750	\$0.0130	\$9.75
Delivery-Pass Through	SME	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79	1	\$0.79	\$0.79
	Fixed Riders	1	\$0.00	\$0.04	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
	Variable Riders	750	\$0.0000	\$0.00	750	\$0.0000	\$0.00	750	\$0.0000	\$0.00	750	\$0.0000	\$0.00	750	\$0.0000	\$0.00
	Low Voltage	750	\$0.00050	\$0.38	750	\$0.00050	\$0.38	750	\$0.00050	\$0.38	750	\$0.00050	\$0.38	750	\$0.00050	\$0.38
	Line Losses			\$3.08			\$3.08			\$3.18			\$2.70			\$2.27
Transmission	RTSR - Network	777.7	\$0.0082	\$6.38	777.7	\$0.0082	\$6.38	777.7	\$0.0082	\$6.38	777.7	\$0.0082	\$6.38	777.7	\$0.0082	\$6.38
	RTSR - Connection	777.7	\$0.0038	\$2.96	777.7	\$0.0038	\$2.96	777.7	\$0.0038	\$2.96	777.7	\$0.0038	\$2.96	777.7	\$0.0038	\$2.96
Regulatory	Wholesale Market Service	777.7	\$0.0036	\$2.80	777.7	\$0.0036	\$2.80	777.7	\$0.0036	\$2.80	777.7	\$0.0036	\$2.80	777.7	\$0.0036	\$2.80
	OESP	777.7	\$0.0011	\$0.86	777.7	\$0.0011	\$0.86	777.7	\$0.0011	\$0.86	777.7	\$0.0000	\$0.00	777.7	\$0.0000	\$0.00
	Rural Rate Protection	777.7	\$0.0021	\$1.63	777.7	\$0.0021	\$1.63	777.7	\$0.0021	\$1.63	777.7	\$0.0021	\$1.63	777.7	\$0.0003	\$0.23
	SSS Admin	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25	1	\$0.25	\$0.25
Debt Retirement		750	\$0.000	\$0.00	750	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00	0	\$0.000	\$0.00
OESP Credit		1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00	1	\$0.00	\$0.00
Total before HST				\$131.00			\$130.96			\$133.81			\$119.32			\$105.97
HST				\$17.03			\$17.02			\$17.40			\$15.51			\$13.78
Total Bill before 8% rebate (incl HST)				\$148.02			\$147.99			\$151.21			\$134.83			\$119.75
8% rebate				\$0.00			-\$10.48			-\$10.71			-\$9.55			-\$8.48
Total Bill after 8% rebate (incl HST)				\$148.02			\$137.51			\$140.51			\$125.28			\$111.27

Reduction compared to forecasted bill **without** 8% rebate
Reduction compared to forecasted bill **with** 8% rebate

-17.1%
-10.8%

-26.4%
-20.8%

Reduction compared to existing bill **without** 8% rebate
Reduction compared to existing bill **with** 8% rebate

-15.3%
-8.9%

-24.8%
-19.1%

Loss Factor 0.0369

CCC-7

Please explain, in detail, how Alectra intends to “true-up” its proposed ICM spending for each of the rate zones.

Response:

1 Alectra Utilities has reviewed Section 7.4 of the *Report of the Board – New Policy Options for*
2 *the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014,
3 which states that:

4 *“At the time of the next cost of service or Custom IR application, a distributor*
5 *will need to file calculations showing the actual ACM/ICM amounts to be*
6 *incorporated into the test year rate base. At that time, the Board will make a*
7 *determination on the treatment of any difference between forecasted and*
8 *actual capital spending under the ACM/ICM, if applicable, and the amounts*
9 *recovered through ACM/ICM rate riders and what should have been*
10 *recovered in the historical period during the preceding Price Cap IR plan*
11 *term. Where there is a material difference between what was collected based*
12 *on the approved ACM/ICM rate riders and what should have been recovered*
13 *as the revenue requirement for the approved ACM/ICM project(s), based on*
14 *actual amounts, the Board may direct that over- or under-collection be*
15 *refunded or recovered from the distributor’s ratepayers.”*

16
17 Alectra Utilities intends to follow OEB policy regarding the mechanism for trueing up the capital
18 expenditures at its next rebasing opportunity.

CCC-8

What is Alectra's forecast ROE for 2017?

Response:

- 1 Based on the latest eleven month forecast, Alectra Utilities estimates a 5.92% financial ROE for
- 2 2017.

What is the current projection of annual savings resulting from the merger over the deferral period? Please explain why Alectra's merger savings should not be used to fund incremental capital requirements. Has Alectra asked its customers whether or not the savings should be used to fund incremental capital requirements? If not, why not?

The current projection of annual savings resulting from the merger over the deferral period is provided in Table 1. This is consistent with the synergy forecast provided in the Mergers, Acquisitions, Amalgamations and Divestitures (“MAADs”) Application filed by Enersource Hydro Mississauga, Horizon Utilities Corporation and PowerStream Inc. on April 15, 2016.

The OEB's Report of the Board – Rate Making Associated with Distributor Consolidations, dated March 26, 2015 (the “MAADs Report”) provides the rationale for the rebasing deferral for up to ten years, on p.6. At p.9-10, the MAADs Report provides that consolidating distributors that are on Price Cap IR are eligible for ICM funding. The rationale does not include using savings from the consolidation to offset necessary capital expenditure.

Table 1- Total Net Synergies

(\$MMs)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Gross Synergies											
Operating	7.2	20.1	31.7	40.6	42.5	42.5	42.5	42.5	42.5	42.5	354.6
Capital	23.0	22.6	28.8	23.2	30.0	8.0	8.0	8.0	8.0	8.0	167.6
Total Synergies	30.2	42.7	60.5	63.8	72.5	50.5	50.5	50.5	50.5	50.5	522.2
Transition Costs											
Charged to Operating	20.9	11.1	8.2	2.3	0.5	-	-	-	-	-	43.0
Charged to Capital	33.7	15.2	4.4	-	-	-	-	-	-	-	53.3
Total Transition Costs	54.6	26.3	12.6	2.3	0.5	-	-	-	-	-	96.3
Net Synergies											
Operating	(13.7)	9.0	23.5	38.3	42.0	42.5	42.5	42.5	42.5	42.5	311.6
Capital	(10.7)	7.4	24.4	23.2	30.0	8.0	8.0	8.0	8.0	8.0	114.3
Total Net Synergies	(24.4)	16.4	47.9	61.5	72.0	50.5	50.5	50.5	50.5	50.5	425.9

CCC-10

Reference(s): Ex. 2

Please explain if there are any significant differences between the application for rate approvals for Horizon for 2018 and the application for 2017 rate approvals.

Response:

- 1 Please see Alectra Utilities' response to HRZ-SEC-6 for the significant differences between the
- 2 applications. Further, the relief sought in the Alectra Utilities 2018 Electricity Distribution
- 3 Application, includes the disposition of Lost Revenue Adjustment Mechanism ("LRAM") amounts
- 4 related to Conservation and Demand Management activities and approval to refund excess
- 5 earnings for the purposes of earnings sharing to ratepayers.

CCC-11

Reference(s): Ex. 2/T1/S1/p. 3

Please confirm that the methodology used to determine the 2018 Street Lighting Class revenue-to-cost ratio is consistent with the OEB's Decision regarding 2016 rates.

Response:

- 1 Alectra Utilities confirms that the methodology used to determine the revenue-to-cost ratio for
- 2 the 2018 Street Lighting Class is consistent with the OEB's Decision on Horizon Utilities' 2016
- 3 EDR Application.

CCC-12

Reference(s): Ex. 2/T1/S2/p. 3

The evidence indicates that Alectra Utilities has adopted the PowerStream capitalization policy. Please provide copies of the capitalization policies that were in place for Horizon, Enersource and Brampton prior to the change. Please explain how this change can impact utility earnings.

Response:

- 1 Alectra Utilities has provided copies of the capitalization policies for three of its predecessors –
- 2 Horizon Utilities, Enersource Hydro Mississauga and Hydro One Brampton Networks Inc., prior
- 3 to the above-noted change.
- 4
- 5 The impact of the change of capitalization policy is projected to provide for more capitalization of
- 6 costs for the Enersource and Horizon Utilities rate zones and less capitalization of costs for the
- 7 Brampton rate zone. This will reduce OM&A expenditures in the current year but increase
- 8 depreciation expense over the life of the underlying assets.
- 9
- 10 For the purposes of its next annual filing and Earnings Sharing Mechanism computation, Alectra
- 11 Utilities will adjust the Horizon Utilities RZ-related outcome to be consistent with Horizon
- 12 Utilities' Settlement Agreement and tie back to Horizon Utilities on a stand-alone basis.

CCC-13

Reference(s): Ex. 2/T1/S2/p. 6

Please provide a detailed schedule setting out the impacts of the changes to working capital included in rate base for the Horizon RZ. What is the impact on working capital arising from the implementation of the Fair Hydro Plan?

Response:

- 1 Please see Alectra Utilities response to HRZ-Staff-2.

CCC-14

Reference(s): Ex. 2/T1/S2/p. 11

Please explain, in detail, why Horizon's 2016 Gross Capital Additions were \$6.1 million above the forecast amount included in the Custom IR Application.

Response:

Alectra Utilities' predecessor Horizon Utilities' 2016 Gross Capital Additions were \$6.1MM greater than the Custom IR Application as outlined below:

System Access additions were \$9.3MM, or 73% higher than planned principally due to: (i) large industrial customer projects that were not known at the time of preparation of the Custom IR Application (\$3.1MM); (ii) a large transit project constructed as part of the Ontario transit line development (\$2.6MM); (iii) higher new connection work (\$2.2MM) resulting from increased residential and subdivision development in the Hamilton region; and (iv) additional road authority work required by the municipalities of Hamilton & St. Catharines (\$1.4MM).

System Renewal additions were \$4.1MM, or 15% below plan largely due to the cancellation of the Gage TS Egress Feeder project. The investment identified in Horizon Utilities Custom IR Application was required to support the Hydro One's rebuilding of their Gage Transformer Station. The timing of this project is determined by Hydro One and as such, Alectra Utilities cannot control the timing of the capital investment required to support this project. Hydro One has delayed the start of this project and has not provided Alectra Utilities and updated timeline for the completion of this project.

System Service was \$1.2MM, or 398% higher than planned due to the inclusion of work for the Waterdown 3rd feeder (\$1.1MM) which had a planned in service date 2015. Construction was initiated and largely completed in 2015 as planned but the feeder was not put into service until 2016 and therefor was recognized in the 2016 budget year.

General Plant was largely in line with planned costs creating an underspending variance of only \$0.210MM.

CCC-15

Reference(s): Ex. 2/T2/S10/p. 2

For the Brampton RZ please file 2017 Actual Capital Expenditures to date in the same format as Table 60.

Response:

Table 1 provides actual August year-to-date capital expenditures for the Brampton RZ.

Table 1 - Capital expenditures – YTD August 2017

Category	YTD August 2017 (\$000s)
System Access	\$5,648
System Renewal	\$5,656
System Service	\$563
General Plant	\$1,221
Total Brampton Rate Zone	\$13,088

CCC-16

Reference(s): Ex. 2/T2/S10/p. 3

Please explain why the Brampton RZ Underground Lines Planned Asset Replacement program is ramping up in the period 2017-2020 relative to the two previous years.

Response:

1 The underground lines planned asset replacement expenditures, as identified in the OEB
2 reviewed Hydro One Brampton Networks Inc. ("HOBNI") Distribution System Plan ("DSP"),
3 included a total forecast capital expenditure of \$23.7MM over the five year period, 2015-2019.

4
5 This can be compared to Table 62, in Exhibit 2, Tab 2, Schedule 10. Table 62 provides actual
6 2015 and 2016 expenditures, combined with the capital forecast for 2017-2019. These amounts
7 total \$21.5MM. The comparison between the amounts contained in the HOBNI DSP and Table
8 62 are, for convenience, set out in Table 1 below.

9
10 The proposed expenditures in underground lines planned asset replacements for 2017 to 2019
11 are necessary to address deteriorating underground assets and to bring investments back in
12 line with expenditures planned in the DSP.

13
14 HOBNI made necessary system renewal investments in 2015 of \$15.674MM compared to
15 \$8.880MM as planned in its DSP. Consequently, in 2016, HOBNI reduced certain system
16 renewal investments in 2016 to align overall expenditures within the cumulative planned
17 planning period provided in the DSP. In 2016, HOBNI invested \$8.143MM in system renewals,
18 which was \$1.167MM lower than planned in the DSP. The actual cumulative expenditure of
19 \$23.818MM in 2015 and 2016 for system renewal was \$5.704MM higher than planned for the
20 same time period in the DSP.

1 Table 1 - Comparison of Forecast UG Lines Planned Asset Replacement to DSP

Category	2015 (\$000)	2016 (\$000)	2017 (\$000)	2018 (\$000)	2019 (\$000)	Total (\$000)
2017-2019 Forecast UG Lines Planned Asset Replacement (1)	\$3,210	\$1,740	\$5,229	\$6,048	\$5,236	\$21,464
2015-2019 Forecast UG Lines Planned Asset Replacement (DSP) (2)	\$4,605	\$4,622	\$4,621	\$4,839	\$4,985	\$23,672
Variance	-\$1,395	-\$2,882	\$608	\$1,210	\$251	-\$2,208

(1) Table 62. Includes actual expenditures from 2015 and 2016.

(2) HOBNI 2014-2019 Distribution System Plan (EB-2014-0083/E2/T6)

2

3

CCC-17

Reference(s): Ex. 2/T3/S10/p. 4

For the PowerStream RZ please file 2017 Actual Capital Expenditures to date in the same format as Table 91.

Response:

Table 1 provides actual August year-to-date capital expenditures for the PowerStream RZ.

Table 1 – Capital expenditures – YTD August 2017

Category	YTD August 2017 (\$000s)
System Access	\$23,222
System Renewal	\$22,854
System Service	\$16,531
General Plant	\$4,338
Total PowerStream Rate Zone	\$66,945

CCC-18

Reference(s): Ex. 2/T3/S10/p. 13

In the context of the customer engagement process were the customers informed about the level of savings expected to result from the merger? If not, why not? If so, please explain what the customers were told about the merger savings.

Response:

- 1 No, customers were not informed of the level of savings expected to result from the merger in
- 2 the customer engagement process.
- 3 In the initial phases of the consultation, it was identified that many low-volume customers were
- 4 not familiar with the merger. This was later confirmed in the telephone survey component of the
- 5 customer engagement where 41% of Residential Enersource RZ customers and 52% of
- 6 Residential PowerSteam RZ customer were familiar with the merger.
- 7 Given the generally low levels of familiarity, it was decided that focusing on potential cost
- 8 savings of the merger would cause a degree of confusion that would detract from the overall
- 9 goals of this consultation, to identify customer preferences and needs as they relate to the
- 10 current Application.

CCC-19

Reference(s): Ex. 2/T3/S10/p. 13

Please explain why Alectra is of the view that each of the PowerStream RZ projects for which it is seeking ICM funding are “discrete” and “not part of typical annual capital programs”. Specifically, why aren’t the System Renewal and System Service projects considered part of PowerStream’s ongoing replacement and refurbishment programs?

Response:

1 Each proposed ICM project in the PowerStream rate zone (“PRZ”) is discrete, with a distinct
2 driver and designed to address an identified service area need. The proposed ICM projects are
3 not part of Alectra Utilities’ annual system renewal and system service capital programs in the
4 PRZ.

5
6 Alectra Utilities has proposed ten ICM projects for the PRZ. The first, the Road Authority York
7 Rapid Region Rapid Transit project on Yonge Street, is a discrete system access project driven
8 by a major transportation initiative in York Region with a defined scope and schedule with no
9 recurring work. The four system service projects Alectra Utilities has proposed are designed to
10 expand the distribution system to address a growth need in 2018 for a specific service area.
11 The five system renewal projects include: a station switchgear replacement at Municipal Station
12 323; a project to remedy a deteriorated rear lot distribution system in Royal Orchard North; a
13 planned circuit breaker replacement at Richmond Hill TS; and two separate cable replacement
14 projects. These are discussed further below.

15
16 On August 4th 2016, Alectra Utilities’ predecessor, PowerStream, received the OEB’s decision
17 on its 2016-2020 Custom IR Application. In the decision, the Board approved the capital budget
18 for 2017 using an “envelope” approach but raised concerns about the costs of certain capital
19 expenditures including the underground cable replacement program as well as rear lot supply
20 remediation program. PowerStream reviewed the decision and reassessed its capital
21 expenditures. Alectra Utilities has determined that by restructuring the underground cable
22 replacement program, as well as the rear lot supply remediation program, to be implemented as
23 individual projects would provide increased structure and enhanced controls in implementing
24 this capital work. Alectra Utilities expects to deliver the desired outcomes that benefit

- 1 customers on schedule, within scope and with lower costs than it would have otherwise under a
- 2 program structure.

CCC-20

Reference(s): Ex.2/T4/S11/p. 4

For the Enersource RZ please file 2017 Actual Capital Expenditures to date in the same format as Table 129.

Response:

Table 1 provides actual August year-to-date capital expenditures for the Enersource RZ.

Table 1 – Capital expenditures – YTD August 2017

Category	YTD August 2017 (\$000s)
System Access	\$4,733
System Renewal	\$22,514
System Service	\$6,793
General Plant	\$1,977
Total	\$36,017