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Ontario

BY E-MAIL

August 22, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Alectra Utilities Corporation (Alectra Utilities)
Application for 2019 electricity distribution rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2018-0016

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Alectra Utilities and all intervenors have been copied on this filing.

Alectra Utilities' responses to interrogatories are due by September 14, 2018.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Rates Major Applications

Attach.

OEB Staff Interrogatories
2019 Electricity Distribution Rates Application
Alectra Utilities Corporation (Alectra Utilities)
EB-2018-0016
August 22, 2018

General
G-Staff-1
Customer Engagement
Ref: Innovative Research Group – PowerStream Rate Zone
Ref: Innovative Research Group – Enersource Rate Zone
In both customer engagement reports customers were surveyed between middle to end of May 2018. The reports were prepared for Alectra Utilities at the end of May 2018. Alectra Utilities filed its application on June 7, 2018.

a) Between receiving the results of the Innovative Report and filing its application, a span of approximately one week passed. Please explain why Alectra Utilities believes this time span is sufficient to factor in results from its customer engagement for a meaningful assessment of its proposed spending.

G-Staff-2
Financial Statements for Rate Zones in Stub Period(s)
Please confirm if any audited financial statements exist for the stub periods of January 1 to January 31, 2017 for PRZ, HRZ and ERZ, and for January 1 to February 28, 2017 for BRZ. If not, please provide the unaudited financial statements for the stub periods of each rate zone referenced above.

G-Staff-3
Tax Returns for Rate Zones in Stub Period(s)
a) Please confirm if income tax returns have been prepared for the stub periods of January 1 to January 31, 2017 for PRZ, HRZ and ERZ, and for January 1 to February 28, 2017 for BRZ. If so, please provide a copy of each. If not, please advise when they will become available.
b) Please confirm if the income tax return has been prepared for the stub period of the eleven months ended December 31, 2017 for Alectra Utilities Corporation. If so, please provide a copy. If not, please advise when it will become available.

G-Staff-4
Net Impact of Capitalization Policy for all Rate Zones

Please confirm that there are no retrospective adjustments or restatements made to the carrying values of capital assets as a result of applying the new capitalization policies in the BRZ, HRZ, and ERZ, respectively. If there are any retrospective adjustments or restatements, please quantify and explain the nature of the adjustment(s).

G-Staff-5
Net Impact of Capitalization Policy for all Rate Zones
Ref: Exhibit 2, Tab 4, Schedule 7; Exhibit 2, Tab 2, Schedule 7
Ref: EB-2017-0024 Response to Technical Conference Undertakings J.2.32
Ref: EB-2017-0024 Response to Technical Conference Undertakings JT.Staff-7
In responses to technical conference undertakings in the previous year's application (EB-2017-0024), Alectra indicated that, as a result of a review of all entities' accounting policies, there was an impact to OM&A in the PowerStream rate zone due to a reclassification of costs between burden pools. Alectra identified this item as a change in estimates, rather than a change in capitalization policy.

a) Please confirm whether or not there are any other changes in accounting estimates in 2017 for the PRZ that also impacted depreciation or capitalized amounts of assets.
b) Please quantify the revenue requirement impact for 2017 and explain the impacts due to reclassification of costs between burden pools, and any other changes in accounting estimates for 2017 for the PRZ.
c) Are there any other changes in estimates to capital assets or reclassification of costs between burden pools, in any of the other rate zones that were recorded in 2017 as a result of the review of the accounting policies? If so please quantify and explain the revenue requirement impact and include a table providing each of the components of revenue requirement for each rate zone, for 2017.
d) Please confirm whether or not these impacts are included in the calculation of amounts included in the Earnings Sharing Mechanism account in the HRZ, or in the Changes in Capitalization Policy deferral accounts for the BRZ or ERZ, respectively. If these impacts were not included, please explain why not.

G-Staff-6
Net Impact of Capitalization Policy for HRZ, BRZ, and ERZ
Ref: Exhibit 2, Tab 4, Schedule 7; Exhibit 2, Tab 2, Schedule 7
a) Please confirm that the only items affected by the change in capitalization policy for each of the HRZ, BRZ, and ERZ are the Direct Labour Costs, Benefit Costs, Material Handling Costs, and Fleet Costs, as identified in Exhibit 2, Tab 4, Schedule 7, and Exhibit 2, Tab 2, Schedule 7.

b) If there are other items affected by the change in capitalization policy, please include their financial impacts in the schedules noted above and recalculate the amounts to be disposed of in Change in Capitalization Policy 1508 Sub-accounts for each rate zone, respectively.

G-Staff-7
OM&A allocation
Ref: Exhibit 2, Tab 1, Schedule 6, pages 10-11

Alectra proposes to allocate 2017 post integration OM&A to rate zones using 2014-2016 premerger actual OM&A as the basis. In doing so, it is proposing to use an average of 2014-2016 premerger OM&A; adjusted for difference in the Alectra Utilities capitalization policy, and then scaled to the number of months each rate zone was included in the merged financials. The percentage shares are then applied to the combined Alectra OM&A costs. In addition, Horizon's OM&A was tracked on a standalone basis, and this amount is added to its share of the combined Alectra OM&A. This method implicitly assigns the same growth rate in OM&A expense to all rate zones from 2014-2016 to 2017.

a) Has Alectra considered adjusting for different growth rates between the service areas? If so, please provide the methodology considered and the results.
b) As a scenario, please:
    I. Calculate the historical average metered connection count for each rate zone in 2014-2016.
    II. Calculate a revised OM&A per customer using the revised OM&A from the third row of Table 26 and the connection count calculated above
    III. Multiply the resulting cost per customer by the 2017 average connection count.
    IV. Use that adjusted figure to arrive at a prorated OM&A reflecting the number of months each rate zone was accounted for on an aggregate basis.
    V. Calculate the proportion of prorated OM&A attributable to Horizon rate zone.
    VI. Calculate the resulting 2017 OM&A for Horizon rate zone including both its share of 2017 Alectra Utilities OM&A plus its one month of premerger OM&A.

G-Staff-8
Group 1 DVAs
Ref: 1595 Analysis Workform

On July 18, 2018, the OEB issued the 1595 Analysis Workform to be included with all 2019 IRM applications. Please complete the 1595 Analysis Workform for each of Alectra's rate zones.

G-Staff-9
Group 1 DVAs
Ref: IRM Rate Generator Models
The OEB issued an updated IRM Rate Generator Model on July 24, 2018. Please review the changes and make any necessary revisions to the IRM Rate Generator Models that were originally filed by Alectra for each applicable Rate Zone.

G-Staff-10
Group 1 DVAs
Ref: IRM Models – Continuity Schedules for all Rate Zones

a) Did the IESO render invoices to each of Alectra's rate zones on an individual or consolidated basis for each month in 2017?
b) If the IESO rendered consolidated invoices to Alectra at any point in 2017, please explain, in detail, the process for how Alectra allocated the costs to all of the applicable Group 1 accounts for each respective rate zone.
c) If the IESO rendered consolidated invoices to Alectra at any point in 2017, please explain how this affected Alectra's processes with respect to RPP Settlement for each individual rate zone.

G-Staff-11
Group 1 DVAs
Ref: IRM Models – Continuity Schedules for all Rate Zones
Please confirm that the IESO costs accrued for Class A customers are the same as the unbilled revenue accrued for Class A customers, for each Rate Zone. If not, please provide the impact to account 1589 and make an adjustment to the GA Analysis Workform as well as the DVA Continuity schedule for 2017.

G-Staff-12
GA Analysis Workforms
Ref: GA Analysis Workforms 2017 – BRZ, PRZ, ERZ

OEB staff is unable to reconcile the amounts reported in Note 2 of the GA Analysis Workforms with amounts reported in RRR filings.

a) Please see the table below and reconcile the variances identified in the BRZ, PRZ, and ERZ

Per GA Workforms						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**Total**
Total Metered excluding WMP	C = A+B	4,384,247,158	3,937,310,163	8,207,774,786	7,049,393,114	**23,578,725,220**
RPP	A	2,097,471,058	1,736,945,678	3,673,621,965	2,388,059,258	**9,896,097,959**
Non RPP	B = D+E	2,286,776,100	2,200,364,485	4,534,152,821	4,661,333,856	**13,682,627,261**
Non-RPP Class A	D	793,637,760	736,046,422	802,973,439	1,462,047,390	**3,794,705,012**
Non-RPP Class B*	E	1,493,138,340	1,464,318,063	3,731,179,381	3,199,286,466	**9,887,922,250**
Per RRR Filings						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	4,384,247,157	3,871,215,898	8,207,774,786	7,049,393,113	**23,512,630,954**
RPP	A	2,097,471,058	1,604,098,790	3,645,484,459	2,370,910,346	**9,717,964,653**
Non RPP	B = D+E	2,286,776,099	2,267,117,108	4,562,290,327	4,678,482,767	**13,794,666,301**
Non-RPP Class A	D					**3,794,705,011**
Non-RPP Class B*	E					**9,999,961,290**
Variance						
Year - 2017 (kWh)		HRZ	BRZ	PRZ	ERZ	**RRR - Alectra**
Total Metered excluding WMP	C = A+B	1	66,094,265	0	1	**66,094,266**
RPP	A	0	132,846,888	28,137,506	17,148,912	**178,133,306**
Non RPP	B = D+E	1	-66,752,623	-28,137,506	-17,148,911	**-112,039,040**
Non-RPP Class A	D					**1**
Non-RPP Class B*	E					**-112,039,040**

b) Please update Note 2 of the applicable GA Analysis Workforms accordingly.

Horizon Rate Zone

HRZ-Staff-13
Cost of Power calculations
Ref: Exhibit 2/Tab 1/Schedule 5

Alectra Utilities stated that the updated Cost of Power amounts incorporate (i) the RPP price increase effective May 1, 2018; (ii) Hydro One 2018 UTRs and 2017 STRs approved by the OEB February 1, 2018 and December 21, 2016, respectively; (iii) an update to the Alectra Utilities demand for the Horizon Utilities RZ from 2016 to 2017 actuals in the RTSR model; (iv) an update to the SME charge as a result of an update to the number of customers and change in the SME rate from $0.79/month to $0.57/month; (v) a change in the ratio of RPP to non-RPP volumes; and (vi) a decrease in the Wholesale Market Service Rate of $0.0008/kWh from $0.0044/kWh to $0.0036/kWh as approved by the OEB on November 2015; and (vii) a decrease in the RRRP Charge from $0.0021/kWh to $0.0003/kWh approved by the OEB on June 22, 2017.

a) Please provide the electronic calculation for the Cost of Power amounts with the updates stated above.

HRZ-Staff-14

Global Adjustment
Ref: Attachment 6 IRM Model HRZ – Tab 6. GA Calculation
For the Large Use (2) rate class the total metered Class A consumption is greater than the total metered Non-RPP consumption.

a) Please explain how the total metered Class A consumption can be greater than the total metered Non-RPP consumption
b) As a result of Class A consumption being larger than total metered Non-RPP consumption the allocation of the GA amount is negative. Alectra has then chosen to have a negative rate rider for Large Use (2) customers. Since the GA amount is allocated proportionally based on consumption this results in an over recovery from all rate classes. Please explain how Alectra deems this to be a fair allocation method?

HRZ-Staff-15
Global Adjustment
Ref: Attachment 6 IRM Model HRZ – Tab 7. CBR Calculation
For the Large Use (1) rate class the total metered Class A kW consumption is greater than the total metered Non-RPP kW consumption. As a result of Class A kW consumption being larger than total metered Non-RPP kW consumption the rate rider should be a negative rate rider but the arithmetic makes it a positive rate rider.

a) Please explain how the total metered Class A kW consumption can be greater than the total metered Non-RPP kW consumption.
b) Please correct the rate rider calculation for Large Use (1) or provide a justification for the calculation.

HRZ-Staff-16
ESM Rate Rider
Ref: Attachment 11 ESM Rate Rider Model Horizon RZ_20180622
Ref: Table 32, EB-2014-0002 Settlement Proposal, September 22, 2014
Alectra Utilities provided the fixed and volumetric rates for each rate class in Tab 1. Revenue Proportions in the referenced attachment. These rates appear to be the rate filed in Alectra Utilities draft rate order from the 2018 application and not the final approved rates in the tariff sheet.

a) Please confirm the 2018 rates and update as required.

Alectra Utilities provided the 2019 approved load forecast from the settlement proposal as the approved billing determinants in Tab 1. Revenue Proportions in the referenced

attachment. The load forecast for the Large Use 1 and Large Use 2 determinants do not match the approved load forecast.

b) Please provide an explanation and reconciliation for the difference.

HRZ-Staff-17
Net Impact of Capitalization Policy and Earnings Sharing Mechanism (ESM)
Ref: Exhibit 2, Tab 1, Schedule 2
Ref: Exhibit 2, Tab 1, Schedule 6
On page 11 of 17 in Exhibit 2, Tab 1, Schedule 2, Alectra states:

"Alectra Utilities reported $985,377 in deferral account 1508 Sub-account Earnings Sharing Variance Account in its 2017 Reporting and Record Keeping Requirements ("RRRs") for 2017 for the Horizon Utilities RZ; which was based on an initial assessment of the calculation…An update to the calculation based on a further assessment and review of the impact of the capitalization policy change on earnings resulted in a reduction of $170,557 in the amount of earnings sharing."

Please provide a detailed calculation and explain how the $170,557 adjustment was derived.

HRZ-Staff-18
ESM
Ref: Exhibit 2, Tab 1, Schedule 6, Table 20
The following questions relate to amounts shown in Table 20 – Calculation of Regulatory Net Income – Horizon Utilities RZ:

a) The amount of $51,910,112 identified as actual interest cost does not reconcile to the amount of $61,202,001 reported in RRR 2.1.5.6. Please explain this difference, showing the multiple elements that $51,910,112 is comprised of, and update the evidence if necessary.
b) OEB staff is unable to trace the amount of $10,501,164 (income tax expense) to the RRR 2.1.5.6 filings or to the Audited Financial Statements of Alectra for 2017. Please explain how this figure is calculated and what components it is comprised of.
c) Please provide a detailed analysis of the amount of ($121,366,548) "other rate zones regulatory net income before interest and taxes", showing all the rate zones separately, and reconciling to the total for Alectra. Please show the calculation of all rate zones' net income before interest and taxes to a level of detail equal to that of what was provided in the "2017 RRR" Column in RRR 2.1.13 for financial mapping purposes.

d) Please confirm that the PRZ, ERZ and BRZ's regulatory net income before interest and taxes have been adjusted for CDM Net income, renewable generation (income) loss, merger costs, and the share of Joint Venture net income, as those items were already adjusted from the total regulated net income (loss) per RRR 2.1.7 figure reported. If so, please explain on what basis the above mentioned adjustments were allocated to each rate zone.

HRZ-Staff-19
ESM
Ref: Exhibit 2, Tab 1, Schedule 6, Table 24

Please present the amounts in Table 24 by allocating General Plant (GP) to the Horizon Rate Zone based on Horizon Rate Zone's 2017 average Distribution Plant (DP) Assets as a percentage of the total average 2017 DP Assets for Alectra.

HRZ-Staff-20
ESM
Ref: Exhibit 2, Tab 1, Schedule 6, Table 29

a) Please explain the nature of the "merger adjustments" made to Horizon Utilities RZ share of depreciation expense and quantify their impact.
b) Please provide more detail on the derecognition expenses that have been added to the Horizon Utilities RZ total for depreciation expense. Are these costs related to the merger of Alectra Utilities? If so, why are they not excluded from total depreciation expense?

HRZ-Staff-21
ESM
Ref: Exhibit 2, Tab 1, Schedule 6, Table 31

Please explain on what basis the Horizon Utilities RZ share of Alectra Utilities adjustments for tax of ($10,139,005) was determined. More specifically, please provide a table breaking out the components of the net additions/(deductions) for tax, identifying which portions were directly attributable and those that were not directly attributable to the HRZ, indicating what allocators were assigned to each. Please provide explanations regarding the choice of allocator and why Alectra considers it to be appropriate.

HRZ-Staff-22
ESM
Ref: Exhibit 2, Tab 4, Schedule 7

Ref: Exhibit 2, Tab 2, Schedule 7
Ref: Exhibit 2, Tab 1, Schedule 6

a) Please confirm that Alectra has prepared the HRZ ESM calculation on the basis of Alectra's post-amalgamation capitalization policy.
b) Please provide details for the financial impact of the change in capitalization policy for Horizon Utilities RZ for 2017, in the same manner as provided in Exhibit 2, Tab 4, Schedule 7 and Exhibit 2, Tab 2, Schedule 7 for the Brampton and Enersource RZs, respectively.
c) Please confirm that the full revenue requirement impact for 2017 relating to the change in capitalization policy for the BRZ and the ERZ has been recorded in the associated deferral accounts.
d) Please confirm the dollar amount and % of revenue requirement impact relating to the change in capitalization policy that Alectra is returning to HRZ customers through its ESM.
e) If Alectra is returning the full revenue requirement impact associated with the change in capitalization policy to its BRZ and ERZ but is returning less than the full amount to the HRZ customers, please explain why it is appropriate to treat the HRZ customers differently from the customers of the other two Alectra rate zones.
f) Please recalculate the ESM, and the bill impact to a Residential Class customer consuming 750 kWh per month, for the Alectra HRZ whereby the full revenue requirement impact associated with the change in capitalization policy has been returned to Alectra HRZ's customers.

HRZ-Staff-23
Capital Investment Variance Account ("CIVA")
Ref: Exhibit 2, Tab 1, Schedule 6, pp. 15-17 of 17

a) Please explain why Alectra believes it is appropriate to base capital additions on the post-amalgamation capitalization policy for the purposes of calculating the CIVA, whereas the capital additions forecast for 2017 in the Custom IR Application (EB-2014-0002) were based on the pre-merger capitalization policy.
b) Please make an adjustment to the information presented in Tables 32, 33, and 35 to reflect the impacts of the changes to the capitalization policy for 2017 relating to the Horizon Utilities RZ.

HRZ-Staff-24
ESM and CIVA
Ref: Exhibit 2, Tab 1, Schedule 6

For the purposes of allocating costs in the post-integration period that are not directly attributable to the Horizon Utilities RZ, Alectra has utilized the following approaches:

1. allocated OM&A based on a 2014-2016 historical average of OM&A costs for each rate zone (Table 26);
2. allocated GP depreciation based on 2016 GP depreciation for each rate zone (Table 30); and
3. allocated GP Capital Additions based on 2016 Rate Base (Tables 34 and 35)

Please provide rational or an explanation for the inconsistencies in Alectra's approach to selecting the allocators used for assigning costs to the Horizon Utilities RZ. For example, what is the basis for using historical averages versus the most recent historical year as benchmarks in cost allocation?

HRZ-Staff-25
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform HRZ
In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[1].
b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

If another approach is used, please explain in detail.

HRZ-Staff-26
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule

[1] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

Ref: 2017 GA Analysis Workform HRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).
b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.
c) Has CT 1142 been trued up with the IESO for all of 2017?
d) Which months from 2017 were trued up in 2018?
e) Have all of the 2017 related true-ups been reflected in the applicant's DVA Continuity Schedule in this proceeding?
f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included. Where applicable, please separate components by month (eg. indicate the target month being settled/adjusted and the month in which the adjustment(s) were recorded in the general ledger). As well, please separate the components by the initial price-variance true-up (1-month lag) and the subsequent quantity-variance true-up (5-month lag).

HRZ-Staff-27
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform HRZ

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.
c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?
d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?
e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?
g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

HRZ-Staff-28
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform HRZ

a) An amount of ($1,407,107) in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the HRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of ($819,473), pertaining to the reversal of Principal Adjustments from 2016, and ($587,573). Please explain, in detail, what the amount of ($587,573) represents and how it was calculated.
b) An amount of $3,650,554 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the HRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $1,808,419, pertaining to the reversal of Principal Adjustments from 2016, and $1,842,135. The amount of $1,842,135 has been identified on the GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.
c) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

HRZ-Staff-29
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform HRZ
Ref: Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO
On pages 3-4 of 5 of Exhibit 2 – Tab 1 – Schedule 8 (HRZ Settlement Process with IESO), Alectra has indicated that there is a five month lag to determine actual consumption in a given month for non-interval metered customers, which is why there is also a five month lag to true-up RPP Settlements with the IESO with respect to quantity variances.

If a five month lag exists to determine actual total kWh in a given month for non-interval metered customers, please explain why reconciling items 2a and 2b have not been quantified or included in the GA Analysis Workform to adjust for the differences between estimated/accrued and actual unbilled revenue.

HRZ-Staff-30
Group 1 DVAs
Ref: IRM Model HRZ Tab 3 DVA Continuity Schedule
With respect to the HRZ, the total amount being requested for disposition in Account 1588 is ($5,319,006). Considering that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis, or subsequently trued-up in later months as actual data becomes available, the remaining amounts at the end of a particular year should be relatively small (the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Please explain why such a large, material balance exists in Account 1588 as of December 31, 2017 adjusted for dispositions during 2018, and reconcile the significant difference.

HRZ-Staff-31
Group 1 DVAs
Ref: 2017 GA Analysis Workform HRZ
Ref: Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO
Please explain how the GA billing rate is determined for billing cycles that span more than one load month for the HRZ.

HRZ-Staff-32
LRAMVA
Ref: Tab 2 of LRAMVA workform (Attachment 12)
Ref: EB-2014-0002, Exhibit 3, Tab 1, Schedule 2, Table 3-6 and Table 3-7 (Pages 10 and 11 of 33)
Horizon RZ's LRAMVA threshold is based on Table 3-6 of Exhibit 3 from its last rebasing application.

a) Please confirm the amount of CDM adjustment in the load forecast and the LRAMVA threshold approved in the last rebasing application.
b) Please provide rationale for using incremental savings in 2015 (as the LRAMVA threshold in 2015) and cumulative savings in 2015 and 2016 (as the LRAMVA threshold in 2016).
c) Please discuss the appropriateness of the LRAMVA threshold used for comparison against actual savings.
d) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., cells D78 to F78) if it is not relevant to the current LRAMVA disposition.

HRZ-Staff-33
LRAMVA
Ref: Tab 5 of LRAMVA workform (Attachment 12)
The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

HRZ-Staff-34
LRAMVA
Ref: Tab 5 of LRAMVA workform (Attachment 12)
It appears that 2,781 kW of savings from the Home Depot Home Appliance Market Uplift (Conservation Fund) Pilot Program was not allocated to a customer class. As a result, savings from this pilot program are not included in the LRAMVA.

a) At row 277 of Table 5-b, please confirm the customer class in which savings from the Home Depot Home Appliance Market Uplift (Conservation Fund) Pilot Program are allocated, and any associated changes to Table 5-b.

HRZ-Staff-35
LRAMVA
Ref: Tab 8 of LRAMVA workform (Attachment 12)
Horizon RZ is claiming 16,589.91 kW of demand savings from streetlighting projects in 2016. Please confirm:

a) the impact of streetlighting savings in the Horizon RZ and the amounts deducted from the retrofit program.
b) whether monthly streetlighting savings was based on the OEB approved load profile for streetlighting customers from the last cost of service application. If not, please explain how the monthly breakdown of the streetlighting savings was determined.
c) the conversion factor to adjust energy savings to demand savings for the streetlighting project.
d) the specific reference source of the NTG value (i.e., NTG ratio of 0.78) in the IESO Results Report.
e) whether the persistence of the savings from the 2015 streetlighting project is claimed in 2016.

i. If yes, please confirm that the persistence of savings is based on actual streetlighting savings.
ii. Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.

HRZ-Staff-36
LRAMVA

a) If the Horizon RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.
b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

Brampton Rate Zone

BRZ-Staff-37
CBR Rate Rider
Ref: Exhibit 2/Tab 2/Schedule 5, Page 8
Ref: Attachment 15

The rate rider for Capacity Based Recovery (CBR) is inconsistent between the written evidence and the tariff.

	Exhibit 2/Tab 2/Schedule 5 Page 8 / Table 63	Attachment 15
Residential	-$0.00004 /kWh	-$0.0000 / kWh
General Service Less than 50 kW	-$0.00004 /kWh	(none)
General Service 50 to 699 kW	-$0.01435 /kW	-$0.0144 / kW
Street Lighting	-$0.01422 /kW	-$0.0142 /kW
Embedded Distributor	-$0.00004 /kW	-$0.0000 / kWh
Distributed Generation	-$0.00004 /kW	-$0.0000 / kWh

Alectra states "Alectra Utilities proposes that the CBR B balance be cleared with a volumetric rate rider to five decimal places in 2018 for the Brampton RZ." However, the tariff of rates and charges in Attachment 15 includes this charge rounded to 4 digits. Also, the table in the written evidence is proposing to dispose of the rate rider for Embedded Distributor and Distributed Generation on kilowatts, while kilowatt hours is used in the tariff.

a) Please detail which rate riders are correct, and amend the tariff as required.

BRZ-Staff-38
Group 1 DVAs
Ref: IRM Model BRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform BRZ
In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[2].

[2] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA

b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

If another approach is used, please explain in detail.

BRZ-Staff-39
Group 1 DVAs
Ref: IRM Model BRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform BRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).
b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.
c) Has CT 1142 been trued up with the IESO for all of 2017?
d) Which months from 2017 were trued up in 2018?
e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?
f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

BRZ-Staff-40
Group 1 DVAs
Ref: IRM Model BRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform BRZ

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.
c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?

4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?
e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017.
g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

BRZ-Staff-41
Group 1 DVAs
Ref: IRM Model BRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform BRZ

a) An amount of ($623,541) in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the BRZ DVA Continuity Schedule appears to be comprised of two elements, based on the comments in the cell: an amount of ($803,139), pertaining to the reversal of Principal Adjustments from 2016, and $179,597, pertaining to RPP True-ups for December 2017 recorded in January 2017. Please confirm that Alectra meant to explain the second part of the entry as “RPP True-up for December 2017 made in January 2018” and please explain, in detail, how this amount was calculated.
b) An amount of $2,212,711 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the BRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $1,619,355, pertaining to the reversal of Principal Adjustments from 2016, and $593,356. The amount of $593,356 has been identified on the BRZ GA Analysis Workform as reconciling item 1b (current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.
c) Please confirm that the debit amount of $593,356, included in cell BZ29 of the BRZ DVA Continuity Schedule and as reconciling item 1b on the BRZ GA Analysis Workform, should actually be a credit entry, since the explanation describes this entry as “CR 593k relates to current year but recorded in the GL the following year, therefore, should record the CR in current year”. If so, please adjust the BRZ DVA Continuity Schedule and BRZ GA Analysis Workform.
d) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant’s GL in the normal course of business. However, if a principal

adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

BRZ-Staff-42
Group 1 DVAs
Ref: 2017 GA Analysis Workform BRZ
The calculated value from the BRZ 2017 GA Analysis Workform for cells "F59/D26" = 1.1048 (the calculated loss factor). However, Alectra's BRZ OEB-approved total loss factor is 1.0341 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed). Please reconcile this difference.

BRZ-Staff-43
LRAMVA
Ref: Tab 2 of LRAMVA workform (Attachment 20)
Ref: EB-2014-0083, 2015 Decision and Order, Settlement Table 12, Page 48 of 49
The Brampton rate zone has an LRAMVA threshold of 53,726,380 kWh approved in its 2015 cost of service application. This threshold is applied against 2016 actual savings.

a) Please complete table 2-a of the LRAMVA workform with the energy savings for the GS 50-699 kW and GS 700-4999 kW customer classes, in order to be consistent with Settlement Table 12 from the last cost of service application.
b) Please provide the reference source on the LRAMVA threshold as requested in table 2-a of the LRAMVA workform.
c) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., cells D50 to G50) if it is not relevant to the current LRAMVA disposition.

BRZ-Staff-44
LRAMVA
Ref: Tab 5 of LRAMVA workform (Attachment 20)
The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

BRZ-Staff-45
LRAMVA
Ref: Tabs 4 and 5 of LRAMVA workform (Attachment 20)

The program level savings from 2013, 2014 and 2015 CDM programs were not entered into Table 4-c, Table 4-d and Table 5-a.

a) Please complete the following tables with IESO verified program savings:
    - Table 4-c
    - Table 4-d
    - Table 5-a
b) Please confirm whether there were changes to the persisting savings amounts from 2013, 2014 and 2015 in 2016.

BRZ-Staff-46
LRAMVA

a) If the Brampton RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.
b) Please confirm any changes to the LRAMVA workform in Tab 1-a.
c) Please file Brampton RZ's 2014 persistence savings report verified by the IESO to confirm the 2013 and 2014 persisting savings in 2016.

PowerStream Rate Zone

PRZ-Staff-47
Group 1 DVAs
Ref: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform PRZ
In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[3].
b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

If another approach is used, please explain in detail.

PRZ-Staff-48
Group 1 DVAs
Ref: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform PRZ

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).
b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.
c) Has CT 1142 been trued up with the IESO for all of 2017?
d) Which months from 2017 were trued up in 2018?
e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?

[3] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

PRZ-Staff-49
Group 1 DVAs
Ref: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform PRZ

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.
c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?
d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?
e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?
g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

PRZ-Staff-50
Group 1 DVAs
Ref: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform PRZ
Ref: Exhibit 2 – Tab 1 – Schedule 8 – Settlement Process with IESO

a) An amount of $4,413,063 in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the PRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of $811,309, pertaining to the reversal of Principal Ad justments from 2016, and $3,601,754. Please explain, in detail, what the amount of $3,601,754 represents and how it was calculated.
b) An amount of ($430,861) in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the PRZ DVA Continuity Schedule appears to be comprised of two elements: an amount of ($4,970,749), pertaining to the reversal of Principal Adjustments from 2016, and $4,539,888. The amount of $4,539,888 has been identified on the PRZ GA Analysis Workform as reconciling item 1b

(current year RPP Settlement True-up booked in subsequent year). Please explain, in detail, how this figure was calculated.

c) Please confirm that the debit amount of $4,539,888, included in cell BZ29 of the PRZ DVA Continuity Schedule and as reconciling item 1b on the PRZ GA Analysis Workform, should actually be a credit entry, since the explanation describes this entry as “CR 4,540k relates to current year but recorded in the GL the following year, therefore, should record the CR in current year”. If so, please adjust the PRZ DVA Continuity Schedule and PRZ GA Analysis Workform.

d) The items identified as reconciling items 1a and 1b in the PRZ GA Analysis Workform pertain to RPP Settlement True-up impacts on Account 1589 – Global Adjustment. However, in last year’s application (EB-2017-0024), in responses to Technical Conference Undertakings (JT.Staff-5), Alectra indicated that these adjustments pertain to differences between accrued and actual GA unbilled revenue. Please confirm that the items identified as 1a and 1b in the PRZ GA Analysis Workform under reconciling items should have been input as items 2a and 2b (unbilled revenue variances from 2016 and 2017, respectively). Please update the PRZ GA Workform accordingly.

e) If the items in question in part d) above are, in fact, unbilled revenue variances from 2016 and 2017, respectively, please explain why there are no amounts included for items 1a and 1b for RPP settlement true-ups, as Alectra has indicated on pages 3-4 of 4 of Exhibit 2 – Tab 3 – Schedule 6 (PRZ Settlement Process with IESO) that there is a three-month lag between estimated consumption figures and actual consumption figures for RPP and Non-RPP quantities that impact true-up adjustments with the IESO.

f) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant’s GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

PRZ-Staff-51
Group 1 DVAs
Ref: 2017 GA Analysis Workform PRZ

The calculated value from the PRZ 2017 GA Analysis Workform for cells “F59/D26” = 1.0433 (the calculated loss factor). However, Alectra’s PRZ OEB-approved total loss factor is 1.0369 (for secondary metered customers < 5,000 kW, which should constitute the majority of the GA consumption billed). Please reconcile this difference.

PRZ-Staff-52
Group 1 DVAs
Ref: 2017 GA Analysis Workform PRZ
In the description of the GA billing rate (Note 3) of the PRZ 2017 GA Analysis Workform, Alectra indicates:

"Limitations of PowerStream's billing system calcualtion [sic] *of unbilled amounts will lead to significant timing differences between the GA revenue booked in the year versusthat* [sic] *shown in the GA Workform. Please see the attached note for a detailed discussion."*

OEB staff is unable to locate the attached note referred to above. Please provide this note or provide its content in the answer to this question.

PRZ-Staff-53
Group 1 DVAs
Ref: 2017 GA Analysis Workform PRZ
Please confirm that for the PRZ, the same GA rate is used to bill unbilled revenue for a particular month as that of billed revenue. If not, please explain what GA rate is used to record unbilled revenue.

PRZ-Staff-54
Group 1 DVAs
Ref: IRM Rate Generator Model PRZ Tab 3 DVA Continuity Schedule
With respect to the PRZ, the total amount being requested for disposition in Account 1588 is $7,065,564. Considering that the variance between RPP revenue and the cost of energy attributable to RPP customers is settled with the IESO on a monthly basis, or subsequently trued-up in later months as actual data becomes available, the remaining amounts at the end of a particular year should be relatively small (the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

Please explain why such a large, material balance exists in Account 1588 as of December 31, 2017 adjusted for dispositions during 2018.

PRZ-Staff-55
IRM model
Ref: Attachment 25 – IRM Model PowerStream RZ_20180622
Alectra Utilities provided billing determinants in Tab 4. Billing Det. For Def-Var from the reference above. These billing determinants do not match the metered consumption from the Reporting and Record Keeping Requirements.

a) Please confirm the correct billing determinants or provide an explanation with the reconciliation.

PRZ-Staff-56
Incremental Capital Module
Ref: EB-2014-0219, Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, Pages 13-14

Excerpts from the above reference are reproduced below:

> The Board is of the view that projects proposed for incremental capital funding during the IR term must be discrete projects, and not part of typical annual capital programs. This would apply to both ACMs and ICMs going forward…
>
> The use of an ACM is most appropriate for a distributor that:
> - does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding;
> - is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. "business as usual" type projects); or
> - is not proposing to use the entire eligible incremental capital envelope available for a particular year.

a) Please provide a discussion and specific justification about how each of Alectra Utilities' projects proposed for ICM funding for the Powerstream RZ meets the criteria listed specifically in bullet-point one and two.
b) Please provide a discussion on Alectra Utilities' plans if the ICM was denied.

PRZ-Staff-57
Incremental Capital Module
Ref: Attachment 29 ICM Model PRZ – Tab 4. Growth Factor
Alectra provided 2017 actual consumption in columns C, D, and E but they are different from what is in RRR.

a) Please reconcile the difference or update the tab as required.

PRZ-Staff-58
Incremental Capital Module
Ref: Attachment 29 ICM Model PRZ – Tab 6.

In cell C46 Alectra used the OM&A expense from the original application and not what was per the OEB decision.

a) Please provide an explanation or update as required.

PRZ-Staff-59
Incremental Capital Module
Ref: Attachment 29 ICM Model PRZ – Tab 10b. Proposed ACM ICM project
Alectra provided the 2019 Distribution System Plan (DSP) CAPEX as $102,074,174.

a) Please provide a reference in the DSP where this value can be found or how it was calculated.

PRZ-Staff-60
Incremental Capital Module
Ref: Attachment 31 ICM business cases PowerStream RZ
Ref: EB-2017-0024 Attachment 33 ICM business cases PowerStream RZ, Page 10
Alectra Utilities is requesting $13.27M to relocate distribution assets resulting from the construction of the York Region Rapid Transit (YRRT) VIVA Bus Rapid Transit (BRT) Y2 and H2 project. This project includes relocating approximately 6.5 km for the Y2 project and 8.5 km for the H2 project.

a) In EB-2017-0024 the referenced ICM business cases show that the forecasted gross capital expenditure for the Y2 project in 2019 is $7.3M. In the current ICM business case the forecasted gross capital expenditure in 2019 is $24.17M. Please provide a detailed explanation to the change in gross capital expenditure.
b) For the Y2 project, are the existing distribution assets that are being relocated all underground? If not, what is the number of kilometer of distribution assets that are now underground compared to the existing design?
c) Has Alectra Utilities considered an overhead distribution system compared to the underground design for the Y2 project? If not, why not?
d) How many feeders are in being relocated in both the Y2 and H2 project?

PRZ-Staff-61
Incremental Capital Module
Ref: Attachment 31 ICM business cases PowerStream RZ
Ref: PowerStream's Distribution System Plan, Exhibit G/Tab 2, Table 5.4.5.1 System Access Proposed Expenditures

Ref: PowerStream's Distribution System Plan, Exhibit G/Tab 2, 5.4.4. Capital Expenditure Summary, Page 4

In PowerStream's Distribution System Plan (DSP), the referenced table shows a planned expenditure of $8.357M for Road Authority in 2018.

a) Please provide the current forecast for Road Authority spending in 2018 without considering the YRRT project.
b) As a result of resources being allocated to the YRRT project were any capital projects in PowerStream's DSP deferred due to lack of resources?

On page 4 of the above reference, PowerStream had noted that historical System Access variances between 2011-2014 were primarily due to increased Road Authority projects in York region, Simcoe county, and the 11 municipalities. In the ICM business case Alectra Utilities had also noted that this overall project started in 2010 in figure 1.

c) Please provide the methodology PowerStream used at the time to forecast the 5 year Road Authority capital budget.

PRZ-Staff-62
Incremental Capital Module
Ref: Attachment 31 ICM business cases PowerStream RZ
Ref: PowerStream's Distribution System Plan, Appendix A, Project Code - 101762
In Appendix A, PowerStream had asked for a project called Road Authority Expenditure PS South. This project is to relocate distribution system assets as a result of road works on Yonge St. from Major Mackenzie Dr to 19th Ave. This is the same project as in the ICM business cases.

a) Please explain why Alectra Utilities is requesting an ICM for this project when it was already included in PowerStream's forecasted capital for 2019 and included in PowerStream's approved rates.
b) Please explain if there was a change in scope for this project from the time of the DSP to the ICM since this overall project appears to be from 2010 to 2020?
c) Was there a scope change from the DSP to the ICM? If so, please provide a detailed scope of work at the time of the DSP and a detailed scope of work for this ICM. This should include, at a minimum, preliminary engineering designs.

PRZ-Staff-63
Incremental Capital Module
Ref: Attachment 31 ICM business cases PowerStream RZ

Alectra Utilities is requesting funding for the relocation of 7 feeders to Barrie TS as a result of the station redesign and the change in egress locations.

a) Please provide the current status of the Barrie TS upgrade and the expected in-service date

PRZ-Staff-64
Incremental Capital Module
Ref: Attachment 31 ICM business cases PowerStream RZ
Alectra Utilities is relocating approximately 6 km of distribution assets due to the road widening on Bathurst St. The total for this project is approximately $7.5M and includes both overhead and underground distribution assets.

a) Please provide a detailed scope of the project. This should include the number of overhead and underground kilometer of feeder, the number of feeders, voltage level of feeders, and number of other distribution assets that are moved (e.g. transformers, switches, lighting arrestors, etc).
b) The average cost for this project is $1.25M per kilometer. Please explain how this unit cost compares to other relocation projects Alectra has done and also unit cost of neighbouring utilities. If it is higher, please provide an explanation why?

PRZ-Staff-65
LRAMVA
Ref: Tab 2 of LRAMVA workform (Attachment 27)
The Powerstream RZ has an LRAMVA threshold of 137,099,754 kWh approved in its 2013 cost of service application. This threshold is applied against 2016 actual savings.

d) In table 2-c, please remove the LRAMVA threshold for 2017 (i.e., row 50) if it is not relevant to the current LRAMVA disposition.

PRZ-Staff-66
LRAMVA
Ref: Tab 3 of LRAMVA workform (Attachment 27)
In Powerstream RZ's LRAMVA disposition, it appears that the 2016 distribution rates should be based on 2015 rates for the first 9 months of the year and 2016 rates for the remaining 3 months of the year.

a) Please provide the distribution rates for the 2015 year (column I) in Table 3.
b) Please confirm whether you will re-submit a revised LRAMVA workform with the formulas enabled in Table 3.

PRZ-Staff-67
LRAMVA
Ref: Tab 5 of LRAMVA workform (Attachment 27)
The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

PRZ-Staff-68
LRAMVA
Ref: Tab 8 of LRAMVA workform (Attachment 27)
Ref: Tab 9 of LRAMVA workform (Attachment 27)
Powerstream RZ is claiming 27,559 kW of demand savings from streetlighting projects in 2016.

a) Please confirm:
   i. whether the methodology to claim streetlighting savings is consistent with that approved in the last rates application in EB-2017-0029.
   ii. whether the monthly streetlighting savings was based on the Board approved load profile for streetlighting customers in the last cost of service application. If not, please explain how the monthly breakdown of the streetlighting savings was determined.
   iii. the conversion factor to adjust energy savings to demand savings for the streetlighting project.
   iv. the project savings from the three municipalities (i.e., City of Markham, City of Barrie and Town of Aurora) listed in Tab 9 were verified by the IESO, and appropriateness of the Net-to-Gross ratio used.
   v. whether persisting savings from 2014 and 2015 are claimed in 2016.
      i. If yes, please confirm that the persistence of savings is based on actual streetlighting savings.
      ii. Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.

PRZ-Staff-69
LRAMVA

a) If the Powerstream RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.
b) Please confirm any changes to the LRAMVA workform in Tab 1-a.

Enersource Rate Zone

ERZ-Staff-70
Billing Determinants
Ref 1: Exhibit 2/Tab 3/Schedule 10, Page 16
Ref 2: ERZ Rate Generator Model (Attachment 38) - Tab 4 Billing Det. for Def-Var

At reference 1, Alectra Utilities states that it filed its "first annual Reporting and Record Keeping Requirements (RRR) post consolidation on April 30, 2018. RRR data for all measures were filed for Alectra Utilities, and not individually, by rate zone".

At reference 1, Alectra Utilities has entered information from its most recent RRR for the Enersource RZ relating to consumption data.

a) Please confirm that Alectra Utilities continues to track RRR information (i.e. kWh, DVA balances etc.) by rate zone in order to populate the IRM Rate Generator Model appropriately.
b) If the answer to a) is no, please explain how the data has been extracted and populated by rate zone.
c) If the answer to a) is no, moving forward, how does Alectra Utilities intend on allocating deferral and variance account balances to each rate zone in order to ensure costs are allocated to the correct sub-set of customers?

ERZ-Staff-71
Deferral and Variance Account Balances
Ref 1: Rate Generator Model – Tab 3 Continuity Schedule
Ref 2: Rate Generator Model - Tab 4 Billing Det. for Def-Var
OEB staff notes the following discrepancies:

- At reference 1, the continuity schedule is missing lines for Account 1595 (2014) and (2015).
- At reference 2, Alectra Utilities has populated columns Q, R and S with class allocation percentages for Accounts (2014), (2015), and (2017). OEB staff notes that at reference 1, there is no total claim for these sub-accounts populated in column CN.

Please correct the discrepancies noted above and revise the total claim for the Enersource RZ if required.

ERZ-Staff-72
Deferral and Variance Account Balances
Ref 1: Rate Generator Model – Tab 3 Continuity Schedule

Ref 2: Article 220, Account Descriptions, of the Accounting Procedures Handbook for Electricity Distributors, Pages 39-40
Ref 3: Accounting Procedures Handbook Frequently Asked Questions, July 2012, Q3

OEB staff notes that in its DVA continuity schedule, Alectra Utilities utilizes applicable sub-accounts of Account 1595 for the year-end date in which the balances are applicable as of. For example, for disposition of balances as of December 31, 2014 approved by the OEB, Alectra Utilities moves the balances into sub-accounts of 1595 (2014) and not sub-account of 1595 for (2016) (i.e. the rate year in which the amounts were approved for disposition).

OEB staff notes that both reference 2 and 3 above indicate that the method Alectra Utilities utilizes is not correct. For example, reference 2 indicates:

> The account description of (control) Account 1595 specifies that for each year the deferral or variance account balances are approved for disposition by the Board, distributors are required to set-up under the control account three sub-accounts using the format of a vintage year classification of the year in which the balances are approved for disposition and recovery from or refund to customers.
>
> The three sub-accounts are as follows:
>
> 1. Sub-account Principal Balances Approved in “20yy”
>
> 2. Sub-account Carrying Charges Approved in “20yy”
>
> 3. Sub-account Carrying Charges for Net Principal in “20yy”
>
> For example, if the approval of the account balances resulted in disposition through a rate rider effective on May 1, 2012, the vintage year classification represents the year the balances were approved which in this case would be “…2012” added to the suffix of the three sub-accounts. Note that the nature of the amounts recorded in the three sub-accounts remains unchanged from previously issued guidance in the October 2009 APH-FAQs and as updated in the revised 2012 APH.

Please explain why Alectra Utilities believes its method is correct given the accounting guidance.

ERZ-Staff-73
Group 1 DVAs
Ref: IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform ERZ (Attachment 39)

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively[4].
b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.

If another approach is used, please explain in detail.

ERZ-Staff-74
Group 1 DVAs
Ref: IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform ERZ (Attachment 39)

a) Please describe how the initial RPP related GA is determined for settlement forms submitted by day 4 after the month-end (resulting in CT 1142 on the IESO invoice).
b) Please describe the process for truing up CT 1142 to actual RPP kWh, including which data is used for each TOU/Tier 1&2 prices, as well as the timing of the true up.
c) Has CT 1142 been trued up with the IESO for all of 2017?
d) Which months from 2017 were trued up in 2018?
e) Have all of the 2017 related true-up amounts been reflected in the applicant's DVA Continuity Schedule in this proceeding?
f) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

ERZ-Staff-75
Group 1 DVAs
Ref: IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule

[4] Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

Ref: 2017 GA Analysis Workform ERZ (Attachment 39)

a) Please describe the process for the initial recording of CT 148 in the accounts (i.e. 1588 and 1589).
b) Please describe the process for true up of the GA related cost to ensure that the amounts reflected in Account 1588 are related to RPP GA costs and amounts in 1589 are related to only non-RPP GA costs.
c) What data is used to determine the non-RPP kWh volume that is multiplied with the actual GA per kWh rate (based on CT 148) for recording as expense in Account 1589 for initial recording of the GA expense?
d) Does the utility true up the initial recording of CT 148 in Accounts 1588 and 1589 based on estimated proportions to actuals based on actual consumption proportions for RPP and non-RPP?
e) Please indicate which months from 2017 were trued up in 2018 for CT 148 proportions between RPP and non-RPP.
f) Are all true-ups for 2017 consumption reflected in the DVA Continuity Schedule under 2017?
g) Please quantify the amount reflected in the DVA Continuity Schedule, and the column where it is included.

ERZ-Staff-76
Group 1 DVAs
Ref: IRM Model ERZ (Attachment 38) - Tab 3 DVA Continuity Schedule
Ref: 2017 GA Analysis Workform ERZ (Attachment 39)

a) The amounts entered in cell BZ28 for Account 1588 in the 2017 Principal Adjustments column of the ERZ DVA Continuity Schedule should be comprised of multiple elements: an amount of ($2,500,544), pertaining to the reversal of Principal Adjustments from 2016, as well as any other entries to adjust the 2017 closing balances. Alectra has reported a single figure of ($998,801). Please explain, in detail, what the amount of ($998,801) represents and how it was calculated by separating the amounts pertaining to reversals from 2016 adjustments and providing supporting calculations for any other adjustments.
b) An amount of $2,871,035 in cell BZ29 for Account 1589 in the 2017 Principal Adjustments column of the ERZ DVA Continuity Schedule appears to be comprised of multiple elements (based on the reconciling items identified on the GA Analysis Workform): an amount of ($826,764), pertaining to the reversal of Principal Adjustments from 2016, $1,063,861 for item 1b, and $980,410 for item 2b. The amount of $1,063,831 has been identified on the GA Analysis Workform

as a current year RPP Settlement True-up booked in the subsequent year. Please explain, in detail, how this figure was calculated.

c) From part b) above, the amount of $980,410 has been identified on the GA Analysis Workform as a current year differences between accrued and actual unbilled revenue. Please explain, in detail, how this figure was calculated.
d) Please confirm that the principal adjustments shown on the DVA Continuity Schedule are reflected in the GL transactions in a subsequent or prior year. As an example, the unbilled to actual true-up for 1589 would already be reflected in the applicant's GL in the normal course of business. However, if a principal adjustment related to proportions between 1588 and 1589 was made, the applicant must ensure that the GL reflects the movement between the two accounts.

ERZ-Staff-77
Group 1 DVAs
Ref: 2017 GA Analysis Workform ERZ (Attachment 39)
Ref: Exhibit 2/Tab 4/Schedule 6 Settlement Process with IESO

Please explain how the GA billing rate is determined for billing cycles that span more than one load month for the ERZ.

ERZ-Staff-78
RTSRs
Ref: IRM Model ERZ (Attachment 38) - Tab 13 RTSR – Historical Wholesale

From August to September the unit Uniform Transmission Rates (UTRs) do not match the 2017 rates and appear to vary significantly throughout the months.

a) Please explain the variation or reconcile to reflect the 2017 UTRs

ERZ-Staff-79
Renewable Generation Connections
Ref 1: Exhibit 2/Tab 4/Schedule 8, p.1-3
Ref 2: Attachment 41 - Renewable Generation Connection Funding

Reference 2 shows the total revenue requirement for 2019 for Renewable Generation connections is $186,013, with $32,287 being a direct benefit to Enersource RZ's customers and $153,726 to come from the Provincial Rate Protection.

a) Please confirm that Alectra Utilities is not planning to apply the rate rider to recover the direct benefit portion in 2019.

b) Please provide reconciliation between the capital amounts, OM&A and revenue requirement and the 2017 balances for Accounts 1531, 1532 and 1533.

ERZ-Staff-80
Capital Expenditures
Ref: Exhibit 2/Tab 4/Schedule 11, Page 4

Table 143 – Capital Expenditures by Category from 2014 to 2022 ($000s) – Enersource RZ

Category	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022
System Access	$5,626	$12,253	$11,822	$6,617	$7,360	$13,754	$13,769	$12,709	$10,769
System Renewal	$31,244	$37,472	$35,196	$38,203	$35,323	$40,948	$34,601	$35,162	$35,738
System Service	$10,951	$56,776	$12,724	$9,966	$7,956	$13,407	$13,717	$13,522	$14,007
General Plant	$6,230	$9,546	$4,333	$4,652	$4,833	$6,206	$7,247	$8,020	$6,330
Total	$54,051	$116,047	$64,075	$59,438	$55,472	$74,315	$69,334	$69,414	$66,844

a) Please confirm if the forecast year expenditures include all ICM expenditures.
b) Please show Table 143 excluding all ICM expenditures.
c) Please provide year to date actuals for the capital expenditures for 2018

ERZ-Staff-81
Incremental Capital Module
Ref: EB-2014-0219, Report of the Board: New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, Pages 13-14

Excerpts from the above reference are reproduced below:

> The Board is of the view that projects proposed for incremental capital funding during the IR term must be discrete projects, and not part of typical annual capital programs. This would apply to both ACMs and ICMs going forward…
>
> The use of an ACM is most appropriate for a distributor that:
> - does not have multiple discrete projects for each of the four IR years for which it requires incremental capital funding;
> - is not seeking funding for a series of projects that are more related to recurring capital programs for replacements or refurbishments (i.e. "business as usual" type projects); or
> - is not proposing to use the entire eligible incremental capital envelope available for a particular year.

a) Please provide a discussion and specific justification about how each of Alectra Utilities' projects proposed for ICM funding for the Enersource RZ meets the criteria listed specifically in bullet-point one and two.

b) Please provide a discussion on Alectra Utilities' plans if the ICM was denied.

ERZ-Staff-82
Incremental Capital Funding
Ref: Exhibit 2/Tab 4/Schedule 11, Page2

Alectra Utilities states that since 2014, key reliability metrics for the Enersource RZ (e.g. SAIDI, SAIFI) have been trending upward, indicating an overall deterioration in reliability performance and that Alectra Utilities is committed to addressing this upward trend and reducing the associated operational risks.

a) Please confirm the proposed 2019 ICM requests in the Enersource RZ are intended to maintain reliability.
b) Please provide a list of 2019 projects geared towards addressing negative trends in overall system performance and service quality.

ERZ-Staff-83
Incremental Capital Funding
Ref: Exhibit 2/Tab 4/Schedule 11, Pages 6-7

At the above reference, Alectra Utilities states:

The top two priorities for Alectra Utilities' customers in both the Enersource and PowerStream rate zones are: delivering reasonable distribution rates; and ensuring reliable electrical service. The engagement confirms that the vast majority of customers are satisfied with the current level of reliability they experience, and expect Alectra Utilities to do what is necessary to maintain it. In principle, most customers support some form of investment program that ensures a consistently reliable and modern distribution system, which also addresses growth and system demands. Customers also expressed frustration in relation to their electricity bills; Alectra Utilities is well aware of this customer sentiment. When asked how Alectra Utilities can improve service, most common responses throughout the engagement were either "nothing" or "lower rates".

a) Based on the above statement, the majority of customers are satisfied with reliability but are concerned with rising electricity rates. However, Alectra is proposing to increase rates, in part due to an ICM, to address reliability issues. Please explain how this aligns with the outcome of the customer engagement process.
b) Please confirm that the most consistent message during the customer engagement was a request for lower rates, and explain why Alectra Utilities has responded to that message by proposing an increase in the proposed ICM projects by adding the full replacement of the Rometown Area Overhead System

Rebuild as opposed to the partial replacement as initially contemplated (i.e. $3.2M versus $1.85M, respectively).

ERZ-Staff-84
ROE Calculation
Ref 1: Exhibit 2/Tab 4/Schedule 11, Page 13
Ref 2: Attachment 45 – 2017 ROE Alectra Utilities

Alectra Utilities' 2017 consolidated ROE was calculated to be 8.43%, 47 basis points below a calculated ROE for Alectra of 8.90%. Alectra Utilities calculated a consolidated deemed ROE percentage for the first time as of April 30, 2018 using the weighted average of the OEB-approved rate base amounts for each rate zone, from the most recent OEB-approved rebasing application for each of the predecessor companies.

a) Please provide the calculation of how Alectra Utilities determined its overall weighted average rate base.
b) Please provide the actual and deemed ROE for each rate zone
c) Please explain why Alectra Utilities finds it appropriate to use a consolidated ROE instead of the ROE for each rate zone for the means test.

PRZ-Staff-85
Incremental Capital Module
Ref: Attachment 29 ICM Model ERZ – Tab 10b. Proposed ACM ICM project
Alectra provided the 2019 Distribution System Plan (DSP) CAPEX as $73,315,118.

a) Please provide a reference in the DSP where this value can be found or how it was calculated.

ERZ-Staff-86
Incremental Capital Funding
Ref: Attachment 46 ICM Business Cases Enersource RZ, Page 1 of 6

At the above reference, Alectra Utilities states:

> *Through its inspection program in the Enersource Rate Zone, in the City of Mississauga, Alectra Utilities identified a number of poles that are in poor condition (i.e., signs of rotting, mechanical damage, insect infestation, and cracking). These inspections, which involved visual as well as resistograph testing of the poles' residual strength, also revealed the poor condition of overhead assets, including: the existence of leaning poles; deteriorated porcelain*

insulators (which are prone to cracking and shattering which leads to failures, outages and pole fires) and transformers showing signs of leaking oil. Consequently, the area south of Queen Elizabeth Way and east of Dixie Road (i.e., Rometown) was identified as needing investment renewal.

a) Please confirm that the transformers proposed to be replaced in the reference above are different from those slated for replacement in Alectra Utilities' Leaking Transformer Replacement Project?

ERZ-Staff-87
Incremental Capital Funding
Ref: Exhibit 2/Tab 4/Schedule 11, Page 12, Table 155

Table 155 – 2019 Eligible Capital Projects by Category – Enersource RZ

Project Description	Capital Expenditures
Leaking Transformer Replacement Project	$7,500,000
Rometown	$3,200,000
System Renewal	**$10,700,000**
Total Enersource RZ Incremental Capital Funding	**$10,700,000**

The table above lists Alectra Utilities' proposed ICM project for the Enersource RZ.

a) Has Alectra considered deferring lower priority projects included in the existing base capital budget envelope to create adequate headroom to implement the projects listed in Table 155?
    i. If yes, please describe in detail the results of this consideration.
    ii. If no, why not?
b) For each of the eligible capital projects listed above, please describe the exceptional cause(s) that prompted the need for these projects and that became known since the base capital budget was originally set in 2013.
c) Does Alectra Utilities' base capital (non-ICM) budget also include pole and transformer replacement programs?
    i. If yes, do the ICM line items simply represent an expansion of the pole and transformer replacement programs already included in the base capital budget?
    ii. Are the projects listed in Table 155 the lowest priority pole and transformer replacement projects, or are they higher priority than the projects in the base capital list?
    iii. If the latter, why aren't the ICM projects included in base capital, and the lower priority projects proposed for the ICM, since it is possible that some or all of the ICM projects may not be approved by the OEB.

ERZ-Staff-88
Incremental Capital Funding
Ref: Exhibit 2/Tab 4/Schedule 11, Page 14
Ref: EB-2017-0024 Decision and Order, Page 27

Alectra Utilities states that in contrast to the 2019 Pole Replacement Program, the proposed Rometown Area Overhead System Rebuild project targets **a defined system area** with known substandard assets, based on identified system renewal needs. **[emphasis added]**

In the OEB's EB-2017-0024 Decision and Order, the OEB found that "a discrete project is not simply distinguishable or defined at a new location – or all capital would be eligible. ICM projects do need to be different in kind from those that are carried out through typical base capital programs".

a) Please provide an explanation as to why Alectra Utilities believes that its Rometown Area Overhead System Rebuild project is sufficiently different from its ongoing pole replacement program besides being in a specified defined area within the Enersource RZ.

ERZ-Staff-89
Rometown Area Overhead System Rebuild
Ref: Attachment 46 ICM Business Cases Enersource RZ

Project Name
Rometown Area Overhead System Rebuild

Alectra Utilities states that through its inspection program in the Enersource RZ, it identified a number of poles that are in poor condition (i.e., signs of rotting, mechanical damage, insect infestation, and cracking). These inspections, which involved visual as well as resistograph testing of the poles' residual strength, also revealed the poor condition of overhead assets, including: the existence of leaning poles; deteriorated porcelain insulators (which are prone to cracking and shattering which leads to failures, outages and pole fires) and transformers showing signs of leaking oil. Consequently, the area south of Queen Elizabeth Way and east of Dixie Road (i.e., Rometown) was identified as needing investment renewal.

a) What are the reliability impacts of the deteriorating poles based on historical performance for the Rometown area mentioned above from 2011 to 2017?

b) Based on the table below provided by Alectra Utilities, equipment failure in the area does not seem to be causing exceptional levels of outages. Please provide evidence that this is the case.

Table 1 – Outage History due to Equipment Failure in Rometown Area

Year	Number of Outages	Customers Impacted	Customer Interruption Minutes
2012	2	1,565	1,565
2013	0	0	0
2014	1	13	1,586
2015	3	37	3,251
2016	0	0	0
2017	0	0	0
Total	**6**	**1,615**	**6,402**

c) Please provide a breakdown of annual historical failure data (# of failures, # customer outage minutes) for each of the years 2010 to 2018 for the following asset groups: Overhead switches, insulators, wood poles, concrete poles, underground transformers, overhead transformers, padmount switchgears.

d) Are there other areas in the Enersource RZ with conditions similar to those in the Rometown area?
   i. If yes, why have these projects been prioritized and the others deferred?
   ii. Could these projects be considered as discretionary and candidates for deferral? If no, why not?

ERZ-Staff-90
Leaking Transformer Replacement Project
Ref 1: DSP, Section 2.4.4 – Asset Renewal – Distribution Transformers, Page 246
Ref 2: EB-2017-0024, Exhibit 2/Tab 4/Schedule 11, Pages 16-17

Reference 1 states the following:

> The Enersource RZ has 25,329 distribution transformers located throughout in the distribution system, including public spaces such as right-of-ways, rear lots of private properties, commercial lands near high traffic areas, as well as designated in-door vaults owned by customers. **From 2013 to 2016, the Enersource RZ's fleet of distribution transformers was inspected**, revealing that a large number of transformers were showing signs of oil leaks and/or containing PCB. **[emphasis added]**

OEB staff notes that in its 2018 application[5], Alectra Utilities received OEB approval for incremental capital funding of $8.45M for the backlog of 2,244 in-service transformers identified as needing replacement. In that application, Alectra Utilities noted that the

[5] EB-2017-0024

transformer replacement project is a multi-year capital project to replace transformers in a paced manner until 2021.

Reference 2 indicates that as of January 1st 2018, the backlog of remaining identified leaking transformers and transformers containing PCB oil is 1,221 and that Alectra Utilities has developed a multi-year project to address the remaining 1,221 transformers to minimize safety, environmental, financial and regulatory risks. Alectra Utilities plans to complete the replacement of transformers identified through inspections to be leaking oil or transformers containing PCB oil in 2019 based on a prioritized and paced manner to address the backlog.

The transformer replacement project investment has paced the annual investment with an annual expenditure of $8.4M in 2018 and $7.5M in 2019. The multi-year replacement project is scheduled to be completed in 2019.

a) If the entire fleet of transformers in the Enersource RZ was inspected from 2013 to the end of December 2016 and 2,244 were identified for replacement (which was subsequently approved for incremental funding in Alectra Utilities' 2018 application), please explain how there are now an additional 1,221 transformers identified showing signs of leaks.
b) Are these leaking transformers part of the same "backlog", or are they transformers that have just recently showed signs of leaking, after they were inspected in the original timeframe of 2013 to 2016?
c) Please confirm that in a three year time-frame of 2013 to 2016, Alectra Utilities identified 2,244 transformers needing replacement, and then in a single year, 1,221 additional transformers were subsequently identified.
d) Please provide a breakdown of the cost of replacing the different types of transformers noted in the table below. Please also include in the explanation of how the replacement of 2,244 transformers cost $8.45M, however the cost of approximately half (i.e. 1,221) is still in the range of $7.5M.

Transformer Type	PCB Transformers Indicating Leaking Oil	Non-Leaking Transformers with PCB Oil	Transformers (Non-PCB) Indicating Signs of Leaking	Total
Single-Phase Pad Mount	6	45	410	461
Three-Phase Pad Mount	1	2	44	47
Vault Transformers	0	31	202	233
Pole Mount Transformers	0	7	473	480
Total	7	85	1,129	1,221

ERZ-Staff-91

Incremental Capital Module
Ref: Attachment 46 ICM Business Cases Enersource RZ
Alectra Utilities is requesting $3.2M from ICM to address the substandard area Rometown to address poles replacements, hazardous insulators, damaged grounds, animal contact, and clearance issues. From Alectra Utilities' asset condition assessment, 34.3% of poles were in poor condition and 28.3% of poles were in fair condition, 5 leaky transformers were identified, and six pole mounted transformers are beyond the useful life.

a) For the geographical area identified as Rometown please provide the total number of transformers in the area and the total number of pole mounted transformers

ERZ-Staff-92
Incremental Capital Module
Ref: Attachment 46 ICM Business Cases Enersource RZ
Ref: EB-2012-0033 Exhibit 2/Tab 2/Schedule 2, Appendix 1 Page 44
Ref: EB-2012-0033 Exhibit 9/Tab 1/Schedule 1, Page 11
Alectra Utilities requested $7.5M for replacement of 1,221 leaky transformers, of which 92 have PCB oil and 1,129 do not have PCB oil. In Exhibit 9 from the reference above Enersource had an account to address the 2009 deadline for PCB transformers and Enersource had also stated it does not anticipate incurring additional costs with respect to it's transformers to meet the 2025 requirement due to natural end-of-life replacements.

a) Please explain why Alectra Utilities cannot replace the remainder of the PCB oil transformers as part of its transformer replacement program as originally contemplated.

Alectra had shown in Figure 1 the possible risks of not addressing leaky transformers.

b) Please confirm if environmental remediation is only required for PCB contaminated lands or is it required for all oil leaks.
c) Please confirm if there are high risk environmental concerns if a transformer is leaking but not near water ways and have not shown signs to be leaving the site.
d) Has Alectra Utilities assessed the risk of each transformer location or is it a generalized assessment that leaky transformers have high risks?

ERZ-Staff-93
LRAMVA
Ref: Tab 2 of LRAMVA workform (Attachment 42)

The Enersource RZ has an LRAMVA threshold of 119,146,362 kWh approved in its 2013 cost of service application. This threshold is applied against 2016 actual savings.

a) In table 2-c, please remove the LRAMVA threshold values entered for 2017 (i.e., row 50) if it is not relevant to the current LRAMVA disposition.

ERZ-Staff-94
LRAMVA
Ref: Tab 3 of LRAMVA workform (Attachment 42)
In Enersource RZ's LRAMVA disposition, the data underpinning the calculation of average 2016 rates has not been provided in Table 3. It appears that the average 2016 distribution rates should be based on 2015 rates for the first 4 months of the year and 2016 rates for the remaining 8 months of the year.

a) Please provide the distribution rates for the 2015 year (column I) in Table 3.
b) Please confirm whether you will re-submit a revised LRAMVA workform with the formulas enabled in Table 3.

ERZ-Staff-95
LRAMVA
Ref: Tab 5 of LRAMVA workform (Attachment 42)
The calculation of lost revenue amounts is based on the allocation of CDM savings to their respective rate classes. LDCs should provide rationale for their rate class allocation proposals.

a) Please discuss how the allocation of CDM savings was determined by rate class for the 2016 residential, commercial and industrial programs.

ERZ-Staff-96
LRAMVA
Ref: Tab 8 of LRAMVA workform (Attachment 42)
Enersource RZ is claiming 47,823 kW of demand savings from streetlighting projects in 2016. Please confirm:

a) the number of projects and associated project savings that make up the monthly billed kW savings from January to December 2016 (i.e., cells B50 to B61).
b) whether the monthly streetlighting savings was based on the Board approved load profile for streetlighting customers in the last cost of service application. If not, please explain how the monthly breakdown of streetlighting savings was determined.

c) the conversion factor to adjust energy savings to demand savings for the streetlighting project.
d) the specific reference source of the NTG value (i.e., NTG ratio of 0.72) in the IESO Results Report.
e) whether the Enersource RZ is claiming any persisting savings from prior years in 2016.
    i. If yes, please confirm that the persistence of savings is based on actual streetlighting savings.
    ii. Please confirm whether the rate of savings persistence is consistent with the assumptions made by the IESO.

ERZ-Staff-97
LRAMVA

a) If the Enersource RZ made any changes to the LRAMVA workform as a result of its responses to interrogatories, please file an updated LRAMVA workform.
b) Please confirm any changes to the LRAMVA workform in Tab 1-a.