

August 24, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2018-0016 – Alectra Utilities Corporation – Annual Rate Filing - 2019

Please find, attached, interrogatories on behalf of the Consumers Council of Canada for Alectra Utilities Corporation pursuant to the above-referenced proceeding.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All Intervenors
Alectra, Regulatory Affairs
C. Keizer, Torys
C. Smith, Torys

INTERROGATORIES FROM THE CONSUMERS COUNCIL OF CANADA**FOR ALECTRA UTILITIES CORPORATION****2019 RATES
EB-2018-0016****CCC-1**

Please file all materials provided to Alectra's Board of Directors related to this Application.

CCC-2

Please explain, in detail, how Alectra currently prioritizes its capital projects. Are projects prioritized within each rate zone or across the entire Company? Please describe, in detail the process used to determine the projects for which ICM relief is being sought. Please provide all instructions/budget manuals etc. provided to management regarding the development of the 2019 Capital Expenditure budgets for 2019.

CCC-3

Please indicate when Alectra intends to file its consolidated Distribution System Plan.

CCC-4

Please provide a schedule setting out all merger costs incurred in the years 2017, 2018 (the most recent forecast) and those forecast for 2019. Please provide the merger cost forecasts as presented in the MADDs Application.

CCC-5

What were the overall costs of the Customer Engagement process related to this Application? How are those costs being recovered?

HORIZON:**CCC-6****Ex. 2/T1/S2/p. 11**

In 2015 Horizon's actual capital additions were \$8.3 million higher than forecast. In 2016 Horizon's actual capital additions were \$3.1 million higher than forecast. In 2017, Horizon's capital additions were \$6.8 million higher than forecast.

- a) Please explain why Horizon continues to exceed its approved capital additions forecasts.

- b) Please provide a detailed variance analysis for the \$6.8 million variance in 2017.
- c) The evidence states that Alectra is seeking approval of the of Horizon's 2017 capital additions of \$52.4 million for the purpose of calculating the entry to the CIVA. Is Alectra seeking at this time a determination by the Board that those expenditures were prudent?
- d) Please explain how Horizon can be overspending so significantly relative to the approved budgets, yet still overearning.

CCC-7**Ex. 2/T1/S6/p. 2**

Please provide the allowed and actual ROE for Alectra for 2017. Please provide the detailed calculations.

CCC-8**Ex. 2/T1/S6/p. 4**

Alectra has Calculated Regulatory Net Income for the Horizon RZ. Please confirm that Alectra Utilities Corporation has one set of books for accounting purposes. Please calculate the Regulatory Net Income for each of the other rate zones PowerStream, Enersource and Brampton on the same basis that was used to calculate the Horizon RZ Regulatory Net Income. Please provide the Board approved and actual ROEs for each of the rate zones.

CCC-9**Ex. 2/T1/S6/p. 4**

In the Calculation of Regulatory Net Income in Table 20 Alectra has removed \$2.032 million in merger costs for Alectra, of which \$.483 million is allocated to Horizon. Please explain how these numbers were derived.

BRAMPTON:**CCC-10****Ex. 2/T2/S1**

What is the current materiality threshold for the Brampton RZ?

POWERSTREAM:**CCC-11****Ex. 2/T3/S1**

What is the current materiality threshold for PowerStream?

CCC-12**Ex. 2/T3/S10/p. 1**

Please explain how Alectra identifies the spending considered part of the overall capital budget for PowerStream for 2019 and the projects where funding is being sought through the incremental capital module.

CCC-13**Ex. 2/T3/S10/p. 1**

In its Custom IR Application PowerStream proposed a 2017 Capital Budget of \$131.6 million. The OEB approved a budget of \$115.8 million. PowerStream actually spent \$112.3 million. Please explain what changed in terms of priorities for the PowerStream RZ between the time the original 2017 budget of \$131.6 million was established and what was actually spent in 2017.

CCC-14**Ex. 2/T3/S10/p. 1**

Please provide the original ICM amounts for 2018 approved by the OEB and the most recent forecast taking into account actual spending to date.

CCC-15**Ex. 2/T3/S10/p. 2**

The evidence states, "Alectra has a robust capital planning process in the PowerStream RZ that utilizes sophisticated software and a multi-disciplinary review to determine the relative value and risks associated with a portfolio of projects. Business cases are prepared for all capital investments in advance of the optimization process to ensure consideration for capital requests."

- a) Is this done in isolation of the other Rate Zones? If not, please explain how the optimization process works across the overall company.
- b) Please provide a copy of the PowerStream capital planning process.

CCC-16**Ex. 2/T3/S10/p. 6**

For the YRRT projects please provide one schedule setting out of the annual budget amounts (Y2 and H2) for each year 2016-2019. Please include all forecast and actual amounts. What are the current in-service dates for these projects. If the H2 phase is to be in-service in 2018, why is incremental capital required for 2019 for this project?

CCC-17**Ex. 2/T3/S10/pp. 19-20**

What is the most current forecast of the in-service date for the Barrie TS Upgrade Feeder and Wholesale Metering Relocation Project? Please provide all correspondence between Alectra and Hydro One regarding the in-service date for this project.

ENERSOURCE:**CCC-18****Ex. 2/T4/S1**

What is the current materiality threshold for Enersource?

CCC-19**Ex. 2/T4/S11/p. 1****CCC-20**

Please explain how Alectra identifies the spending considered part of the overall capital budget for Enersource for 2019 and the projects where funding is being sought through the incremental capital module.

CCC-21**Ex. 2/T4/S11/p. 2**

The evidence states, "Once Alectra selects the projects needed to address the relevant business risk, it prioritizes and paces all investments to ensure that the overall portfolio is reasonable with respect to the anticipated resource requirements and rate changes."

- a) Is this done in isolation of the other Rate Zones?
- b) The evidence sets out the asset management objectives for the Enersource RZ. Do these differ from the asset management objectives for the other RZs? If so, why do they differ?

CCC-22**Ex. 2/T4/S11/p. 6**

The evidence sets out General Plant Expenditures by Category. Are these items specific to the Enersource RZ or do these represent an allocation of the overall corporate General Plant?

CCC-23**Ex. 2/T4/S11/p. 14**

What factors could impact the in-service date for the Rometown Area Rebuild Project?

CCC-24**Ex. 2/T4/S11/p. 16**

What factors could impact the completion of the Replacement of Leaking Transformers in 2019?

CCC-25**Ex. 2/T4/S11/p. 16**

With respect to the Table on p. 16 setting out the transformers to be replaced, please indicate how many are expect to be replaced in 2018 and 2019.

CCC-26**Ex. 2/T4/S11/p. 17**

Please indicate how much of the \$8.4 million related to 2018 Replacement of Leaking Transformers has been spent to date.