

1. Clarification to HRZ-Staff-35 and ERZ-Staff-96 b) c).

- a) Please show the detailed calculation of the monthly billed kW demand and how the baseline was calculated for the Horizon and Enersource rate zones.

Please ensure that the calculation of the pre- and post- kW demand after the conversion to LED streetlights reconciles back to the billed demand data in the LRAMVA workform. For example, please include the following details:

of new lightbulbs x kW per new lightbulb = new kW billed demand
of lightbulbs replaced x kW per old lightbulb = baseline kW (please confirm whether this is based on billed demand or previously deemed load profile for streetlights)

Response:

Enersource Rate Zone:

Table 1 shows the detailed calculation of the 2016 monthly billed kW demand for the City of Mississauga based on an average kW per LED and non-LED light. The total billed demand is 45,735 kW for 2016. The street light billing determinants consist of the current number of luminaires and their monthly kW load. Alectra Utilities maintains a current inventory of streetlights which is used to determine the total monthly kW. This information is based on reports received from the City of Mississauga and validated on a monthly basis by Alectra Utilities.

Table 1 – 2016 Monthly Billed Demand – City of Mississauga

2016	# of LED Lights	Avg LED kW	LED Billed Demand	# of Non-LED Lights	Avg Non-LED kW	Non-LED Billed Demand	Total Billed Demand in 2016
January	44,216	0.06	2,587	6,064	0.24	1,446	4,033
February	44,764	0.06	2,619	5,529	0.24	1,318	3,938
March	44,777	0.06	2,620	5,517	0.24	1,316	3,935
April	44,777	0.06	2,620	5,518	0.24	1,316	3,936
May	44,783	0.06	2,620	5,519	0.24	1,316	3,936
June	44,783	0.06	2,620	5,519	0.24	1,316	3,936
July	44,783	0.06	2,620	5,519	0.24	1,316	3,936
August	44,832	0.06	2,623	5,514	0.24	1,315	3,938
September	46,702	0.06	2,732	3,675	0.24	876	3,609
October	46,990	0.06	2,749	3,452	0.24	823	3,573
November	47,607	0.06	2,785	2,948	0.24	703	3,488
December	47,681	0.06	2,790	2,881	0.24	687	3,477
Total			31,987			13,748	45,735

The demand used as the baseline is determined using the billing determinants for the streetlight class as filed in Enersource's last cost of service (EB-2012-0033) in addition to the LRAMVA threshold, as shown in Table 2. Alectra Utilities has relied on this information for the calculation of streetlight savings for the Enersource Rate Zone.

Table 2 – Baseline Demand – City of Mississauga

2013 COS (EB-2013-0033)	kW
2013 COS Streetlight Billing Determinants	49,889
LRAMVA Threshold for Streetlights	61,001
Baseline Demand	110,890

Horizon Utilities Rate Zone:

Table 3 below shows the detailed calculation of the 2016 monthly billed kW demand for the City of Hamilton based on an average kW per LED and non-LED light. The total billed demand is 59,332 kW for 2016. The street light billing determinants consist of the current number of luminaires and their monthly kW load. Alectra Utilities maintains a current inventory of streetlights which is used to determine the total monthly kW. This information is based on reports received from the City of Hamilton and validated on a monthly basis by Alectra Utilities.

Table 3 – 2016 Monthly Billed Demand – City of Hamilton

2016	# of LED Lights	Avg LED kW	Demand @ LED kW	# of Non-LED Lights	Avg Non-LED kW	Non-LED Billed Demand	Total Billed Demand in 2016
January	11,603	0.07	787	25,798	0.16	4,164	4,952
February	11,727	0.07	783	25,732	0.16	4,162	4,945
March	11,812	0.07	783	25,695	0.16	4,167	4,950
April	11,834	0.07	782	25,677	0.16	4,166	4,948
May	11,852	0.07	781	25,649	0.16	4,164	4,945
June	11,888	0.07	780	25,611	0.16	4,162	4,942
July	11,888	0.07	780	25,611	0.16	4,162	4,942
August	11,910	0.07	780	25,605	0.16	4,164	4,944
September	11,910	0.07	780	25,605	0.16	4,164	4,944
October	11,910	0.07	780	25,601	0.16	4,163	4,943
November	11,952	0.07	778	25,561	0.16	4,161	4,940
December	11,952	0.07	778	25,559	0.16	4,161	4,939
Total	142,238		9,373	307,704		49,960	59,332

Table 4 below shows the detailed calculation of the 2016 monthly billed kW demand for the City of St. Catharines based on an average kW per LED and non-LED light. The total billed demand is 23,703 kW for 2016. The street light billing determinants consist of the current number of luminaires and their monthly kW load. Alectra Utilities maintains a current inventory of streetlights which is used to determine the total monthly kW. This information is based on reports received from the City of St. Catharines and validated on a monthly basis by Alectra Utilities.

Table 4 – 2016 Monthly Billed Demand – City of St. Catharines

2016	# of LED Lights	Avg LED kW	LED Billed Demand	# of Non-LED Lights	Avg Non-LED kW	Non-LED Billed Demand	Total Billed Demand
January	851	0.06	53	14,080	0.15	2,162	2,215
February	1,204	0.06	73	13,727	0.15	2,104	2,178
March	1,205	0.06	73	13,726	0.15	2,104	2,178
April	1,747	0.06	97	13,184	0.15	2,032	2,129
May	2,584	0.05	135	12,347	0.15	1,914	2,049
June	3,844	0.06	218	11,087	0.15	1,687	1,905
July	3,862	0.06	219	11,069	0.15	1,684	1,903
August	3,862	0.06	219	11,069	0.15	1,684	1,903
September	3,862	0.06	219	11,069	0.15	1,684	1,903
October	4,106	0.06	230	10,825	0.15	1,649	1,879
November	5,239	0.05	284	9,692	0.15	1,481	1,765
December	5,969	0.05	315	8,962	0.15	1,381	1,696
Total			2,138			21,565	23,703

The demand used as the baseline is determined using the billing determinants for the streetlight class as filed in Horizon Utilities' 2015 Custom IR Application (EB-2014-0002). Horizon Utilities did not have an LRAMVA threshold for streetlights. Alectra Utilities has relied on this information for the calculation of streetlight savings for the Horizon Utilities Rate Zone.

Table 5 - Demand (Baseline) – City of Hamilton & St. Catharines

2015 CIR (EB-2014-0002)	kW
2015 CIR Streetlight Billing Determinants	109,948
LRAMVA Threshold for Streetlights	-
Baseline Demand	109,948

2. Clarification to HRZ-Staff-35 a)

In your resubmitted LRAM workform for the Horizon rate zone, it included new streetlight demand savings from the St. Catharine's LED project.

At tab 5, cell D307, only the energy savings of 900,782 kWh from the St. Catharines Streetlight Project were excluded from the 2016 Retrofit Program. It does not appear that the energy savings from the two streetlight projects in St. Catharines and the City of Hamilton were reduced from the 2016 retrofit program.

a) Can you confirm whether the energy savings for the 10 million kWh from the City of Hamilton Streetlight Project should also be excluded from the 2016 Retrofit Program?

Response:

- 1 a) The 10M kWh savings from the Hamilton Streetlight Project were achieved in 2015 and were
- 2 excluded from the 2015 retrofit program in cell D57 in the LRAM workform provided in
- 3 response to Interrogatory HRZ-Staff-36.

3. Clarification to HRZ-Staff-32 b)

In this application, you used a threshold value of 38.7 million kWh, which is the sum of forecasted savings from 2015 and 2016. In your previous application, Horizon rate zone's last approved load forecast included a threshold savings value of 19.5 million kWh. This was based on forecast CDM savings from 2015.

Since the forecast savings are based on a fixed amount determined at your last COS, we generally do not expect that threshold value to change every year. Staff believes that the same threshold that was embedded in the load forecast in 2015 should be applied as forecast savings in the LRAMVA calculation.

- a) Please provide further rationale on why you are using a 38.7 million kWh LRAMVA threshold.**
- b) Would you agree to change your CDM threshold to 19.5 million kWh for the Horizon rate zone, if this is the amount that you adjusted for 2015 rates?**

Response:

- 1 a) As detailed in the response to Interrogatory HRZ-Staff-32, the forecast was adjusted for
- 2 incremental CDM savings. The CDM threshold for the purpose of the LRAMVA calculation
- 3 was 19,534,205 kWh for 2015 and the sum of 2015 and 2016 incremental CDM savings for
- 4 2016, or 38,739,251 kWh for 2016. In addition, relying on the sum of the 2015 and 2016
- 5 incremental CDM savings aligns with the IESO's approach in reporting CDM savings.
- 6
- 7 b) Please refer to the response to part a.

4. Please explain the methodology used to calculate the PILs impact of the capitalization policy change that was included in the DVAs and ESM:

- a) Was the PILs methodology used calculated on a revenue requirement basis (consistent with the OEB PILs model) or on an actual taxes payable basis (as it would be done in the corporate tax return).**
- b) How does the methodology used agree to the previous OEB Decision in which the OEB indicated that the revenue requirement impact of the change in accounting policy should be captured by the DVAs and ESM.**

Response:

1 a) The PILs was calculated on an actual taxes payable basis, to determine the actual financial
2 consequences of the change to the capitalization policy.

3 b) In the OEB's Decision and Partial Accounting Order, issued December 20, 2017, the OEB
4 stated: *"The revenue requirement will be calculated each year based on actual costs for*
5 *OM&A, depreciation expense, income tax or PILs, and return on capital (debt and equity).*
6 *This approach will result in the actual financial consequences of the change to the*
7 *capitalization policy being recorded in the new accounts."* [emphasis added]

8
9 Further, as provided in response to JT.Staff-7 (EB-2017-0024), the net impact of the
10 change in OM&A and depreciation is forecasted to increase or decrease pre-tax net
11 income. This will attract higher or lower (higher in the case of Enersource and lower in the
12 case of Brampton) income taxes paid to taxation authorities.

5. Reference: Tab 4 Billing Determinants

- a) **The Account 1595 (2017) column is not visible and therefore not showing the breakdown of % allocation for Account 1595 (2017). Please revise.**
- b) **The total claim including 1568 and total claim used for threshold test on Tab 4 of the Rate Generator model do not match the amounts in the continuity schedule on Tab 3 - please review and file a revised model**
- c) **The LRAMVA claim on Tab 3 does not match revised total in LRAMVA Model - please review and revise.**

Response:

- 1 a) Alectra Utilities has withdrawn the relief sought to dispose of the residual balances in
2 account 1595 (2017) for the Horizon Utilities, Brampton and Enersource rate zones in this
3 Application, and will seek relief of these balances in a future Application. No disposition was
4 requested for the PowerStream rate zone. Alectra Utilities provides the following updated
5 models in response to this question:
 - 6 a. G-Staff-9_Attach 1_ RGM BRZ_20181024
 - 7 b. G-Staff-9_Attach 2_ RGM ERZ_20181024
 - 8 c. G-Staff-9_Attach 3_ RGM PRZ_20181024
 - 9 d. G-Staff-9_Attach 4_ IRM HRZ_20181024
 - 10 e. G-Staff-9_Attach 5_IRM-Customer Bill Impacts_HRZ_20181024
- 11
- 12 b) The claim in 1568 in the continuity schedule on Tab 3 reflects the LRAMVA savings up to
13 December 2017. The claim in 1568 in Tab 4 for the Enersource Rate Zone reflects the
14 LRAMVA savings for the year 2016. The LRAMVA savings in Tab 4 is revised to match the
15 revised total in the LRAMVA Model. The LRAMVA rate riders before and after the revision is
16 provided in Table 1, below. The updated RGM model for the Enersource Rate Zone is filed
17 in response to part a).

1 **Table 1 – Rate Rider for Disposition of LRAMVA – effective until December 31, 2019**

		Submitted in Staff- G-9	Revised
Residential	\$/kWh	\$0.0002	\$0.0002
GS<50	\$/kWh	\$0.0002	\$0.0002
GS 50-499 kW	\$/kW	\$0.2089	\$0.2094
GS 500-4,999 kW	\$/kW	\$0.0913	\$0.0915
Large User	\$/kW	\$0.0859	\$0.0861
Street Lighting	\$/kW	-\$3.7907	-\$3.8009

2

3 c) Please see the response to part b).

6. Reference: Energy Probe-7

Capital contributions for road relocation - PSWHA

- a) Where there is no existing agreement, has Alectra tried to pursue a more favourable capital contribution split, better than 50/50?
- b) Is the same cost sharing mechanism applicable to the scope changes? Why does Alectra and ratepayers have to bear the risk of scope changes?

Response:

1 a) In its response to Interrogatory Energy Probe-7, Alectra Utilities provided the regulatory
2 requirements of the *Public Service Works on Highways Act* ("PSWHA"). Under the PSWHA,
3 the "cost of labour" is a defined term that includes wages paid to workers as well as other
4 elements, such as the cost of using mechanical labour-saving equipment in work. As per
5 the PSWHA, Alectra Utilities recovers capital contributions as agreed with the road authority
6 based upon 50% of the cost of labour (including labour saving device costs). The PSWHA
7 applies to capital projects initiated by road authorities.

8
9 In response to Interrogatory BOMA-6, Alectra Utilities explained that in circumstances where
10 there are incremental relocation costs beyond the existing system configuration (i.e., beyond
11 like-for-like relocation), per the PSWHA, Alectra Utilities is permitted to enter into an
12 arrangement with the road authority for a different apportionment of costs responsibility for
13 different portions of the relocation project based on incremental costs of certain requests
14 from the road authority, if the road authority accepts or concedes to such.

15
16 b) Alectra Utilities provided in response to Interrogatory BOMA-6 that in situations where road
17 authority requests for relocations included incremental relocation costs beyond the existing
18 system configuration, Alectra Utilities attained incremental capital contributions from the
19 road authority.

7. Reference: Staff-60

YRT – Y2 and H2

a) What are the drivers of the scope changes for this project?

b) Please explain why the spending in 2019 is much higher than in previous years?

Response:

- 1 a) Please see Alectra Utilities' response to Interrogatory PRZ-Staff-60, page 3, lines 11 to 17
- 2 for a list of project scope change drivers.
- 3
- 4 b) Alectra Utilities' response to Interrogatory PRZ-Staff-60 provides in-service additions for the
- 5 YRRT Y2 and H2 project. Alectra Utilities' response to Interrogatory PRZ-AMPCO-2
- 6 provides the capital expenditures (i.e. spending) for the YRRT Y2 and H2 from 2015 to
- 7 2019. The 2019 capital expenditure forecast is \$3.2MM which is lower than the capital
- 8 expenditure in each 2017 and 2018 year.

8. Reference: Energy Probe-1

a) Please provide the distribution rate comparison only, excluding cost of power.

Response:

- 1 a) Table 1 below provides the distribution rate impacts by rate zone. This information is based
2 on 'Sub-Total A' in the updated Rate Generator and IRM Models filed in response to
3 Interrogatory G-Staff-9.

4 **Table 1 - Total Bill Impact**

Customer Class	Billing Units	Brampton RZ		Enersource RZ		Horizon Utilities RZ		PowerStream RZ	
		2019 vs. 2018		2019 vs. 2018		2019 vs. 2018		2019 vs. 2018	
		\$	%	\$	%	\$	%	\$	%
Residential	kWh	\$ 0.57	2.33%	\$ (0.15)	(0.58)%	\$ (0.08)	(0.30)%	\$ 0.26	0.91%
GS<50	kWh	\$ 2.84	4.72%	\$ 0.53	0.72%	\$ 2.34	3.73%	\$ 2.07	3.02%
GS 50-699 kW	kW	\$ 53.41	3.39%	\$ 52.48	4.05%				
GS 50-4,999 kW	kW					\$ 11.62	1.13%	\$ 40.04	3.25%
GS 500-4,999 kW	kW			\$ 234.19	3.03%				
GS 700-4,999 kW	kW	\$ 162.64	2.72%						
Large User	kW	\$ 2,342.12	4.20%	\$ 345.14	1.13%	\$ 602.34	1.90%	\$ (241.98)	(1.08)%
Large User with Dedicated Assets	kW					\$ 315.02	2.57%		
Street Lighting	kW	\$ 2,321.16	2.49%	\$ (0.38)	18.46%	\$ 4,532.38	4.44%	\$ 1.34	19.14%

5

9. Reference: G-Staff-5

a) Please provide a revised response as the table is not legible.

Response:

- 1 a) Table 1 from G-Staff-5 is reproduced below.
2

(\$000s)	2017 Actual
OM&A	194
Depreciation	(2)
Depreciation	(49)
Return on Capital	(11)
Total Net Impact	131

3

10. Reference: BOMA-23

Bathurst Road Widening – relocation of assets 2019-2020

a) Has Alectra received formal notice from the municipality that we are to begin relocating the poles in 2019?

Response:

- 1 a) Please refer to Alectra Utilities' response to Interrogatory BOMA-23, lines 7 to 13.
- 2 Additionally, Alectra Utilities received a Purchase Order for \$300k to complete the detailed
- 3 project design of the Bathurst Road relocation by December 2018.

11. Reference: Staff-64 and Attachment 31 (Bathurst Business Case)

a) Why did Alectra not consider changing the underground assets to overhead?

Response:

- 1 a) Please see response to Interrogatory PRZ-Staff-64 (a), page 2, lines 3 to 6. The only
- 2 underground portion within the project scope is service dips running to individual customers'
- 3 meters/electrical rooms. There would be additional costs to covert each customer's electrical
- 4 service from underground to overhead. In some locations, a customer service conversion to
- 5 overhead may not be feasible or permissible. Since not all the service relocations may be
- 6 possible, this option was not considered.

12. Reference: BOMA-27

- a) Please confirm that federal laws state that transformers with PCB must be removed by 2025. Also confirm that all new transformers being installed do not contain PCBs?**
- b) Please confirm whether Alectra is required to replace transformers leaking oil under provincial law?**
- c) Why is Alectra removing 385 transformers?**
- d) What is Alectra's experience on the number of transformers that will leak, out of the total population of transformers?**

Response:

- a) Alectra Utilities confirms that PCB concentrations between 50ppm and greater must be removed before 2025. Table 1 below provides details from Environment Canada PCB Regulations (SOR/2008-273). Alectra Utilities further refers to the Alectra Utilities (Enersource Rate Zone) Distribution System Plan filed in EB-2017-0024 Attachment 50, page 72, 4th paragraph for additional details.

Table 1: PCB Regulations (SOR/2008-273)

Application	PCB Concentrations	End of Use Date
Any equipment in use.	Equipment containing PCBs in a concentration of 500 mg/kg or more	December 31, 2009
If the equipment is located at a drinking water treatment plant or food or feed processing plant, in a child care facility, preschool, primary school, secondary school, hospital or senior citizens' care facility or on the property on which the plant or facility is located and within 100 m of it.	Equipment containing PCBs in a concentration of at least 50 mg/kg but less than 500 mg/kg	December 31, 2009
If the equipment is located at any other place.		December 31, 2025
Liquid in equipment – authorized concentrations	Liquid containing PCBs in a concentration of 2 mg/kg or more but less than 50 mg/kg	Until the day on which the liquid is removed from the equipment.

Alectra Utilities confirms that all new transformers do not contain PCBs.

- b) Alectra Utilities acts in accordance with Environmental Protection Act, R.S.O. 1990, c. E.19 specifically Clause 93 which states:

1 *“(1) The owner of a pollutant and the person having control of a pollutant that is spilled*
2 *and that causes or is likely to cause an adverse effect shall forthwith do everything*
3 *practicable to prevent, eliminate and ameliorate the adverse effect and to restore the*
4 *natural environment.”*

5
6 In Alectra Utilities view in order to prevent and eliminate the adverse effect, the transformer
7 should be removed. In the OEB’s Decision and Order in EB-2017-0024, page 58, the OEB
8 found that it was prudent for Alectra Utilities to increase its spending on transformer
9 replacement as a result of new assessment of the asset condition.

10 c) Please see response to Interrogatory Staff-90, page 3, lines 5 to 9.

11 d) Alectra Utilities does not forecast or estimate a transformer leakage rate.

13. Reference: Staff-90

a) Why are we replacing 10 additional poles for Rometown when comparing the business case for partial vs full replacement?

Response:

- 1 a) Please see Alectra Utilities' response to Interrogatory BOMA-29.

14. Reference: CCC-17 – Barrie TS

a) What is the latest information on the in-service date?

Response:

- 1 a) Alectra Utilities confirms that the latest information on the in-service date of the Barrie TS
- 2 project remains December 2019.

15. Reference: ERZ-Staff-84 – ROE

a) Please calculate ROE for each rate zone?

Response:

a) Alectra Utilities was formed in 2017. Consistent with the OEB's decision in its Mergers, Acquisitions, Amalgamations and Divestitures ("MAADs") Application (EB-2016-0025), it reports as a single entity for Reporting and Record Keeping ("RRR") purposes.

Alectra Utilities was able to track distribution revenue and the majority of other revenues and certain costs by rate zone. Operating costs, general plant, taxes and other costs could not be attributed to a specific rate zone. Alectra Utilities used an allocation methodology to allocate costs and revenues to rate zones for the purpose of the Horizon Utilities ESM calculation. It is not possible, in a limited time, to develop a return on equity by rate zone. However, the Horizon Utilities Rate Zone regulatory return on equity of 9.714%, as provided in response to Interrogatory HRZ-Staff-17, is significantly higher than Alectra Utilities' regulatory return on equity of 8.43%.

By necessity, if Alectra Utilities were able to break down the ROE on a rate zone basis, the ROE for the other rate zones would have to be higher, in order for the Horizon Utilities rate zone ROE for ESM to be 9.714%, relative to the Alectra Utilities consolidated ROE of 8.43%.

Table 1, below provides 2017 actual ROE and OEB-approved ROE for Horizon Utilities. Further, Table 2 provides Alectra Utilities' 2017 ROE (consolidated) of 8.43%, which is significantly lower than the ROE calculated for the Horizon Utilities Rate Zone of 9.714%.

Table 1 – Horizon Utilities' 2017 ROE

ROE Comparison	Actual ROE	Annual Filing EB-2016-0077	% Return in Excess of Approved Rates	Amount Payable to Ratepayers
2017 ROE	9.714%	8.780%	0.934%	\$ 966,769

1 **Table 2 – Alectra Utilities' 2017 ROE**

Alectra Utilities	Actual ROE	Deemed ROE	Difference
2017 Alectra ROE	8.430%	8.900%	-0.470%

16. Reference: PRZ-Staff-60, BOMA-13

a) Please confirm the total incremental capital relief sought?

Response:

- 1 a) Alectra Utilities confirms the total incremental capital relief sought in the PowerStream Rate
- 2 Zone is \$20.87MM, as provided in Table 106 of Exhibit 2, Tab 3, Schedule 10, p. 11.
- 3 Alectra Utilities confirms the total incremental capital relief sought in the Enersource Rate
- 4 Zone is \$10.7MM, as provided in Table 155 of Exhibit 2, Tab 4, Schedule 11, p.12.