

October 31, 2018

**EMAIL**

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Application by Alectra Utilities for 2019 Rates and Incremental Capital Funding (EB-2018-0016)**

We are counsel to Alectra Utilities in the above noted matter. We are writing further to Procedural Order No. 2 to set out Alectra Utilities' position as to those issues that should be heard in writing and those in respect of which the Ontario Energy Board ("OEB" or the "Board") should hold an oral hearing. In this submission, we also address correspondence received from BOMA, Energy Probe, VECC, AMPCO and OEB Staff. As at the time of filing this submission, Alectra Utilities had not received a submission from CCC or SEC, although reference to the SEC submission is made in the submissions of a number of other parties, including BOMA's submission received yesterday. Alectra Utilities reserves the right to respond to those submissions, when filed.

This is Alectra Utilities' second post-merger electricity distribution rate application. In EB-2017-0024, the Board considered and decided Alectra Utilities' first such application. Among the issues the Board had to consider were: setting electricity rates across all four of Alectra's rate zones; review of a five year distribution system plan for the Enersource rate zone; the application of the Board's policy with respect to incremental capital funding to a request by Alectra Utilities for incremental funding in respect of 27 discrete projects. Despite the precedent setting nature of many of these issues, the Board determined that the application could proceed by way of written hearing.

In Alectra Utilities' submission, with a single exception, a written hearing is equally appropriate here. The setting of electricity distribution rates for 2019 is no different than it was in EB-2017-0024. It involves the mechanistic adjustment of existing rates pursuant to Board approved price cap or, in the case of the Horizon rate zone, custom rate setting mechanisms. In the case of Alectra Utilities' request for incremental capital funding, that request is much narrower than what the Board considered in the last case – involving just five projects. The current request has been tailored to respond to the specific guidance provide by the Board in the last Decision. Alectra Utilities has already answered well over 160 interrogatories in respect of its request for capital funding, narrowing the issues, clarifying the record, and reinforcing the appropriateness

of a written hearing. Finally, calculation of the Horizon ESM also does not warrant an oral hearing. Alectra Utilities, and its predecessor Horizon Utilities, has been reporting on ESM since its 2016 Annual Filing. Given that this is the third time that Alectra Utilities (or Horizon Utilities) has reported on ESM, this is not a matter that requires an oral hearing.

The only issue which requires an oral hearing is the impact of Alectra Utilities' change in capitalization policy. This issue concerns a complex subject and, in Alectra Utilities' respectful submission, warrants a brief oral hearing. In this respect, we do not anticipate the issue requiring more than a single day of evidence.

### **Response to parties' submissions**

**ICM.** BOMA agrees that a written hearing is appropriate for 4 of 5 ICM projects proposed by Alectra Utilities, but says that the YRRT project should be heard orally. Energy Probe appears to say that all 5 projects should be the subject of an oral hearing but refers only to the YRRT project specifically. Neither party provides a compelling rationale for their position. They do not explain why a written hearing was appropriate last year in respect of a larger ICM request and not here. Indeed, neither identifies a single question they would ask at an oral hearing. The parties do not point to any interrogatory as being unclear in its response, nor have they made efforts to seek clarification from Alectra Utilities.

**Other Issues.** BOMA, Energy Probe, AMPCO, VECC and OEB Staff also argue that the calculation of the Horizon ESM requires an oral hearing. BOMA says that the calculation "seems too low", but does not say relative to what. It also ignores that the ROE for that rate zone was, in fact, higher, than the ROE for Alectra Utilities as a whole (9.71% compared to 8.43%). It also claims that Alectra has declined to fully answer questions on this issue, but fails to identify any such question.

### **Concluding Remarks**

Alectra Utilities respectfully requests that the OEB make a determination as to the form of hearing and communicate any relevant dates for such hearing as soon as possible.

Yours truly,

A handwritten signature in blue ink, appearing to be 'C/S' followed by a stylized flourish.

Crawford Smith

CS/tm

cc: Indy Butany-DeSouza, VP Regulatory Affairs

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