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BY E-MAIL

February 12, 2019

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
Ontario Energy Board (OEB) Staff Submission
OEB File No. EB-2018-0016**

In accordance with the Decision and Order issued January 31, 2019, please find attached OEB staff's submission on the draft rate order for Alectra Utilities' 2019 rates application. This document is also being served on all parties in this proceeding.

Yours truly,

Original Signed By

Donald Lau
Project Advisor – Rates Major Applications

Encl.

2019 ELECTRICITY DISTRIBUTION RATES
Alectra Utilities Corporation

EB-2018-0016

OEB STAFF SUBMISSION

February 12, 2019

INTRODUCTION

Alectra Utilities Corporation (Alectra Utilities) filed an application with the Ontario Energy Board (OEB) on June 7, 2018 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, seeking approval for changes to the rates that Alectra Utilities charges for electricity distribution, to be effective January 1, 2019 (the Application).

The OEB issued a Partial Decision and Order on December 20, 2018¹ and subsequently a Decision and Interim Rate Order on January 18, 2019², which addressed issues related to the Application that were not eligible for cost awards.

The OEB issued a Decision and Order (Decision) on January 31, 2019.³ The Decision considered the issues related to the Application eligible for cost awards; namely Alectra Utilities' request for Incremental Capital Module (ICM) funding for five capital projects. The OEB approved ICM funding for the Leaking Transformer project, the York Region Rapid Transit project, and the Bathurst Street Road Widening project. The OEB did not approve funding for the Rometown Area Overhead Rebuild project or the Barrie TS Feeder Relocation project. The OEB approved \$26.27 million of ICM funding, compared to the \$31.57 million proposed. The Decision found that the effective date of the ICM rate riders would be March 1, 2019. The OEB directed Alectra Utilities to revise the proposed ICM rate riders to reflect the findings of the Decision and to file a draft rate order (DRO).

On February 7, 2019, Alectra Utilities filed a DRO.

OEB staff has reviewed the DRO and provides the following submissions:

Model Updates

Alectra Utilities used the OEB's 2018 ICM model at the time of the filing, as the 2019 ICM model was not yet available. In the DRO, Alectra Utilities has used the 2019 ICM model and updated the model with the latest information. A notable

¹ EB-2018-0016, Partial Decision and Order, December 20, 2018.

² EB-2018-0016, Decision and Interim Rate Order, January 18, 2019

³ EB-2018-0016, Decision and Order, January 31, 2019.

update was the input for the Current Approved Distribution Rates, which were updated from the 2017 OEB-Approved Distribution Rates to the 2018 OEB-Approved Distribution Rates. The updated distribution rates changed the growth factor for the ICM materiality threshold calculation and resulted in lowering the maximum eligible incremental capital. For the PowerStream rate zone (RZ) the maximum eligible incremental capital was reduced from \$22.1 million to \$18.8 million and for the Enersource RZ it was reduced from \$36.8 million to \$36.7 million. After the update, the ICM projects for both the PowerStream RZ and Enersource RZ are still within the maximum eligible incremental capital range.

OEB staff submits that Alectra Utilities has correctly updated the ICM model to reflect the findings of the Decision and the use of the 2018 OEB-Approved Distribution Rates is consistent with the 2019 ICM model.

OEB staff has also reviewed the ICM rate rider calculations and the tariff sheets and submits that Alectra Utilities has correctly calculated the rate riders that are to be implemented for March 1, 2019.

All of which is respectfully submitted