

**BOMA-2**

**Price Cap Adjustment**

**Please provide a table comparing the forecast Price Cap IR adjustments under the “currently approved methodology” to the requested M-Factor Price Cap IR adjustments.**

**Response:**

1 As provided at Exhibit 3, Tab 1, Schedule 4, Table 57, the Price Cap Index, as determined in  
2 the IRM Model, filed as Attachments 12 to 16, is 1.2%. Alectra Utilities will update the IRM  
3 Model with the 2020 stretch factor and inflation factor, in order to calculate the Price Cap Index  
4 once these factors are published by the Board.

5

6 There are no M-factor Price Cap IR adjustments. Alectra Utilities’ proposed M-factor rate riders  
7 are provided at Exhibit 2, Tab 1, Schedule 3, and at Attachment 3, M-factor revenue  
8 requirement.

**BOMA-3**

**Review and Disposition of Group 1 Deferral and Variance Account Balances**

**Please provide an explanation of the wide diversity of disposition threshold rates.**

**Response:**

1 As discussed in the Report of the Board on the Electricity Distributors' Deferral and Variance  
2 Account Review Initiative (EB-2008-0046), (the "EDDVAR Report"), issued July 31, 2009, under  
3 the Price Cap IR or the Annual IR Index, the Distributor's Group 1 account balances will be  
4 reviewed and disposed if the pre-set disposition threshold of \$0.001 per kWh (debit or credit) is  
5 met. The calculation of the disposition threshold for each of Alectra Utilities' five rate zones are  
6 presented in Tables 61, 63, 65, 73 and 82 at Exhibit 3, Tab 1, Schedule 7. As provided in the  
7 evidence, the threshold is determined by dividing each rate zone's Group 1 balance by its  
8 respective consumption for 2018. Any differences in the threshold value across the rate zones  
9 are due to differences in Group 1 balances and consumption values.

10

11 There is not a wide diversity of disposition threshold rates. The threshold values for the Horizon  
12 Utilities RZ, Brampton RZ and Guelph RZ are \$0.0007/kWh, \$0.0005/kWh and \$0.0007/kWh,  
13 respectively. The threshold values for the PowerStream and Enersource RZs are \$0.0017/kWh  
14 and \$0.0010/kWh, respectively.

## **BOMA-8**

### **Proposed Customer Service Rules-related Lost Revenue Variance Account**

**Preamble: The OEB benchmarking with respect to disconnection and reconnection costs was based on the physical processes that predated meters with capability for remote connection, i.e. cost based. Does Alectra intend to develop new fees associated with the less expensive remote option?**

**The use of smart meters for residential enables remote disconnection and reconnection which is less expensive than the basis of the OEB benchmarking. Please provide an analysis of the cost savings associated with remote disconnection and reconnection compared to the current costs approved by the OEB. Has Alectra factored in these cost savings in its analysis of the potential components of this Variance Account?**

#### **Response:**

- 1 The smart meters deployed by Alectra Utilities' predecessors as part of their respective smart
- 2 meter implementation programs, did not include remote disconnect/reconnect functionality.
- 3 Alectra Utilities has less than 10,000 meters installed across its entire service territory with this
- 4 functionality; these meters were installed as part of pilot projects to test the functionality.
- 5
- 6 As provided at Exhibit 2, Tab 1, Schedule 4, the changes to the customer service rules do not
- 7 result in cost savings for Alectra Utilities. Alectra Utilities continues to incur ongoing operating
- 8 costs to provide these services which include: collection activities; reminder notices; out-bound
- 9 calls; final notices; and management of field activities. These changes also result in significant
- 10 programming and coding changes in Alectra Utilities' Customer Information System ("CIS"),
- 11 Customer Care and Billing System ("CC&B").

**BOMA-9**

**Proposed Conservation Demand Management Severance Deferral Account**

**Has Alectra analyzed the potential for geographically specific CDM to reduce its net system capital requirements to replace the Global Adjustment Funding which would mitigate severance costs and reduce capital costs (a/k/a Integrated Resource Planning)?**

**Response:**

- 1 On March 21, 2019, the Ontario government introduced Bill 87, the *Fixing the Hydro Mess Act*,
- 2 *S.O., 2019*. The legislation includes the refocusing and uploading of electricity conservation
- 3 (“CDM”) programs to the Independent Electricity System Operator (“IESO”). As a result,
- 4 electricity distributors will no longer undertake CDM programs on behalf of their customers.
- 5 Consequently, Alectra Utilities has not undertaken the analysis specified above.