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File 96407

August 16, 2019

**VIA COURIER and RESS FILING**

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

Dear Ms. Walli,

**Re: EB-2019-0018 – Alectra Rates Application**

Attached please find the interrogatories of the Power Workers' Union in respect of the above reference matter.

Yours very truly,  
**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

  
Richard P. Stephenson  
RPS:pb

Encl.

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

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**EB-2019-0018**

**Alectra Utilities Corporation (Alectra)**  
**Application for electricity distribution rates and other**  
**charges effective January 1, 2020**

**PWU Interrogatories**

**PWU # 1**

Ref (a): Exhibit 2, Tab 1, Schedule 1, Page 1 of 4

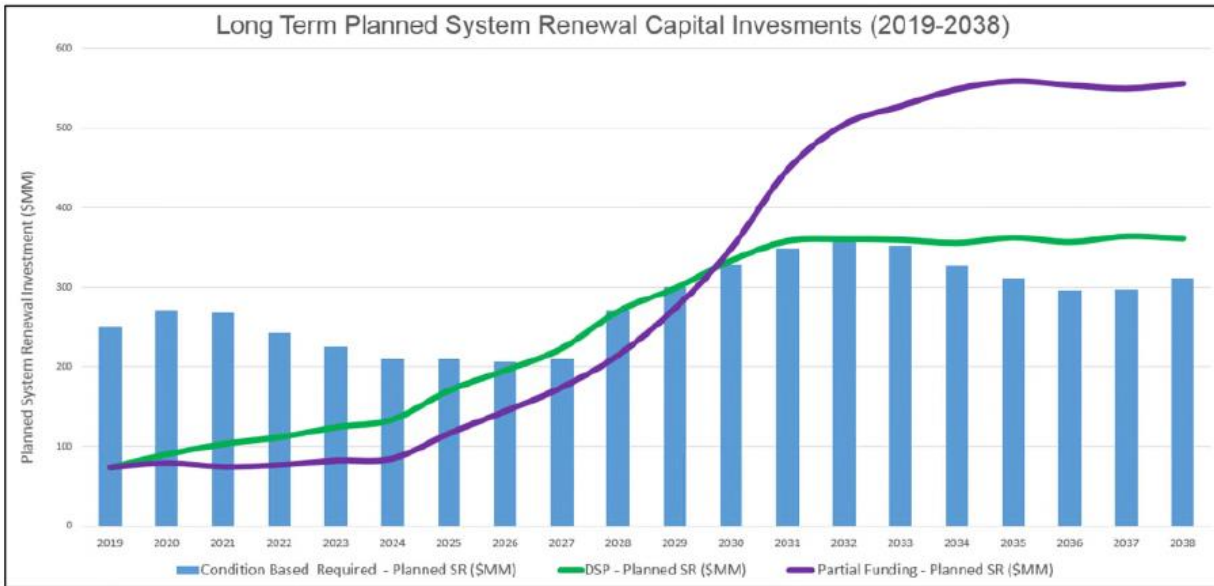
The M-factor also enhances regulatory efficiency since it avoids multiple and annual rate application proceedings to address Alectra Utilities' incremental capital needs. This outcome is consistent with OEB policy and recent provincial government legislation. For example, the OEB's Renewed Regulatory Framework ("RRF") states at page 8 that the rate regime must support efficient regulation and section 4.3(11) of the recently enacted *Fixing the Hydro Mess Act, 2019* requires that the chief commissioner "ensure the efficiency, timeliness and dependability of the hearing and determination of matters over which the Board has jurisdiction."

- a) Has Alectra assessed the relative differences between the M-factor application and annual IRM applications, both in terms of costs and required commitment of internal resources?
- b) Does the uncertainty of future capital funding impact Alectra's operations or planning process? Please explain.

**PWU # 2**

Ref (a): Exhibit 1, Tab 3, Schedule 1, Page 5 of 7

**Figure 2: Long-Term System Renewal Trends**



- Please provide a table detailing the values of planned system renewal investment by year that are reflected in the referenced chart.
- Does Alectra anticipate DSP-planned and Partial Funding-Planned investments (green and purple lines) to continue to remain relatively flat beyond 2038?
- Does the Partial Funding-Planned line consider any incremental corrective maintenance or similar costs Alectra may incur if it does not recover incremental amounts related to the M-Factor?
- Has Alectra done an assessment of the reliability impacts of deferring M-Factor related investment?

### PWU # 3

Ref (a): Exhibit 4, Tab 1, schedule 1, 5.2.1 DSP, Page 41 of 438

The overall impact of the adjustments based on customer preferences from the second round of customer engagement on the 2020-2024 Capital Investment Plan, as well as other adjustments, was a net reduction of \$17.5MM.

- Please confirm that Alectra expects it will include the deferred or reduced investments in its next DSP.
- What is the forecast cost of the six deferred or reduced investments Alectra will incur in the next DSP period?

### PWU # 4

Ref (a): Exhibit 4, Appendix C01, Appendix 1.0, Page 79

Following Alectra Utilities planners' recommended approach would result in an average additional [PIPE-RID1] cents per month annually for the typical customer in your rate class.

At the end of the 5-year plan, the typical customer in your rate class would see the distribution portion of their electricity bill increase by [PIPE-RID2] above the current projected rate of [PIPE-TOT] in 2024.

Rate Zone Breakdown	ERZ	BRZ	HRZ	PRZ	GRZ
[PIPE-RID1]	\$0.23	\$0.23	\$0.25	\$0.39	\$0.14
[PIPE-RID2]	\$1.16	\$1.13	\$1.27	\$1.95	\$0.72
[PIPE-TOT]	\$26.71	\$26.33	\$28.74	\$30.67	\$31.14

Ref (b): Exhibit 2, Tab 1, Schedule 3, Pages 20/21 of 21

#### *Tables 12 to 16 – Bill Impact Tables*

- Please confirm that the average and total bill increases presented to residential customers is higher than the bill impacts of the capital funding requested in this application for each of the five rate zones.

#### **PWU # 5**

Ref (a) Exhibit 4, Tab 1, Schedule 1, Section 5.4.3, Page 395 of 438

**Table 5.4.3 - 4: System Access Investments (2020-2024)**

System Access	Planned Expenditures (\$MM)				
	2020	2021	2022	2023	2024
Network Metering	\$14.8	\$14.3	\$10.2	\$11.6	\$12.2
Customer Connections	\$31.4	\$33.1	\$34.8	\$36.3	\$37.7
Road Authority and Transit Projects	\$19.7	\$17.3	\$18.2	\$19.2	\$20.3
Transmitter Related Upgrades	\$0.6	\$2.2	\$0.0	\$0.0	\$0.0
<b>Total</b>	<b>\$66.5</b>	<b>\$66.9</b>	<b>\$63.2</b>	<b>\$67.1</b>	<b>\$70.2</b>

- Please provide actual figures for 2018 and forecast/budget figures for 2019.
- Please provide total system access investments last approved for each rate zone.
- To the extent possible, please provide the annual growth rate of system access investments since the start of the deferred rebasing period.

#### **PWU # 6**

Ref (a): Exhibit 4, Tab 1, Schedule 1, Section 5.3.3, Page 231 of 438

Table 5.3.3 - 1: Health Index by Asset Class with Average Age

Asset Class	Unit measure	HI %					Average Age
		VP	P	F	G	VG	
Distribution UG Primary EPR Cables	km	0.00	0.00	0.00	0.00	100.00	4
Distribution UG Primary PILC Cables	km	2.68	1.46	0.97	2.19	92.70	36
Distribution UG Primary XLPE Cables	km	11.07	3.51	4.41	6.70	74.30	22
Distribution Concrete Poles	unit	1.80	3.30	5.43	37.95	51.52	23
Distribution Wood Poles	unit	4.63	3.47	16.62	38.13	37.15	28
Distribution Overhead Conductors	km	1.36	0.96	0.48	0.40	96.81	25
Distribution Overhead Switches	unit	6.56	1.93	1.62	2.39	87.50	19
Distribution Pad-mounted Switchgears	unit	8.35	8.94	5.05	9.06	68.60	44
Distribution Vault Transformers	unit	1.35	0.77	21.63	2.78	73.47	27
Distribution Pole-mounted Transformers	unit	1.57	1.59	5.93	34.64	56.27	20
Distribution Pad-mounted Transformers	unit	2.12	0.01	13.53	18.54	65.80	17
Stations Switchgear	unit	0.00	10.11	22.75	53.37	13.76	21
Stations Circuit Breakers	unit	4.03	28.02	1.03	19.34	47.59	20
Stations Power Transformers	unit	0.00	11.53	0.68	17.97	69.83	25

- a) Has Alectra forecasted the health indices for these assets at the end of the DSP period?
- b) If so, please provide two versions of this table for:
  - i. If M-Factor related investments are made
  - ii. If only investments funded with existing rates are made

## PWU # 7

Ref (a): Exhibit 4, Tab 1, Schedule 1, Section 5.3.3, Page 302 of 438

Table 5.3.3 - 5: Health Index Categories

Category	Criteria	Range
Very Good	Asset is in excellent condition.	$HI \geq 85\%$
Good	Asset is still relatively in excellent condition.	$70\% \leq HI < 85\%$
Fair	Asset is functional but showing signs of deterioration.	$50\% \leq HI < 70\%$
Poor	Asset is exhibiting degraded condition.	$25\% \leq HI < 50\%$
Very Poor	Asset is showing major degradation / imminent failure.	$HI < 25\%$

- a) Please explain what is meant by "imminent failure".
- b) Are assets in Poor condition also at risk of failure? Please explain.

## PWU # 8

Ref (a): Exhibit 4, Tab 1, Schedule 1, Section 5.2.1, Page 51 of 438

## C      Job Costing Analysis

Alectra Utilities has adopted leading practice of job costing analysis previously implemented at the predecessor Enersource to break down the cost of activities, analyse the job costing information, make informed business decisions resulting in increased productivity, and achieve more cost-effective outsourcing. This level of detail will enable Alectra Utilities to improve job estimating and planning that yield productivity savings and reduced contractor services for a total productivity savings of \$1.5MM to \$3MM annually.

- a) Please provide additional detail on Alectra's Job costing analysis. In particular, how are internal project costs calculated?