SEC-1

Reference

Ex. 1, Tab 2, Schedule 1, p. 1

a) Please provide a detailed breakdown of the OM&A savings for each of the years from 2020 until rebasing for each of the projects listed in the DSP.

b) Please provide details of the assumptions relied on in forecasting the relevant OM&A savings.

Response:

a) As identified in Section 5.4.1.3 of the DSP (Exhibit 4, Tab 1, Schedule 1, Pages 343 to Page 355), Alectra Utilities develops business cases which estimate OM&A costs and savings related to capital projects. Alectra Utilities wishes to clarify that OM&A savings in the business cases entered into C55 consider cost saving benefits into three categories: avoided costs; efficiency savings; and reduction savings. Estimated avoided costs are reflected in capital investment that enable Alectra Utilities to avoid future cost increases. Estimated efficiency savings are reflected in investment which enable more efficient use of Alectra Utilities' employees' time, enabling them to work on other tasks.

For example, installing automated equipment reduces the time spent travelling so to operate the equipment manually. Estimated cost reductions are reflected in investments that reduce the need for a specific cost. Replacing failing vehicles in poor condition reduces the cost of rentals when the vehicles are out of commission due to repairs.

b) Table 1 below provides the detailed breakdown of the net OM&A savings by project. The table also includes assumptions used to develop the estimated savings per each project.

1 **Table 1 – Net OM&A Savings 2020 – 2024 ($MM)**

Project Code	Project Name	NET OM&A Savings 2020 - 2024 ($MM)	Assumptions
102062	Purchase & Installation of 10 Self Recharging Transformer Air Breathers on TS transformers-Initiative-North & TS	0.16	The cost of inspecting and replacing silica gel would be reduced with the installation of Self recharging breathers.
150326	Software Asset Management as a Service	0.03	Because the existing process is not streamlined, upgrades, deployments and renewals of agreements is time consuming. Time estimated that will be saved is on average 8 hours a week
150504	Purchase and Installation of 10 Self Recharging Transformer Air Breathers on TS and MS Transformers - Initiative-WEST	0.16	The cost of inspecting and replacing silica gel would be drastically reduced with the installation of Self recharging breathers
150505	Purchase and Installation of 11 Self Recharging Transformer Air Breathers on TS and MS Transformers - Initiative - EAST	0.16	The cost of inspecting and replacing silica gel would be drastically reduced with the installation of Self recharging breathers
150506	Purchase and Installation of 15 Self Recharging Transformer Air Breathers on MS Transformers - Initiative-CENTRAL	0.16	The cost of inspecting and replacing silica gel would be drastically reduced with the installation of Self recharging breathers
150522	Business Support	0.47	Spreadsheet for Assumptions
150541	Business Support	0.98	Spreadsheet for Assumptions
150548	ServiceNow Expansion Yr1	0.09	As processes are automated , labour savings will be recognized. Time estimated that will be saved is on average 10 hours a week
150549	ServiceNow Expansion Yr2	0.09	As processes are automated , labour savings will be recognized. Time estimated that will be saved is on average 10 hours a week
150550	ServiceNow Expansion Yr3	0.09	As processes are automated , labour savings will be recognized. Time estimated that will be saved is on average 10 hours a week
150551	ServiceNow Expansion Yr4	0.05	As processes are automated , labour savings will be recognized. Time estimated that will be saved is on average 10 hours a week

150552	ServiceNow Expansion Yr5	0.03	As processes are automated , labour savings will be recognized. Time estimated that will be saved is on average 10 hours a week
150582	Back-end Automation (Orchestration Tool\Setup)	0.03	Automate simple repeatable tasks. Estimated to save the equivalent of 1 FTE
150636	Purchase and Installation of 4 Station DC System Monitoring-Initiative-North & TS	0.18	Reduced maintenance tasks, reduced Emergency maintenance. data used as part of condition based maintenance algorithms.
150638	Purchase and Installation of 4 Station DC System Monitoring-Initiative-East	0.18	Reduced maintenance tasks, reduced Emergency maintenance. data used as part of condition based maintenance algorithms.
150639	Purchase and Installation of 4 Station DC System Monitoring-Initiative-CENTRAL	0.18	Reduced maintenance tasks, reduced Emergency maintenance. data used as part of condition based maintenance algorithms.
150640	Purchase and Installation of 4 Station DC System Monitoring-Initiative-WEST	0.18	Reduced maintenance tasks, reduced Emergency maintenance. data used as part of condition based maintenance algorithms.
150761	Fleet_West_Vehicle Replacement_Bucket Truck 1-317	0.36	Reduction of required rentals, resources time to maintain vehicles, etc
150781	Fleet_Central South Replacement-Tractor 301-08	0.14	Assumption that repair costs and rentals can be reduced
150824	Fleet_West_Vehicle Replacement_Pickups.	0.05	Assumption that repair costs and rentals can be reduced
151079	Fleet West Major Equipment & Tools	0.00	Assumption that repair costs and rentals can be reduced
151190	Facilities_Reno_Derry - Ground Floor Reception and Meeting Rooms	3.17	Assumption of reduced requirement for travel between locations
151214	Purchase & Install Self Re-Charging Transformer Air Breathers	0.16	The cost of inspecting and replacing silica gel would be drastically reduced with the installation of Self recharging breathers
151216	Purchase & Installation of Station DC System Monitoring	0.18	Reduced maintenance tasks, reduced Emergency maintenance
Total		**7.26**	

1

SEC-2

Reference

Ex. 1, Tab 2, Schedule 1, p. 1

a) Please provide a detailed breakdown of the reliability improvements arising in each of the years from 2020 until rebasing for each of the projects listed in the DSP.

b) Please provide details of the assumptions relied on in forecasting the relevant reliability improvements.

Response:

a) Alectra Utilities provides Table 1 which identifies the list of projects that contribute to reliability improvements from the Alectra Utilities 2020-2024 Distribution System Plan (Exhibit 4, Tab 1, Schedule 1, Appendix B). The reliability improvement is specified in terms of SAIDI and SAIFI impact. Alectra Utilities' DSP planning period spans 2020-2024; Alectra Utilities is unable to provide reliability estimates beyond the next five years, at this time.

Table 1 - Reliability Improvement from Material Capital Projects (2020-2024)

Project ID	Project	SAIDI (hrs)	SAIFI
100015	Transformer Temperature Monitoring - Aurora MS, King & Concord	0.0003	0.0001
100159	Hydro One Asset Purchase - Alliston	0.0030	0.0023
100268	Low Voltage Bushing Replacement - Transformer Station MTS#3 - T1/T2	0.0002	0.0002
100319	Radial Supply Remediation/Conversion - 13.8 kV to 27.6 kV on Miller Ave	0.0000	0.0000
100632	27.6 kV Pole Line on 14th Ave from Hwy 48 to 9th Line	0.0018	0.0021
100900	Install One Additional 27.6 kV Cct on Elgin Mills Rd - Part 1 Leslie St to Bayview Ave	0.0014	0.0019
100904	Install Double Cct Pole Line on Major Mackenzie - Hwy 27 to Huntington Rd	0.0018	0.0008
100909	Rebuild 27.6 kV pole line for 4 Ccts on Warden Ave from Major Mack to Elgin Mills	0.0022	0.0045
101003	Richmond Hill TS#2 Upgrade Bus, Line & Transformer Protections	0.0011	0.0009
101013	Planned Circuit Breaker Replacement Markham TS#3 - E & Z Buses	0.0030	0.0015

101036	Install a new 4 ccts CNR yard overhead crossing on the south side of Hwy 7	0.0001	0.0005
101134	Alectra East (North), Fault Indicator Installation and Replacement Program	0.0410	0.0273
101195	Install One Additional 27.6 kV Cct on Elgin Mills Rd - Part 2 Leslie St to Woodbine Ave	0.0014	0.0019
101355	Overhead Asset Renewal-Alectra Initiated Distribution System Projects-East	0.0030	0.0008
101393	Redundant Fibre Path to Aurora MS#4 Sub-Station	0.0000	0.0000
101480	Build double ccts 27.6kV pole line on 19th Ave between Leslie St and Bayview Ave	0.0008	0.0011
101487	Add one Additional 27.6 kV Cct on Major Mack Dr and 9th Line	0.0027	0.0050
101744	Markham TS#3 230kV Line Protections Upgrade	0.0002	0.0004
101816	Alectra East (South), Fault Indicator Installation and Replacement Program	0.0410	0.0273
102034	SS-2019-Upgrade to Station Facilities (Building / Civil work) MultiYear-NORTH&TS	0.0001	0.0001
102038	SS-2019-Installation of Transformer Bushing Monitoring on TS and MS txmrs-Multi Year PROGRAM	0.0015	0.0015
102042	SS-2019-Purchase and Installation of Animal Guards at Various Stations-Annual Program-North & TS	0.0002	0.0002
102062	SS-2019-Purchase & Installation of 10 Self Recharging Transformer Air Breathers on TS transformers-Program-North & TS	0.0000	0.0000
102065	SS-2019-Capital Corrective Equipment Replacement - TS Stations&North	0.0030	0.0030
102128	Aurora MS6 Expansion	0.0045	0.0017
102241	ProActive Replacement of RTUs in PowerStream	0.0061	0.0061
102352	Vaughan TS#4 Feeder Integration - Part 2	0.0134	0.0053
102537	Insulator Replacement - 44kV Multi year project	0.0010	0.0005
102545	Install a New 27.6kV Pole Line on 19th Ave from Leslie St to Woodbine Ave	0.0010	0.0013
102547	Two Ccts on Birchmount Rd from ROW to 14th Ave	0.0025	0.0022
102728	Station Switchgear Replacement - Big Bay Point MS304	0.0018	0.0007
103171	Implementation of a new Alectra Network Operations Voice Radio System	0.0001	0.0001
103659	Storm Hardening - Four-Circuit Poles	0.0120	0.0040
150007	Extend 153M10 to Transfer MS322	0.0000	0.0017
150008	Install one 13.8kV cct on MacKenzie Pioneer Rd - County Rd 10 to Tottenham Rd	0.0045	0.0011

150009	Insulator Renewal - East	0.0023	0.0003
150014	Cable Injection Project - (V01) - Yonge - Steeles - Bathurst - Center, Vaughan	0.0040	0.0020
150015	Cable Injection Project - (M27) - Kennedy - 16th Ave - McCowan - Hwy 7, Markham	0.0015	0.0008
150019	Cable Injection Project - (M41) - Woodbine and Elgin Mills, Markham	0.0001	0.0001
150021	Cable Injection Project - (V36) - Steeles and Pine Valley, Vaughan	0.0023	0.0012
150022	Cable Injection Project - (M37) - Woodbine and 14th Ave, Markham	0.0012	0.0006
150025	Cable Injection Project - (V18) - Major Mackenzie and Keele, Vaughan	0.0044	0.0022
150026	Cable Injection Project - (M43) - John and Woodbine, Markham	0.0014	0.0007
150035	Cable Replacement Project - (M43) - Steelcase and Idema, Markham	0.0004	0.0002
150041	Rear Lot Renewal Project - Shirley/Vine	0.0001	0.0000
150043	Rear Lot Renewal Project - East of Queen St. to Eastern Ave./North of Greenway St.	0.0014	0.0001
150044	Rear Lot Renewal Project - Blake/Kempenfelt	0.0000	0.0000
150047	Rear Lot Renewal Project - Royal Orchard - North	0.0012	0.0004
150061	VTS1/1E Basement Flood Risk Mitigation	0.0008	0.0004
150064	RHTS1 Basement Flood Risk Mitigation	0.0008	0.0004
150065	RHTS2 Basement Flood Risk Mitigation	0.0008	0.0004
150066	VTS2 Basement Flood Risk Mitigation	0.0008	0.0004
150067	MTS4 Basement Flood Risk Mitigation	0.0008	0.0004
150070	Markham TS#1 Bus Differential & Overcurrent Protections Upgrades	0.0005	0.0003
150072	Markham TS#3 Bus Differential & Overcurrent Protections Upgrades	0.0006	0.0003
150073	Vaughan TS#1 Bus Differential & Overcurrent Protections Upgrades	0.0009	0.0005
150079	Markham TS#1 T1/T2 "B" Overcurrent Protections and HMI Upgrade	0.0000	0.0002
150089	Markham TS#3 T1/T2 "B" Differential Protections Upgrade	0.0000	0.0004
150095	Vaughan TS#1 T1/T2 "B" Differential Protections Upgrade	0.0000	0.0008
150097	Markham TS#2 Line Protections and HMI Upgrade - KDU-10 Replacement	0.0002	0.0004
150100	Convert Three MS's in Bradford to WiMax Communications	0.0000	0.0000
150101	Convert Three MS's in Alliston to WiMax Communications	0.0000	0.0000

150108	Low Voltage Bushing Replacement - VTS3 - T1/T2	0.0000	0.0000
150109	MS Feeder Protection Upgrade - AMS6	0.0005	0.0002
150125	Aurora MS6 (AMS6) Transformer and Bus Protection Upgrade	0.0001	0.0000
150134	Cable Injection Project - (V37) - Langstaff and Weston, Vaughan	0.0199	0.0100
150138	Cable Replacement Project – (BA23-BA24) - Cook St and Steel St, Barrie	0.0003	0.0001
150139	Cable Replacement Project – (B19) - Donald St and Simcoe Terrace, Barrie	0.0001	0.0001
150141	Cable Replacement Project – (M49) - Steeles and Fairway Heights, Markham	0.0004	0.0002
150142	Cable Replacement Project – (V08) - Steeles Ave and New Westminster, Vaughan	0.0027	0.0013
150152	Vaughan TS#3 Bus Differential & Overcurrent Protections Upgrade	0.0009	0.0005
150203	SS-2019-Station Equipment Temperature Monitoring-NORTH & TS	0.0002	0.0002
150208	Cable Injection Project - (M44) - Konrad Cres, Markham	0.0017	0.0008
150251	Cable Replacement Project - (Bradford) - MS324 Reagans Station Supply Cable	0.0004	0.0002
150254	Cable Replacement Project - (A02) - Steeplechase Ave, Aurora	0.0008	0.0004
150255	Cable Replacement Project - (B23) - Cundles Rd and Janine St, Barrie	0.0002	0.0001
150256	Cable Replacement Project - (M43) - Quail Valley, Markham	0.0001	0.0001
150257	Cable Replacement Project - (V15) - Jardin Dr, Vaughan	0.0014	0.0007
150261	Cable Injection Project - (V38) - Rutherford and Weston, Vaughan	0.0019	0.0009
150262	Cable Replacement Project - (M33) - 16th Avenue and Village Parkway, Markham	0.0005	0.0002
150263	Cable Replacement Project - East Left Behind Cable	0.0061	0.0031
150264	Build Two Feeder Ties on Hwy 50 between Vaughan and Brampton	0.0016	0.0022
150271	CE-F4 Renewal - Freeman PI	0.0036	0.0029
150277	Cable Replacement Project - (K3) - Professor Lake Parkway, Brampton	0.0006	0.0003
150278	Cable Injection Project - (F3-G3-H3), Brampton	0.0054	0.0027
150317	Voltage Conversion - Deerhurst MS, Hamilton	0.0003	0.0008
150318	MS402 Contingency Transfer - Switch and Fan Retrofit	0.0000	0.0001
150320	Voltage Conversion - Dewitt MS , Hamilton	0.0015	0.0009

150321	Voltage Conversion - Galbraith MS, Hamilton	0.0002	0.0004
150330	Rear Lot Renewal Project - Marsdale, St.Catharines	0.0136	0.0122
150333	Overhead Conductor Replacement - #6 Copper - Feeder OT8	0.0006	0.0001
150345	Overhead Conductor Replacement - #6 Copper - Feeder WT10	0.0006	0.0001
150346	Overhead Conductor Replacement - #6 Copper - Feeder WT12	0.0012	0.0002
150347	Overhead Conductor Replacement - #6 Copper - Feeder OT4	0.0006	0.0001
150348	Overhead Conductor Replacement - #6 Copper - Feeder OT2	0.0006	0.0001
150349	Overhead Conductor Replacement - #6 Copper - Feeder WL1	0.0012	0.0002
150350	Overhead Conductor Replacement - #6 Copper - Feeder WL4	0.0006	0.0001
150351	Voltage Conversion - Aberdeen MS_2020 to 2022, Hamilton	0.0018	0.0020
150352	Voltage Conversion - Central MS_2020 to 2022, Hamilton	0.0072	0.0058
150353	Truscott Plaza - Additional capacity, Mississauga	0.0042	0.0017
150354	Voltage Conversion - Eastmount MS, Hamilton	0.0083	0.0043
150355	Voltage Conversion - Elmwood MS, Hamilton	0.0002	0.0055
150361	Airport 88M5 & 88M7 HONI Purchase	0.0023	0.0046
150362	Dufferin St S, between MS431 and Albert St S, Alliston	0.0008	0.0003
150368	New build - North Central feeders capacity (Carlton TS to Linwell Rd/Lake St) relief, St.Catharines	0.0011	0.0003
150369	New build - 44kV Feeder Extension York/Meadowpine, Mississauga	0.0019	0.0002
150377	Voltage Conversion and Rear Lot - Montgomery Dr, Hamilton	0.0024	0.0003
150381	Rear Lot Renewal Project - Jacobson Ave	0.0011	0.0010
150382	Rear Lot Renewal Project - Ridley Heights	0.0002	0.0007
150383	Rear Lot Renewal Project - Bluebird	0.0002	0.0001
150394	King St. Voltage Conversion & Loop (LRT Betterment)	0.0003	0.0004
150395	Hillcrest 13.8 Radial Loop (LRT Betterment)	0.0035	0.0014
150399	Rear Lot Renewal Project - Richlieu Dr and Trelawne Dr, St.Catharines	0.0035	0.0024
150400	Rear Lot Renewal Project - Franklin Blvd	0.0001	0.0005
150403	Hwy 407 and Woodbine Ave Insulator Replacement	0.0008	0.0003
150416	MS10 S/G Shoppers World Area Backup	0.8956	0.0012
150424	MS-1 Wellington, Brenda, McMurchy 4.16kV Voltage Conversion	0.0000	0.0001
150497	SS-2019-Capital Corrective Equipment Replacment -	0.0030	0.0030

	Stations West		
150498	SS-2019-Capital Corrective Equipment Replacment - Stations Central	0.0030	0.0030
150499	SS-2019-Capital Corrective Equipment Replacment - Stations East	0.0030	0.0030
150500	SS-2019-On-Line Dissolved Gas Oil Monitoring of 10 MS Transformers - WEST	0.0000	0.0000
150501	SS-2019-On-Line Dissolved Gas Oil Monitoring of 20 MS Transformers - CENTRAL	0.0000	0.0000
150502	SS-2019-On-Line Dissolved Gas Oil Monitoring of 10 MS Transformers - EAST	0.0000	0.0000
150503	SS-2019-Purchase and Installation of Online Dissolved Gas Monitoring on Jim Yarrow TS transformers - Program	0.0002	0.0002
150504	SS-2019-Purchase and Installation of 10 Self Recharging Transformer Air Breathers on TS and MS Transformers - Program-WEST	0.0000	0.0000
150505	SS-2019-Purchase and Installation of 11 Self Recharging Transformer Air Breathers on TS and MS Transformers - Program - EAST	0.0000	0.0000
150506	SS-2019-Purchase and Installation of 15 Self Recharging Transformer Air Breathers on MS Transformers - Program-CENTRAL	0.0000	0.0000
150507	SS-2019-230kV TS Transformer Primary Bushing Monitoring Enablemant-BPD Elimination - 4 TS Transformers-Program-TS	0.0015	0.0015
150508	SS-2019-Installation of Transformer Bushing Monitoring on MS txmrs-Multi Year PROGRAM - CENTRAL	0.0015	0.0015
150509	SS-2019-Installation of Transformer Bushing Monitoring Yarrow TS and MS txmrs-Multi Year PROGRAM -EAST	0.0015	0.0015
150517	SS-2019-Upgrade to Station Facilities (Building / Civil work) MultiYear-WEST	0.0001	0.0001
150518	SS-2019-Upgrade to Station Facilities (Building / Civil work) MultiYear-CENTRAL	0.0001	0.0001
150519	SS-2019-Upgrade to Station Facilities (Building / Civil work) MultiYear-EAST	0.0001	0.0001
150530	Redundant Fibre Path to Vaughan TS4	0.0000	0.0000
150571	Cable Injection Project - (J3-K3-N2-O2), Brampton	0.0050	0.0025
150572	Cable Replacement Project - (J4) - Queen - Clark - Bramalea - Kensington - Knightsbridge, Brampton	0.0006	0.0003
150576	Split the 1/0 loop on Cityview Blvd into two loops	0.0012	0.0012
150603	Purchase of an Omicron ARCO400 Recloser Test Set	0.0001	0.0002

150611	SS-2019-MS Transformer Tank and Radiator Reconditioning- Program-North & TS	0.0003	0.0003
150621	SS-2019-Purchaase and Installation of Animal Guarding-Annual Program-EAST	0.0002	0.0002
150622	SS-2019-Purchaase and Installation of Animal Guarding-Annual Program-CENTRAL	0.0002	0.0002
150623	SS-2019-Purchase and Installation of Animal Guarding-Annual Program-WEST	0.0002	0.0002
150627	SS-2019-Station Equipment Temperature Monitoring-EAST	0.0002	0.0002
150628	SS-2019-Station Equipment Temperature Monitoring-CENTRAL	0.0002	0.0002
150629	SS-2019-Station Equipment Temperature Monitoring-WEST	0.0002	0.0002
150633	Repair of Auto Transfer Scheme at Bramalea City Center	0.0015	0.0015
150634	Restore SCADA Control to 44kV LIS Switches in Brampton	0.0061	0.0061
150635	St Catharines U/G System - P&C Upgrades	0.0005	0.0005
150636	SS-2019-Purchase and Installation of 4 Station DC System Monitoring-Program-North & TS	0.0038	0.0038
150637	Station Switchgear Replacement - MS10	0.0021	0.0002
150638	SS-2019-Purchase and Installation of 4 Station DC System Monitoring-Program-East	0.0038	0.0038
150639	SS-2019-Purchase and Installation of 4 Station DC System Monitoring-Program-CENTRAL	0.0038	0.0038
150640	SS-2019-Purchase and Installation of 4 Station DC System Monitoring-Program-WEST	0.0038	0.0038
150641	SS-2019-Replacement of 230kv Primary Switches at Yarrow TS	0.0006	0.0006
150642	ProActive Replacement of Remote Terminal Units-Brampton	0.0106	0.0106
150646	SS-2019-Purchase of a SF6 Gas Quality Analyzer-Alecta SS	0.0005	0.0005
150655	Maingate MS - Station RTU and Protection Relays Upgrade	0.0006	0.0003
150657	SS-2019-Purchase of Capacitance and Power factor Meter Tester-TS	0.0005	0.0005
150660	SS-2019-Purchase and Installation of Online Transformer Tap Changer Filtration Systems - East	0.0005	0.0005
150661	SS2019-Purchase and Installation of Online Transformer tap Changer Filtration Systems - CENTRAL	0.0005	0.0005
150662	SS-2019-Station Sustainment PI System Expansion for CASCADE CARE	0.0003	0.0003

150670	SC2019 - SCADA FDIR	0.0078	0.0971
150677	Station Switchgear Replacement - Aquitaine MS59 LV1	0.0048	0.0019
150679	Alectra Drive for the Workplace	0.0004	0.0004
150682	SC2019 - Remote Fault Indicator Deployment	0.2913	0.2913
150686	Rockwood MS - Station RTU and Protection Relays Upgrade	0.0006	0.0003
150687	Woodlands MS - Station RTU & Protection Relays Replacement	0.0006	0.0003
150688	SS-2019-Station Sustainment & Protection & Control CASCADE Expansion	0.0038	0.0038
150689	Rogers MS - Station RTU and Protection Relays Upgrade	0.0006	0.0003
150699	Station Switchgear Replacement - Shawson MS43 LV1	0.0030	0.0012
150704	JY TS1 Feeder Protection Migration to DNP	0.0000	0.0000
150709	SS-2019-Legacy Horizon Spare Station Transformer Bushing Conversion from PILC to XLPE	0.0008	0.0008
150710	SS-2019-Yarrow TS T1 and T2 Leaks and bushing repairs	0.0182	0.0005
150711	New Three Sector WiMAX Communications Node - VTS4	0.0000	0.0000
150713	SS-2019-MS Transformer Tank and Radiator Reconditioning- Program-EAST	0.0015	0.0015
150714	SS-2019-MS Transformer Tank and Radiator Reconditioning- Program-CENTRAL	0.0015	0.0015
150715	SS-2019-MS Transformer Tank and Radiator Reconditioning- Program-WEST	0.0015	0.0015
150719	Upgrade of JMUX Optical Interfaces - Alectra East SONET Ring	0.0009	0.0009
150749	New WiMAX Communication Network - Central South	0.0030	0.0008
150773	New WiMAX Communications System - Central North	0.0030	0.0008
150784	Overhead Asset Renewal-Alectra Initiated Distribution System Projects-Central North	0.0030	0.0008
150785	New WiMAX Communications System - West	0.0030	0.0008
150808	Implementation of Doble - Enoserv PowerBase and Enoserv RTS applicationions for Protection and Control Department	0.0061	0.0015
150823	Overhead Asset Renewal-Alectra Initiated Distribution System Projects-Central South	0.0030	0.0008
150825	JY TS1 Line & Transformer Protection Migration to DNP	0.0000	0.0000
150828	Overhead Asset Renewal-Alectra Initiated Distribution System Projects-West	0.0030	0.0008

150878	JY TS1 Bus & Main Breaker Protections Replacement	0.0000	0.0000
150901	New Tecumseth Switches	0.0171	0.0063
151004	SS-2019-VTS2 T1 and T2 OIL Leak Repairs	0.0182	0.0005
151021	Insulator Renewal - Central North	0.0023	0.0003
151022	New Three Sector WiMAX Node - MS305	0.0000	0.0000
151030	Addition of Sensors to SCADA Controllable 44kV LISs in Brampton	0.0106	0.0106
151041	Protection Logic Upgrades - East MSs (North)	0.0015	0.0008
151042	Markham TS1 Firewall Upgrade	0.0004	0.0002
151048	Station Switchgear Replacement - City Centre North MS47 HV1	0.0004	0.0002
151059	Station Switchgear Replacement - City Centre North MS47 HV2	0.0002	0.0001
151061	Markham TS2 Firewall Upgrade	0.0004	0.0002
151066	Cable Replacement Project - Hamilton Mountain URD	0.0152	0.0038
151067	New Three Sector WiMAX Communications Node - VTS3	0.0000	0.0000
151068	Return to Service of Smart Fault Indicators - East	0.0053	0.0053
151070	Markham TS3 Firewall Upgrade	0.0004	0.0002
151071	Cable Replacement Project - (V01) - York Hill - Hilda - Clark (Phase 1 and Phase 2)	0.0057	0.0028
151072	Vaughan TS3 - Station Service Transfer Upgrade	0.0008	0.0003
151074	Reactive renewal	0.1165	0.0419
151098	Station Switchgear Replacement - Battleford MS54 LV1	0.0028	0.0011
151107	Cable Replacement Project - 7143 Main Feeder	0.0030	0.0015
151112	Cable Replacement Projects - Various	0.0089	0.0011
151114	Cable Replacement Project - (V01) - York Hill - Hilda - Clark (Phase 3)	0.0014	0.0007
151115	Cable Replacement Projects - Various	0.0196	0.0024
151121	Cable Injection Project - (V43) - Hwy 7 and Pine Valley Dr, Vaughan	0.0013	0.0007
151134	Cable Replacement Project - Winston Churchill consolidation - 49F6 and 49F4	0.0009	0.0005
151136	C55 Alectra: Optimization of Business Practices	0.0000	0.0000
151137	Cable Replacement Project - Main Fedeer(s)- 68F2, 68F4, 68F7, 83F5, 83F3	0.0015	0.0008
151138	Voltage Conversion - MS-2 Church St, Brampton	0.0003	0.0006
151139	Voltage Conversion - MS-12 Hansen Rd, Brampton	0.0027	0.0009
151140	Cable Replacement Project (feeder C5M42) dip - 194 m	0.0006	0.0003
151141	Cable Replacement and Transformers replacement - Project - Windjammer, Mississauga	0.0065	0.0016

151143	Cable Replacement and Transformers Replacement - Project - Shelter Bay Rd. Mississauga	0.0025	0.0006
151144	Cable Replacement Project and Transformers Replacement - Rathburn Rd. W, Mississauga	0.0164	0.0041
151145	Cable Replacement Project - Bough Beeches Blvd.	0.0019	0.0005
151146	Cable Replacement and Transformers Replacement - Project - Folkway, Mississauga	0.0109	0.0027
151148	OH Rebuild Project - Rometown	0.0043	0.0004
151159	Fault Indicator Installation and Replacement - Hamilton and St. Catharines	0.0410	0.0273
151171	Cable Replacement Project - Copenhagen	0.0033	0.0008
151172	Cable Replacement Project - City Centre Drive Cables	0.0009	0.0001
151173	Cable Replacement Project - Credit Woodlands Crt and Whiltshire	0.0007	0.0001
151176	Cable Replacement Project - MS Argentia distribution feeder(s) upgrade	0.0030	0.0008
151178	Cable Replacement Project - Mason Heights	0.0014	0.0003
151179	Cable Replacement Project - Area of Erin Mills pkway. and South Millway	0.0017	0.0004
151181	Cable Replacement Project - Left Behind Cable, Brampton	0.0017	0.0008
151182	OH Rebuild Project - Courtney Park	0.0043	0.0004
151183	OH Rebuild Project - Church Street	0.0006	0.0001
151184	OH Rebuild Project - Lake / John	0.0002	0.0000
151185	OH Rebuild Project - Stanfield	0.0005	0.0000
151186	OH Rebuild Project - Park & Stavebank	0.0043	0.0004
151188	10F6 Extension - McMurchy, Charolais to McLaughlin	0.8956	0.0012
151250	Upper Stoney Creek SR portion	0.0001	0.0000
151251	Upper Stoney Creek SS portion	0.0001	0.0000
151275	Cable Injection Project - (SCH) - QEW - Highway 406 - Martindale Road	0.0444	0.0222
151276	Cable Injection Project - (SCH) - Vansickle	0.0161	0.0080
151280	Cable Injection Project - (SCH) - Millward - Jeanette Drive - Trevor	0.0000	0.0000
151281	Cable Replacement Project - (SCH) - Lake - Linwell - Geneva - Scott	0.0010	0.0003
151282	Cable Replacement Project - (SCH) - Weiden	0.0000	0.0000
151283	Cable Replacement Project - (HAM) - Mohawk	0.0015	0.0005
151284	Cable Replacement Project - (E3) - Bovaird - McLaughlin - Queen - Chinguacousy, Brampton	0.0002	0.0001
151286	Cable Replacement Project - (H2) - Wanless - Heart Lake - Bovaird - Kennedy, Brampton	0.0019	0.0009

151287	Cable Replacement Project - (SCH) - Bolger - Elma - Dorothy - The Meadows	0.0002	0.0001
151288	Cable Replacement Project - (H4) - Queen - Hwy 410 - Steeles - Kennedy, Brampton	0.0002	0.0001
151289	Cable Injection Project - (SCH) - Bolger - Elma - Dorothy - The Meadows	0.0001	0.0001
151290	Cable Replacement Project - (I3) - Bovaird - Dixie - Queen - Hwy 410, Brampton	0.0022	0.0011
151292	Cable Replacement Project- (K4) - Queen - Torbram - Steeles - Bramalea	0.0004	0.0002
151293	Cable Replacement Project - (SCH) - Lakeshore - Stanley - Parnell - Chancery	0.0006	0.0002
151294	Cable Injection Project - (SCH) - Lakeshore - Stanley - Parnell - Chancery	0.0001	0.0001
151295	Cable Replacement Project - (SCH) - Welland - Bunting - Carlton - Cushman	0.0002	0.0001
151296	Cable Injection Project - (SCH) - Welland - Bunting - Carlton - Cushman	0.0012	0.0006
151298	Cable Injection Project - (HAM) - Govenors - Old Ancaster	0.0149	0.0075
151299	Cable Replacement Project - (HAM) - Millen - Barton - Fruitland	0.0157	0.0052
151300	Cable Injection Project - (HAM) - Millen - Barton - Fruitland	0.0313	0.0157
151302	Cable Injection Project - (HAM) - Rymal - Mud - Upper Centennial - Upper Red Hill Valley	0.0428	0.0214
151303	Cable Replacement Project - (HAM) - Stone Church - Garth - Lincoln M. Alexander	0.0031	0.0010
151304	Cable Injection Project - (HAM) - Stone Church - Garth - Lincoln M. Alexander	0.0071	0.0036
151306	Cable Injection Project - (HAM) - Upper Wentworth - Lincoln M. Alexander - Upper Ottawa - Stone Church	0.0018	0.0009
151307	Cable Injection Project - (HAM) - Upper Sherman - Stone Church - Nebo - Rymal	0.0054	0.0027
151309	Cable Injection Project - (E3) - Bovaird - McLaughlin - Queen - Chinguacousy, Brampton	0.0002	0.0001
151310	Cable Injection Project - (E4) - Queen - McLaughlin - Steeles - Chinguacousy, Brampton	0.0030	0.0015
151311	Cable Injection Project - (E5) - Steeles - Mclaughlin - Hwy 407 - Chinguacousy, Brampton	0.0005	0.0003
151312	Cable Injection Project - (F2) - Wanless - Main - Bovaird - McLaughlin, Brampton	0.0001	0.0000

151313	Cable Injection Project - (F5) - Steeles - Main - Hwy 407 - McLaughlin, Brampton	0.0048	0.0024
151314	Cable Injection Project - (G2) -Wanless - Kennedy - Bovaird - Main, Brampton	0.0031	0.0015
151316	Cable Injection Project - (H2) - Wanless - Heart Lake - Bovaird - Kennedy, Brampton	0.0032	0.0016
151317	Cable Injection Project - (H4) - Queen - Hwy 410 - Steeles - Kennedy, Brampton	0.0007	0.0003
151318	Cable Injection Project - (I3) -Bovaird - Dixie - Queen - Hwy 410, Brampton	0.0074	0.0037
151319	Cable Injection Project - (I4) -Queen - Dixie - Steeles - Hwy 410, Brampton	0.0008	0.0004
151320	Cable Injection Project - (I5) - Steeles - Dixie - Hwy 407 - Hwy 410, Brampton	0.0002	0.0001
151321	Cable Injection Project - (J5) - Steeles - Bramalea - Hwy 407 - Dixie, Brampton	0.0003	0.0001
151322	Cable Injection Project - (K4) - Queen - Torbram - Steeles - Bramalea, Brampton	0.0001	0.0000
151323	Cable Injection Project - (L4) - Queen - Airport - Steeles - Torbram, Brampton	0.0003	0.0002
151324	Cable Injection Project - (M3) - Castlemore - Groeway - Queen - Airport, Brampton	0.0003	0.0002
151325	Cable Replacement Project - (M31) - 14th - Old Kennedy - Steeles - Warden, Markham	0.0103	0.0052
151326	Cable Replacement Project - (V44) - Hayhoe - Islington - Hwy 7, Vaughan	0.0003	0.0001
151327	Cable Replacement Project - (BR6) - 8th and Dissette, Bradford	0.0001	0.0001
151328	Cable Replacement Project- (21a) Darcel & Brandon Gate, Mississauga	0.0008	0.0004
151329	Cable Replacement Project - (V51) - Langstaff - Kipling - Hwy 7 - Hwy 27, Vaughan	0.0007	0.0003
151330	Cable Replacement Project - (A01) - Henderson - Yonge - Bloomington - Bathurst, Aurora	0.0006	0.0003
151331	Cable Replacement Project - (V41) - Stephanie Blvd, Vaughan	0.0004	0.0002
151333	Cable Replacement Project - (BA9) - Little - Fairview - Harvie - Ferndale, Barrie	0.0006	0.0003
151334	Cable Replacement Project - (BA13) - Dunlop and Miller, Barrie	0.0001	0.0001
151335	Cable Replacement Project - (BA14) - Tifffin and Hwy 400, Barrie	0.0008	0.0004
151336	Cable Replacement Project - (BA22) - Sunnidale and	0.0042	0.0021

	Anne, Barrie		
151337	Cable Replacement Project - (BA18) - Ferndale and Benson, Barrie	0.0003	0.0002
151339	Cable Replacement Project - (BA19) - Letitia - Anne - Edgehill - Ferndale, Barrie	0.0061	0.0031
151341	Cable Injection Project - (M15) - 16th - Markham - 9th - Hwy 7, Markham	0.0003	0.0002
151342	Cable Injection Project - (M40) - Major Mackenzie - Warden - 16th - Woodbine, Markham	0.0004	0.0002
151343	Cable Injection Project - (M14) - Hwy 7 - Markham - 9th - 14th, Markham	0.0003	0.0002
151344	Cable Injection Project - (R16) - Major Mackenzie - Bayview - 16th - Yonge, Richmond Hill	0.0006	0.0003
151345	Cable Injection Project - (M51) - 14th - Bayview - Steeles - Yonge, Markham	0.0003	0.0002
151346	Cable Injection Project - (M45) - Hwy 7 and Woodbine, Markham	0.0004	0.0002
151347	Cable Injection Project - (V40) - Teston - Weston - Major Mackenzie - Pine Valley, Vaughan	0.0004	0.0002
151348	Cable Injection Project - (M20) - Hwy 7 - Markham - 14th - McCowan, Markham	0.0008	0.0004
151349	Cable Injection Project - (V16) - Langstaff - Dufferin - Steeles - Jane, Vaughan	0.0016	0.0008
151350	Cable Injection Project - (M22) - Major Machenzie - Hwy 48 - 16th - McCowan, Markham	0.0003	0.0002
151351	Cable Injection Project - (M32) - Hwy 7 - Main - 14th - Warden, Markham	0.0016	0.0008
151352	Cable Injection Project - (M38) - Hwy 7 - Warden - 14th - Woodbine, Markham	0.0017	0.0008
151353	Cable Injection Project - (V41) - Kirby - Weston - Teston - Pine Valley, Vaughan	0.0002	0.0001
151354	Cable Injection Project - (V52) - Rutherford - Kipling - Langstaff - Hwy 27, Vaughan	0.0002	0.0001
151355	Cable Injection Project - (M26) - Hwy 7 -McCowan - 14th - Old Kennedy, Markham	0.0016	0.0008
151356	Cable Injection Project - (V44) - Langstaff - Pine Valley - Hwy 7 - Kipling, Vaughan	0.0007	0.0004
151357	Cable Injection Project - (V34) - Kirby - Jane - Teston - Weston, Vaughan	0.0001	0.0001
151358	Cable Injection Project - (V62) - Kirby - Hwy 27 - Nashville - Huntington, Vaughan	0.0002	0.0001
151359	Cable Injection Project - (M16) - Major Mackenzie - 9th - 16th - Hwy 48, Markham	0.0012	0.0006

151360	Cable Injection Project - (M31) - 14th - Old Kennedy - Steeles - Warden, Markham	0.0090	0.0045
151362	Cable Injection Project - (M39) - 16th - Warden - Hwy 7 - Woodbine, Markham	0.0013	0.0007
151363	Cable Injection Project - (M25) - 14th - McCowan - Steeles - Old Kennedy, Markham	0.0088	0.0044
151366	Cable Injection Project - (M19) - Markham - Steeles - McCowan - 14th, Markham	0.0024	0.0012
151367	Cable Injection Project - (M21) - Hwy 7 - Markham - 16th - McCowan, Markham	0.0019	0.0009
151401	Cable Replacement Project- (21b) Sigsbee & Morning Star, Mississauga	0.0008	0.0004
151402	Cable Replacement Project- Montevideo & Treviso (19a), Mississauga	0.0061	0.0032
151403	Cable Replacement Project- Montevideo & Battleford (19b), Mississauga	0.0008	0.0004
151404	Cable Replacement Project- Central Pk E & Miss. Valley (28)	0.0006	0.0003
151405	Cable Replacement Project- Erin Mills & N.Sheridan (16), Mississauga	0.0003	0.0002
151406	Cable Replacement Project- Rathburn Rd W & Queenbridge (8), Mississauga	0.0001	0.0000
151407	Cable Replacement Project- Glen Erin & Burnhamthorpe (12), Mississauga	0.0057	0.0030
151408	Cable Replacement Project- Burnhamthorpe & Miss. Road (13), Mississauga	0.0012	0.0006
151409	Cable Replacement Project- Central Parkway & Bloor (29), Mississauga	0.0035	0.0018
151410	Cable Replacement Project-Roselle & Priority Cres (2), Mississauga	0.0005	0.0003
151411	Cable Replacement Project- Queensway & Mavis (31), Mississauga	0.0018	0.0009
151413	Cable Replacement Project- Rathburn Rd W & Elora Dr (9), Mississauga	0.0005	0.0003
151416	Cable Replacement Project- Woodchester & Thorn Lodge (34), Mississauga	0.0006	0.0005
151417	Cable Replacement Project- Rathburn & Cawthra (27), Mississauga	0.0001	0.0001
151418	Cable Replacement Project- Innovator & Courtney Park E (4), Mississauga	0.0044	0.0037
151419	Cable Replacement Project- Thomas St & Hillside (24), Mississauga	0.0007	0.0006

151420	Cable Replacement Project-Eglinton & Credit Valley (5), Mississauga	0.0112	0.0094
151421	Cable Replacement Project-Rathkeale Rd & Edenrose St (6), Mississauga	0.0010	0.0009
151422	Cable Replacement Project-Queen St W & Paisley (30), Mississauga	0.0003	0.0003
151423	Cable Replacement Project-Old Carriage Road (33), Mississauga	0.0002	0.0002
151424	Cable Replacement Project-Miss. Valley & Bloor (15) Mississauga	0.0025	0.0021
151425	Cable Replacement Project-Rathburn Rd E & Tomken (10), Mississauga	0.0003	0.0003
151426	Cable Replacement Project-Southdown & Lakeshore (35), Mississauga	0.0027	0.0022
151427	Cable Injection- 001- AREA 11- Truscott & Southdown, Mississauga	0.0007	0.0004
151428	Cable Injection- 002- AREA 30- Eglinton Ave W & Miss Rd, Mississauga	0.0009	0.0005
151429	Cable Injection- 003- AREA36 -Matheson & Kennedy, Mississauga	0.0014	0.0008
151430	Cable Injection- 005- AREA 38- Bristol & Creditview, Mississauga	0.0009	0.0005
151431	Cable Injection- 006- AREA 39- Erin Mills Pkway & Thomas St, Mississauga	0.0005	0.0002
151432	Cable Injection- 007- AREA 43 & 51- Hurontario & Derry Rd W, Mississauga	0.0010	0.0005
151433	Cable Injection- 008- AREA46 - Glen Erin & Aquitane, Mississauga	0.0000	0.0000
151434	Cable Injection- 009- AREA 54- Highway 401 & Argentia, Mississauga	0.0004	0.0002
151435	Cable Injection- 010 - Area 56- Derry Rd W & Ninth Line, Mississauga	0.0007	0.0003
151436	Cable Injection-011 - Area 58 & 59- Winston Churchill & The Collegeway, Mississauga	0.0000	0.0000
151449	Underground Asset Renewal-Alectra Initiated Distribution System Projects-Central North	0.0030	0.0008
151450	Underground Asset Renewal-Alectra Initiated Distribution System Projects-East	0.0030	0.0008
151451	Underground Asset Renewal-Alectra Initiated Distribution System Projects-Central South	0.0030	0.0008
151452	Underground Asset Renewal-Alectra Initiated Distribution System Projects-West	0.0030	0.0008
151456	Cable Injection Project - (V50) - Hwy 7 - Kipling - Steeles - Hwy 27, Vaughan	0.0065	0.0033

151457	Cable Injection Project - (V25) - Major Mackenzie - Keele - Rutherford - Jane, Vaughan	0.0038	0.0019
151458	Cable Injection Project - (V31) - Langstaff - Weston - Rutherford - Jane, Vaughan	0.0011	0.0005
151459	Cable Injection Project - (V24) - Langstaff - Jane - Rutherford - Keele, Vaughan	0.0009	0.0005
151460	Cable Injection Project - (V17) - Langstaff - Keele - Rutherford - Dufferin, Vaughan	0.0032	0.0016
151462	Cable Injection Project - (G1) - Hwy 410 - Kennedy - Wanless - Main, Brampton	0.0015	0.0008
151463	Cable Injection Project - (F4-G4) - Main - Steeles - Chinguacousy - Queen, Brampton	0.0006	0.0003
151464	Cable Injection Project - (F3-G3-H3) - Phase 2, Brampton	0.0021	0.0011
151089	GUELPH - Overhead Rebuilds	0.0147	0.0037
150680	Alectra Drive at Home	0.0002	0.0002
151315	Cable Injection Project - (G5) - Steeles - Kennedy - Hwy 407 - Main, Brampton	0.0027	0.0014
151361	Cable Injection Project - (V26) - Teston - Keele - Major Mackenzie - Jane, Vaughan	0.0021	0.0010
151465	Cable Replacement - Mississauga Left Behind Cable	0.0025	0.0013
151332	Cable Replacement Project - (BA20) - Bayfield and Simcoe, Barrie	0.0007	0.0003
151301	Cable Replacement Project - (HAM) - Rymal - Mud - Upper Centennial - Upper Red Hill Valley	0.0871	0.0290
151291	Cable Replacement Project - (I4) - Queen - Dixie - Steeles - Hwy 410, Brampton	0.0005	0.0002
151467	Cable Replacement Project - (V17) - Langstaff - Keele - Rutherford - Dufferin, Vaughan	0.0008	0.0004
151340	Cable Replacement Project - (V29) - Hwy 7 - Jane - Steeles - Weston, Vaughan	0.0014	0.0007
151338	Cable Replacement Project- (BA15) - Burton - Huronia - Little - Bayview, Barrie	0.0010	0.0005
101569	New Alliston 10MVA Substation - Industrial Parkway	0.0000	0.0000
100913	Pole Line Installation Double Cct on Major Mack - Huntington Rd to Hwy 50	0.0000	0.0000
150380	Rear Lot Renewal Project - Gunn/Oakley Park/St.Vincent	0.0005	0.0000
150378	Rear Lot Renewal Project - East of Queen Street/North of Mill Street	0.0006	0.0001
150329	Rear Lot Renewal Project - Main Street / Unionville / Carlton	0.0034	0.0008
150356	Voltage Conversion - Clarkson Area, Mississauga	0.0029	0.0011

100867	Pole Renewal	0.0748	0.0187
151091	Switchgear Renewal	0.0328	0.0055
101508	Transformer Renewal	0.0658	0.0155
100886	Distribution Automation	0.0398	0.0159
101027	Switch Renewal	0.0252	0.0063

b) Please refer to Appendix L of the DSP (Exhibit 4, Tab 1, Schedule 1, Appendix L, Pages 12-17) for a detailed description of Alectra Utilities methodology and process to calculate the reliability improvement (i.e. Reliability Benefit in the Value Framework). Electricity demand and composition of customers serviced by the system are obtained from information contained in the Geographical Information System ("GIS").

Alectra Utilities uses historical failure data, where available, and provides a reasonable indicator for future reliability for outage event and duration projection. Where historical data does not provide a reasonable failure rate, Alectra Utilities estimates frequency of failure based on legacy experience. For example, cable failures have a generic rate of 0.25 failures per 1km.

A report on Alectra Utilities' worst performing feeders is provided in Appendix F of the DSP (Exhibit 4, Tab 1, Schedule 1, Appendix F). Please see Alectra Utilities' response to G-Staff-76 for an explanation of the methodology that Alectra Utilities uses to account for key account input as it relates to reliability issues and remedial benefits.

SEC-3

Reference

Ex. 1, Tab 2, Schedule 1, p. 1 and Ex. 1, Tab 3, Schedule 1, p. 1

Please explain why, if a new capital plan demonstrates that more capital spending is needed than was expected at the time of the merger, the Applicant does not apply for rebasing of all of its revenue requirement to include increased capital spending.

Response:

The assumption in the question, that the Distribution System Plan ("DSP") calls for more capital spending than was expected at the time of the merger, is not correct. The 2020-2024 DSP contemplates a total amount of capital investments that is consistent with expectations at the time of the merger. As explained in Alectra Utilities' response to G-Staff-11, the quantum of required ICM funding that would be needed over the ten-year rebasing deferral period was estimated during the MAADs proceeding to be $587.7MM, which was based on an evaluation carried out at the time of the merger transaction. The M-factor funding sought in the present application, for five years of the ten-year rebasing deferral period, seeks recovery for approximately half of this amount. The capital needs for Alectra Utilities were not unanticipated.

Further, there has been no fundamental change in circumstance from the expectation at the time of the MAADs proceeding to the finalization of the Alectra Utilities DSP, other than that the DSP provides a more focused and prioritized review of the capital needs, based on completed asset management and capital planning.

Alectra Utilities believes that the issue in this proceeding is the appropriate capital funding mechanism in the context of the DSP, given that the ICM, without variation, does not provide sufficient flexibility to implement the DSP.

SEC-4

Reference

Ex. 1, Tab 3, Schedule 1, p. 1; Transcript 1:54

Please provide a detailed concordance showing the planned capital spending in the DSP relative to the planned capital spending of each of the Alectra predecessors (either DSP, or capital plan if the DSP was incomplete or out of date), with a detailed explanation as to the reasons for the changes in capital spending plans from predecessors to merged entity.

Response:

Please see Alectra Utilities' response to G-Staff-12 c).

SEC-5

Reference

Ex. 1, Tab 3, Schedule 1, p. 2

a) Please provide a detailed forecast of billing determinants, by rate class, for the period 2020-2024.

b) Please also provide a detailed breakdown of the new loads and revenues arising in each of the years from 2020 until rebasing dependent upon the capital spending listed in the DSP. Please provide details of the assumptions relied on in forecasting the new loads and revenues.

Response:

a) and b) Please see Alectra Utilities' response to G-Staff-94.

SEC-6

Reference

Ex. 1, Tab 3, Schedule 1, p. 3 and Ex. 2, Tab 1, Schedule 2, p. 9

Please confirm that cost/price remains the top priority of the Applicant's customers.

Response:

Yes, "delivering reasonable electricity distribution prices" is the number one priority for residential, small business and GS > 50 kW– 4,999 customers as identified in Phase 1 of this customer engagement. For Large Use customers, "ensuring reliable electrical service" is the number one priority (see Appendix C, Customer Engagement, Customer Engagement Planning Placemat).

SEC-7

Reference

Ex. 1, Tab 3, Schedule 1, p. 3

a) Please confirm that the Applicant considers that the "capital funding available in Alectra Utilities' base rates" excludes any merger savings.

b) Please confirm that the Applicant considers that any merger savings are not available during the deferred rebasing period to fund capital spending.

Response:

a) and b) Alectra Utilities confirms that capital funding available in base rates excludes any merger savings.

Please see Alectra Utilities' response to G-Staff – 15.

SEC-8

Reference

Ex. 1, Tab 3, Schedule 1, p. 3 and Appendix 3

a) Please confirm that the Applicant is asking the Board to approve recovery from customers in rates of an additional $265 million of capital expenditures, plus related interest, ROE, and PILs.

b) Please estimate the total amount of incremental rate recovery that will be paid by customers, over the entire life of the incremental capital assets, if the Application is approved as filed.

Response:

a) Alectra Utilities confirms that the cumulative 5-year capital revenue requirement and M-factor funding request is $21,845,661 and $264,962,171, respectively, as provided in Tables 5 and 6 of Exhibit 2, Tab 1, Schedule 3, and in Attachment 3 of the pre-filed evidence.

b) The annual M-factor revenue requirement over the 2020 to 2024 period is provided in Table 6 of Exhibit 2, Tab 1, Schedule 3.

SEC-9

Reference

Ex. 1, Tab 3, Schedule 1, p. 3

Please provide details of the "unfunded capital from prior periods", and quantify the amounts of that unfunded capital.

Response:

Please see Alectra Utilities' response to G-Staff-18.

SEC-10

Reference

Ex. 1, Tab 3, Schedule 1, p. 3

Please provide details of the "other incremental costs…not funded", and quantify the amounts of those unfunded costs for each of the years from 2020 until rebasing.

Response:

Please see Alectra Utilities' response to SEC-29.

SEC-11

Reference

Ex. 1, Tab 3, Schedule 1, p. 4

a) Please explain why, if the Application for M-factor "adheres as closely as possible to the OEB's ICM policy", the Applicant is not willing to rely on the ICM policy for incremental capital funding.

b) Please provide a detailed quantitative comparison, by year, of the funding (total rate riders, and total incremental capital spend) requested under the M-factor compared to the funding available using the ICM.

Response:

a) Alectra Utilities is applying for funding using the proposed M-factor, not ICM, because it requires multiple years of capital funding as specified in its DSP, as well as flexibility within the five-year envelope.

b) In the MAADs policy, the OEB indicated that ICM funding would be available for normal and expected investments. On that basis, Alectra Utilities understands that all of the M-factor projects would be eligible under the ICM. However, assessment of the eligibility of investments under the ICM is a matter for the OEB's determination. Please see Exhibit 2, Tab 1, Schedule 3, p. 7 for the extensive similarities between the ICM and the proposed M-factor. Please also see Alectra Utilities' response to G-Staff-9.

SEC-12

Reference

Ex. 1, Tab 3, Schedule 1, p. 5

The Applicant has proposed a Capital Investment Variance Account in tandem with the M-factor. In this context:

a) Please confirm that, if the Applicant spends more than the capital expenditures included in the M-factor forecasts, the Applicant is at risk for whether those capital expenditures were prudent, and there is no presumption in favour of prudence.

b) Please confirm that, if the Applicant spends more than the M-factor forecasts, the onus will be on the Applicant to demonstrate that they had no reasonable alternative but to overspend.

c) Please describe how the Applicant's capital planning decision-making will differ between spending within the M-factor envelope, and spending above it, in light of the increased risk of non-recovery.

Response:

a) The Capital Investment Variance Account ("CIVA") is a symmetrical account to track the difference between the capital funding provided through M-factor riders and the actual capital investments during the term of the Distribution System Plan ("DSP"). Any amount recorded in the CIVA is subject to a review by the OEB regarding the prudence and reasonableness in the ordinary course.

b) and c) Alectra Utilities will respond to system priorities as they arise, recognizing that it is managing its capital within the context of the proposed DSP. Should needs and priorities result in expenditures above the M-Factor envelope, the prudence and reasonableness of those expenditures should be considered by the OEB, as it typically considers the prudence of such investments.

SEC-13

Reference

Ex. 1, Tab 3, Schedule 1, p. 6

Please explain in detail how the Applicant is different from other Ontario LDCs that can spend within IRM levels without being "overwhelmed by a growing backlog of deteriorated, unreliable, and, in some cases, potentially unsafe equipment". If the Applicant cannot explain and quantify such differences, please explain why, and please explain what capital spending benchmarking to other Ontario LDCs the Applicant has done to understand why it, unlike some of its peers, needs more money.

Response:

The question presumes that the Applicant is different from other Ontario LDCs with respect to the status of its distribution system. Alectra Utilities cannot accept or confirm this presumption and would seek clarification from SEC for specifics/ relevant Ontario comparables in this regard along with appropriate detail to provide an informed response.

The actual quotation referred to in the question above is from Exhibit 1, Tab 3, Schedule 1, p. 6, line 19, which states: "***If*** *Alectra Utilities does not invest in system renewal at the level and pace set out in the DSP, it will quickly be overwhelmed by a growing backlog of deteriorated, unreliable, and, in some cases, potentially unsafe equipment.*"

Alectra Utilities' Distribution System Plan ("DSP") provides a comprehensive and detailed description of Alectra Utilities' capital investment plans for its distribution system over the 2020 to 2024 planning period. Alectra Utilities' investment plans are the outcome of its extensive business planning efforts, which have been informed by: coordinated planning with third parties; formal and informal customer engagement; and the implementation of a robust, harmonized asset management framework. Its DSP and the related capital needs are unique to Alectra Utilities and are unrelated to other LDCs. Alectra Utilities cannot speak to the plans or needs of other LDCs.

As expressed in its response to G-Staff-11, the capital needs of the consolidated utility were known at the time of the merger and incorporated in the stated need for the ICM. As provided in its response to SEC-3, the capital need for Alectra Utilities was not unanticipated and there is no fundamental change in circumstance from that proposed in the MAADs proceeding, other than a more focused and prioritized review of the capital need based on a complete asset

management and capital planning for the entire system. Alectra Utilities believes that the issue in this proceeding is the appropriate capital funding mechanism in the context of a DSP, given that the ICM, without variation, does not provide sufficient flexibility to implement the DSP.

SEC-14

Reference

Ex. 1, Tab 3, Schedule 1, p. 6 and Ex. 2, Tab 1, Schedule 2, p. 2

With respect to these references:

a) Please explain why the Applicant has allowed a situation to arise in which "the utility is increasingly required to conduct work on an emergency basis because of the quality of service has deteriorated far below acceptable levels".

b) Please provide details of the work the Applicant has failed to do prior to this Application that has caused "the reliability of Alectra Utilities' distribution system" to decline, and explain why that work was not done either properly, or in a timely manner.

c) Please explain in detail any management failures that have contributed to the "declining reliability".

d) Please provide any internal or external reports, memoranda, presentations, or other documentation dealing with the causes of that declining reliability, and/or the Applicant's plans to address it.

Response:

a) Please see Alectra Utilities' response to G-Staff-14 (a).

b) Please see Alectra Utilities' response to G-Staff-14 (b).

c) Alectra Utilities does not agree with the assertion that 'management failures' resulted in the declining reliably. Please see Alectra Utilities' response to G-Staff-14.

d) For detailed documentation outlining the causes of declining reliability, please see Section 5.2.3 Subsection C.1.2.1 - Factors Contributing to Adverse Trend in SAIDI and SAIFI in the DSP (Exhibit 4, Tab 1, Schedule 1, Page 111-122).

For documentation on Alectra Utilities' plan to address declining reliability, please refer to Appendix A05 – Overhead Asset Renewal, Appendix A07 – Rear Lot Conversion, A08 –

Substation Renewal, A09 – Transformer Renewal and Appendix A10 – Underground Asset Renewal of the DSP (Exhibit 4, Tab 1, Schedule 1).

SEC-15

Reference

Ex. 1, Tab 3, Schedule 1, p. 7

Please confirm that, for this additional capital funding using the M-factor, the Applicant is not proposing any improved outcomes for customers, only reduced declines in those outcomes.

Response:

With the implementation of the capital investments as presented in the DSP and enabled by the required M-Factor funding, Alectra Utilities plans to provide improved outcomes aligned with customer priorities and preferences.

The system renewal capital investments proposed in the DSP are planned to improve reliability for identified areas with deteriorated and failing assets which are causing below average reliability performance (Exhibit 1, Tab 1, Schedule 1, Page 109). The collective improvement of reliability in the areas with the worst performing reliability levels, offset by the projected increase in the number of outages due to the emerging number of assets approaching end of life during the DSP planning period, results in Alectra Utilities maintaining reliability performance to historic averages, reflective of customer preferences.

As described in Section 5.2.1.5 of the DSP (Exhibit 1 Tab 1 Schedule 1, Pages 31-41 of 438), Innovative Research Group ("IRG"), based on assessing customer needs and priorities, reported that customers are willing to consider paying more to maintain a reliable system. Based on the customer preferences provided in the second round of customer engagement, IRG reported that customers strongly preferred investments in infrastructure that most directly impacted their service, specifically investments in system renewal and system service. Alectra Utilities plans to halt further declines in overall system reliability while improving local area performance for customers suffering below average reliability through the targeted investments. As stated in Exhibit 4, Tab 1, Schedule 1, Page 393, in Table 5.4.3 -2, Alectra Utilities will *"Maintain system reliability levels or improve local/feeder level reliability where performance is below average."* Furthermore, in Exhibit 4, Tab 1, Schedule 1, Page 109, in Table 5.2.3 -6, Alectra Utilities states it will maintain the 5-Year historical performance for SAIDI, and similarly

in Exhibit 4, Tab 1, Schedule 1, Page 111, in Table 5.2.3 -8, SAIFI will be maintained at the 5-Year historical performance. The capital investments and projected reliability outcomes of the DSP are reflective of customer needs, priorities and preferences.

Through the Assurance Review of the DSP (Exhibit 4, Tab 1, Schedule 1, Appendix G, Page 4), Vanry & Associates identified that "*Alectra like many utilities in North America, is battling a chronic failure of Underground Residential Distribution ("URD") cable, referred to by Alectra in its DSP documentation as XLPE.*" Vanry & Associates further identify the concern "*…that at the proposed level of investment, which is significant, may not enable Alectra to stay ahead of the deterioration rates in its URD fleet*". In their Assurance Review of the DSP, Vanry & Associates concluded that reduction in proactive renewal ultimately leads into increases in more expensive reactive replacement that once started, develops into a self-defeating spiral where planned expenditures are consumed by reactive replacements and reliability deteriorates to universally unacceptable levels.

In addition to support for system renewal of the underground system, Alectra Utilities customers identified another priority of reducing the impact of outages due to adverse weather events (Exhibit 1, Tab 1, Schedule 1, Page 36). Through the Customer Engagement process, customers demonstrated a preference for the company to invest in its overhead systems so as to enhance resiliency to more intense adverse weather conditions and to improve Alectra Utilities' ability to restore service expeditiously. In response to these customer preferences, the DSP identifies and addresses areas of its overhead system where reliability is deteriorating and the system is most vulnerable to adverse weather events (Exhibit 4, Tab 1, Schedule 1, Page 23). Investments in addressing areas of the system most vulnerable to adverse weather is also reflective of customer identified needs for Alectra Utilities to ensure public and employee safety.

Alectra Utilities' planned investments in environmental protections measures and enhanced use of monitoring technologies at its stations reflect customer needs for Alectra Utilities to minimize and mitigate environmental impacts as described in the DSP (Exhibit 4, Tab 1, Schedule 1, Page 35). The implementation of monitoring technology and environmental containment systems enable Alectra Utilities to operate station assets longer so that customers would benefit from savings due to avoided station renewals and rebuilds. Enhanced monitoring technologies

on station assets enable Alectra Utilities real-time monitoring of equipment and interject before imminent failure and environmental containment solutions mitigate risk of environmental damage should failure limiting oil contamination within the containment system. Alectra Utilities has incorporated capital investments in monitoring technologies, environmental protection measures in stations which also enables Alectra Utilities to mitigate the need to rebuild existing stations over the DSP period as explained in Exhibit 1, Tab 1, Schedule 1, Page 26.

SEC-16

Reference

Ex. 2, Tab 1, Schedule 1, p. 3

Please provide a detailed list of the capital projects that the Applicant has not implemented as a result of the last two EDR decisions by the Board that have "frustrated [Alectra's] expectations", and provide details of the actual past and forecast future impacts on customers and other outcomes arising out of failure to complete those projects.

Response:

Table 1 below provides a list of the capital projects that have been deferred based on the outcome of Alectra Utilities' 2018 and 2019 EDR Application Decisions. The first set of projects were requested and not approved during the process. The second set of projects were deferred in order to allocate available funding for necessary projects that were required to be implemented. Please also see response to BOMA 3 c) for a detailed explanation

Table 1 – Projects Deferred ($MM)

Project	2018 Deferred ($MM)	2019 Deferred ($MM)
Deferred Based on Decision		
Cable Replacement - City Centre Drive Cable	1.5	-
Cable Replacement - Credit Woodlands Crt/Wiltshire	1.5	-
Barrie TS Upgrade	-	2.1
Build double ccts 27.6kV pole line on 19th Ave between Leslie St and Bayview Ave	1.2	-
Cable Replacement – (M49) - Steeles and Fairway Heights	1.8	-
OH Rebuild Project – Church	1.0	-
OH Rebuild Project – Lake / John	0.9	-
QEW - Evans to Cawthra	1.3	-
Rear Lot Supply Remediation - Royal Orchard – North	1.7	-
Rometown	-	1.9
Deferred to Compensate for Unfunded	-	-
Cable Replacement Copenhagen - Section 1	2.3	-
Add one additional 27.6 kV Cct on 19th Ave from Bayview to Bathurst St	0.3	-

Bloor MS	0.7	-
Cable Injection - (V36) - Steeles and Pine Valley	0.8	-
Distribution Automation Switches / Reclosers	0.2	-
Hensall MS	0.8	-
Install a new 4 ccts CNR yard overhead crossing on the south side of Hwy 7	1.0	-
Low Voltage Bushing Replacement - VTS3 - T1/T2	0.3	-
Markham TS#2 Line Protections and HMI Upgrade - KDU-10 Replacement	0.4	-
Melbourne MS322 TX Upgrade - Bradford	0.4	-
MS Feeder Protection Upgrade - AMS6	0.1	-
Park Royal	0.9	-
Planned Circuit Breaker Replacement Markham TS#3 - E & Z Buses	0.5	-
QEW - Various Bridge Rehabilitation	0.4	-
Rear Lot Supply Remediation - Shirley/Vine	0.9	-
Replacement of End of Life Automated Switches/Reclosers	0.1	-
Station Switchgear Replacement (ACA) Big Bay Point MS304	0.2	-
Station Switchgear Replacement (ACA) Ferndale South MS303	0.2	-
Western MS Renewal	0.8	-
Grand Total	**22.8**	**4.0**

These projects were deferred to future years, therefore increasing the risk of failure to the customers in each area, and requiring Alectra Utilities to respond to failures in a reactive or emergency replacement basis, which increases the cost of the renewal.

SEC-17

Reference

Ex. 2, Tab 1, Schedule 2, p. 3

a) Please provide data supporting the assertions that past capital spending bulges are now causing extra current capital spending requirements.

b) With respect to underground cables in particular, please provide a table showing all underground cable spending by the Applicant and its predecessors for each of the years in the period 1950 to date.

Response:

a) and b) Alectra Utilities does not have historical records for expenditures for cable installations from the period of 1950s. As explained in the 2018 Asset Condition Assessment (Exhibit 4, Tab 1, Schedule 1, Appendix D, Page 57 to Page 67), Alectra Utilities manages 22,139 km of underground cables installed from the 1950s with increasing rates to the present. Alectra Utilities provides the number of kilometers of underground cable installed from 1950s by Alectra Utilities and its predecessors in Table SEC-17 below.

b) As explained in Section 5.3.3 of the Distribution System Plan (Exhibit 4, Tab 1, Schedule 1, Page 268 to Page 271), Alectra Utilities has a large volume of first generation of cross-linked polyethylene (XLPE) cable that is currently 35 years of age and older (installed in 1960s and 1970s) and is at end of life and requires replacement. In addition to the need to replace the cable installed in the 1960s and 1970s Alectra has a need to renew first generation cross-linked polyethylene (XLPE) cable installed in the 1980s and 1990s. As illustrated in Figure 5.3.3-32 and Figure 5.3.3-33 on Page 269 of the DSP, and in Table SEC-17 Alectra Utilities saw a significant increase in cable installed between 1979 and 1994. These cables that are currently 25 to 35 years of age also require renewal. This generation of cable is suitable for cable injection, which is a viable cable rehabilitation solution that extends the life of the cable.

Table 1 – Kilometres of Underground Cable Installed by Alectra Utilities from 1950s to date

Time Period Installed	Present Age of Cable (Years)	Underground Cable Installed (km)
2014-2018	0-5	2,128
2009-2013	6-10	2,301
2004-2008	11-15	3,322
1999-2003	16-20	3,686
1994-1998	21-25	2,294
1989-1993	26-30	3,023
1984-1988	31-35	2,321
1979-1983	36-40	1,411
1974-1978	41-45	875
1969-1973	46-50	435
1964-1968	51-55	235
1959-1963	56-60	86
Prior to 1958	61+	22

SEC-18

Reference

Ex. 2, Tab 1, Schedule 2, p. 4

Please provide detailed tables showing past and future growth in the Alectra service territory relative to growth in other Ontario LDCs, and through that data demonstrate that the Applicant has unique "needs in the areas of new greenfield development and urban development and intensification" that are not being experienced by other Ontario LDCs.

Response:

Alectra Utilities does not have the growth data for other Ontario LDCs.

Please refer to Appendix A12- Table 4 for growth projections from 2016 to 2041. The projections outlined in Table A12 - 4 indicate that an average population growth of 41.7% and an average household growth of 44.0% respectively, can be expected to occur by 2041.

New housing and Commercial, Industrial and Institutional ("ICI") developments are anticipated within Alectra Utilities' service territory as population and employment increases. Please refer to Appendix A02 – Table 9 for the historic and anticipated customer connections over the DSP period.

SEC-19

Reference

Ex. 2, Tab 1, Schedule 2, p. 9; Transcript 1:20

Please provide whatever evidence the Applicant may have that customers told them or their advisors that they were willing to accept sustained rate increases well above inflation for many years with no improvement in their outcomes.

Response:

The majority of customers in each rate zone and rate class either supported the recommended approach and its associated rate impact or didn't like it but felt that it was necessary (see 2020-2024 Customer Engagement Overview, page 6).

As indicated in the customer engagement workbook, Alectra Utilities' investment program aims to:

- Maintain reliability for the average customer;
- Fix or avoid equipment issues that cause below average reliability for some customers; and
- Help the system do a better job of responding to major outages caused by severe weather or transmission grid failures.

SEC-20

Reference

Ex. 2, Tab 1, Schedule 2, p. 10

Please confirm that, after its full slate of customer engagement activities, the Applicant reduced its five year capital plan by less than 1.3%.

Response:

Alectra Utilities explained in Section 5.2.1 of the DSP (Exhibit 4, Tab 1, Schedule 1) that the DSP was developed based on customer needs, priorities and preferences developed from two phases of customer engagement. Before the system planning processes started, Alectra Utilities engaged customers to attain an understanding of their priorities and needs. Based on customer priorities and needs along with other planning considerations, Alectra Utilities developed a set of potential investments and returned to customers to attain preferences between specific investment options. Based on the customer preferences, Alectra Utilities deferred investments in DER Pilots, building of a new municipal station in Alliston, voltage conversion project, lines capacity project, several facilities projects and reduced scope replacement of smart meters while increasing the rate of underground asset renewal. The resulting adjustments made in response to customer preferences was a net reduction of the 2020 – 2024 capital expenditure by $17.5MM.

SEC-21

Reference

Ex. 2, Tab 1, Schedule 3, p. 1

Please confirm the Applicant's position that, because it is filing a DSP without rebasing, it should be entitled to a cost of service adjustment to rates for capital only, without consideration of the full revenue requirement of the Applicant.

Response:

The question above presumes that the M-factor request is a full rebasing of the capital of Alectra Utilities, as in a cost-of-service application. This is not correct. Alectra Utilities is only seeking incremental capital funding with respect to a portion of its capital expenditures needed under its Distribution System Plan ("DSP"). In particular, as identified in Exhibit 2, Tab 1, Schedule 3, p. 13, the M-factor only funds capital above a particular threshold calculation, consistent with the Incremental Capital Module ("ICM"). Alectra Utilities has completed a five-year DSP that reflects its system need. The DSP must be implemented over five years. Alectra Utilities requires the flexibility in the capital funding mechanism it has proposed, in order to implement that five-year plan.

In other terms, the presumption that the Applicant *"should be entitled to a cost of service adjustment to rates for capital only"* is false.

SEC-22

Reference

Ex. 2, Tab 1, Schedule 3, p. 5

Please explain in detail how the proposed M-factor, coupled with PCI increases, is different from Custom IR.

Response:

Custom Incentive Rate-setting ("Custom IR") frameworks are, by definition, unique to a specific utility's circumstances. Consequently, it is impossible to identify specific similarities or differences between Alectra Utilities' proposal in this application and a hypothetical Custom IR framework that would address its circumstances (e.g., the needs of Alectra Utilities' distribution system and the priorities of Alectra Utilities customers).[1] For the same reason, it would not be meaningful to compare Alectra Utilities' proposal against another utility's unique Custom IR framework.

As a general matter, the OEB's Handbook to Utility Rate Applications ("Applications Handbook") defines Custom IR as a methodology under which:

> "…rates are set for five years considering a five-year forecast of the utility's costs and sales volumes. This method is intended to be customized to fit the specific utility's circumstances, but expected productivity gains will be explicitly included in the rate adjustment mechanism" [emphasis added] (Applications Handbook, p. 24).

In contrast with those general expectations, under Alectra Utilities' proposal the utility's rates would continue to be set annually through the price-cap index adjustment, which does not account for any forecast change in the utility's sales volumes, or its operational costs. The utility would continue to be exposed to risks with respect to those revenue and cost drivers.

In the circumstance of a Custom IR, the utility would also restate its rate base and include in revenue requirement the cost of capital associated with any in-service assets which have not yet been added to rate base and its budget and forecasts for operating expenses. In the current circumstance, this application does not include such a request.

[1] The Applications Handbook affirms that a "Custom IR application is by its very nature custom, and therefore no specific filing requirements have been established." (Applications Handbook, p. 25).

Although Earnings Sharing Mechanisms ("ESM") have been established for utilities under Custom IR, it is not a standard requirement of the methodology (Applications Handbook, p. 28). However, Alectra Utilities will have an ESM through the rebasing deferral period, which provides additional protection and potential benefit to customers.

SEC-23

Reference

Ex. 2, Tab 1, Schedule 3, p. 8

Please explain in detail how the Board's decisions in EB-2017-0024 and EB-2018-0016 changed the Board's ICM policy in ways not known to the Applicant and its predecessors at the time it decided to a) proceed with the merger and b) select a ten year deferred rebasing period.

Response:

Please see Alectra Utilities' responses to G-Staff-11 d), as well as G-Staff-18 a).

In the 2018 ICM Application Decision (EB-2017-0024), the OEB significantly reduced the ICM recovery requested by Alectra Utilities to fund these important capital investments, not because of any issue with the investments themselves, but because the OEB decided that consideration of the ICM included the approach used in the Toronto Hydro decision, which assessed each project individually for its significance against total capital spending. The OEB applied its judgement to consider whether each capital project proposed for an ICM was significant relative to Alectra Utilities' total capital budget, not with respect to the capital budget for each rate zone. The application of this additional test for ICM eligibility was new and unexpected; and the impact of applying the additional test was punitive relative to Alectra Utilities' capital funding requirements.

Further, in denying ICM funding for various investments, the OEB found that Alectra Utilities' projects were not a significant capital cost in comparison to the overall capital budget of Alectra Utilities for 2018. The OEB stated that Alectra Utilities should be able to fund those projects through its normal capital budget during the IRM term[1]. Further, the OEB inexplicably strayed from its prior finding in the MAADs Policy that "normal and expected" capital investments would be eligible for ICM funding, by finding instead that ICM funding is "not available for typical annual capital programs".[2] Given that "normal" and "typical" are synonyms, and that any reasonable interpretation of "expected capital investments" would consider that term to be

[1] P39

[2] P.41

inclusive of “annual capital programs”, this particular finding represented a fundamental reversal of a key element of the OEB’s MAADs Policy, which was both unknown and unforeseeable at the time of creating the merger business case and the transaction, as well as at the time of the MAADs Application.

Given Alectra Utilities’ reliance on the MAADs Policy with respect to the ability to seek incremental capital funding for normal and expected capital investments, and given the nature of the distribution system investments identified in its DSP, this clear and unexpected deviation from the MAADs Policy has material and ongoing consequences for the company.

Notwithstanding the above, what Alectra Utilities understood before and at the time of the merger is irrelevant in this proceeding. What is relevant is that based upon a detailed DSP there is a clear system need that must be satisfied to meet the needs of Alectra Utilities’ customers and, based upon the ICM as interpreted and applied by the OEB, there is not sufficient funding to permit that capital investment that is required to implement the DSP. Consequently, the main consideration for the OEB in this proceeding is whether the OEB should provide a variation, i.e., an enhancement, to the ICM through the M-factor, in order to enable the identified need to be met for the benefit of Alectra Utilities’ customers.

SEC-24

Reference

Ex. 2, Tab 1, Schedule 3, p. 9

Please confirm that the same regulatory efficiency could be achieved by applying for five years of ICM in a single application.

Response:

Alectra Utilities does not confirm the proposition set out in the question. While five years' worth of ICM funding in a single application could create some regulatory efficiencies, these would not be equivalent to the regulatory efficiencies that would be achieved by the proposed M-factor. Moreover, the OEB identified in the EB-2014-0219: *Report of the Board - New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, that the multi-year ICM application that was approved for Toronto Hydro was limited to its unique circumstances[1]. As such, a five-year or multi-year ICM is not an option that the OEB has indicated is generally available to applicants.

The ICM does not offer the flexibility of the envelope approach proposed in the M-factor, regardless of how many years of ICM could be sought in a single application. This is a key feature of the M-factor that will enable Alectra Utilities to efficiently deploy capital and execute the DSP. Moreover, the ICM as applied by the OEB does not address the need for funding of the "normal and expected" or "typical annual program" investments that are fundamental to meeting customer priorities and expectations, consistent with the DSP.

Finally, the ICM does not include the Capital Investment Variance Account ("CIVA"), which further contributes to regulatory efficiency by allowing for true-ups at the end of the 5-year rate period to which the M-factor would apply.

[1] EB-2014-0219, p.7

SEC-25

Reference

Ex. 2, Tab 1, Schedule 3, p. 9

a) Please provide a detailed list of the projects in the DSP that could be funded as ICM projects in each of the years 2020 to 2024.

b) For each such project, please provide details to demonstrate that it qualifies for ICM treatment, and provide a full business case (or, if one is already in the evidence, the evidence reference for the business case for that project).

Response:

a) and b) Please see Alectra Utilities response to SEC-11.

SEC-26

Reference

Ex. 2, Tab 1, Schedule 3, p. 13, 15

a) Please confirm that the Applicant is seeking the Board's approval to spend $1.4565 billion on capital in the period 2020-2024, and approval for management to use its judgment in what projects to pursue, as long as they are prudent.

b) Please advise the amount of merger savings that has been deducted, each year, in arriving at that figure. If merger savings have not been deducted from the $1.4565 billion figure, please advise the actual capital spending forecast in each year, after merger savings are taken into account.

Response:

a) Within the context of a rebasing deferral period, with the exception of the approval of ICM rate riders, there is no requirement that the OEB approve specific/ identifiable capital expenditures. The onus is on the utility to comply with the terms of the Distribution System Code and other regulation specifying service delivery, good utility practice, etc. Alectra Utilities filed its Distribution System Plan ("DSP") in 2019, as required by the OEB. In so doing, it has sought the M-Factor as a funding mechanism. The extent of the OEB's approval required in this proceeding is related to the justification of the M-Factor or any other capital funding mechanism. In the event such a funding mechanism is not approved, the DSP is filed for information purposes recognizing that the level of capital expenditure that will be deployed may materially vary relative to any approved level of funding. Alectra Utilities confirms that the total capital to be expended over the 2020-2024 period is $1.4565 as provided in Exhibit 4, Tab 1, Schedule 1, Section 5.4.3, Justifying Capital Expenditures.

b) Please see Alectra Utilities' response to G-Staff-15 and G-Staff-56.

SEC-27

Reference

Ex. 2, Tab 1, Schedule 4, p. 1

Please confirm that the CIVA is not required if the Board does not approve the M-factor.

Response:

Alectra Utilities confirms that the CIVA is not required if the OEB does not approve the M-factor.

SEC-28

Reference

Ex. 2, Tab 1, Schedule 5, p. 3; Transcript 1:36

Please explain why, if it is "inappropriate for the Board to choose isolated issues for rebasing", it is nevertheless appropriate to provide additional capital funding on a cost of service basis, without rebasing the other parts of revenue requirement.

Response:

Within the rebasing deferral period, the final pre-merger rate orders govern. The expectation of the merging utilities, and a foundation of transaction that the OEB ultimately approved, is that those rates and the revenue requirement components that derived those rates will remain in place based on the final order. As articulated in G-Staff-15b), based on the MAADs Policy and MAADs Decision, and subject to the Earnings Sharing Mechanism, it was entirely reasonable for consolidating distributors such as Alectra Utilities to expect the economic consequences directly attributable to the merger to accrue to distributor shareholders through the deferred re-basing period.

During that time, to recover transition and transaction costs as well as to derive savings ultimately passed onto rate payers at the end of the rebasing deferral period, the merged utility recovers costs within the revenue envelope derived from those rates. A change to one of the underlying revenue requirement parameters fundamentally changes the revenue requirement underpinning rates. In effect, this results in the rebasing of revenue requirement and the rates. The resulting impact in revenue is inconsistent with the revenues contemplated by the merging utilities at the time the transaction was undertaken and which was the basis of the original MAADs approval. However, the consolidated utility must continue to derive synergies to recover costs and provide savings. Thus, the change to one of the revenue requirement parameters circumvents the final rate orders that are to govern during the deferred rebasing period.

The capital funding sought in this proceeding through the M-Factor is not a cost of service consideration of capital, as contemplated in a rebasing. As indicated in Exhibit 2-1-3 at page 7, with some variations as identified, the M-Factor elements reflect those of the ICM.

SEC-29

Reference

Presentation Day Transcript 1:4

Please identify and quantify each of the "financial pressures" that were "unforeseen" at the time of the merger.

Response:

As identified in Exhibit 2, Tab 1, Schedule 3 (Capital Funding Mechanism), Exhibit 2, Tab 1, Schedule 4 (Establishment of New Deferral and Variance Accounts), Exhibit 2, Tab 1, Schedule 5 (Capitalization Policy) and on Slides 7 and 8 of the Presentation Day Slides, filed as Exhibit KP1.1, the OEB's decisions in Alectra Utilities' 2018 and 2019 Electricity Distribution Rate Applications, and OEB or government policy changes, have resulted in unforeseen financial consequences for the organization.

The following material items have been discussed in detail in the pre-filed evidence and in Alectra Utilities' presentation day slides and 2018 EDR Application (EB-2017-0024):

- Impact of the OEB's decisions on Alectra Utilities' request for Incremental Capital Module ("ICM") funding – the OEB's decisions denied funding for projects that the OEB considered immaterial in comparison to the overall capital budget of Alectra Utilities; and projects considered to be part of typical annual capital programs;
- Treatment of Accounting Changes – the OEB's decision in EB-2017-0024 directly reduced the funding available for distribution-related activities, effectively rebasing this isolated aspect of the revenue requirement;
- Customer Service Rules Policy Changes – during the rebasing deferral period, the OEB has amended the customer service rules applicable to LDCs, including Alectra Utilities, imposing material financial consequences that impact the previously approved revenue requirements;
- Implementation of Monthly Billing – in the OEB's amendments to the Distribution System Code in EB-2014-0198, the Board mandated utilities to transition Residential and General Service under 50 kW customers to monthly billing starting December 31, 2016. This transition has created material on-going operating costs, as well as one-time

incremental capital and operating costs of approximately $5.7MM that were not previously embedded in the rates of Alectra Utilities' predecessor utilities;

- Termination of the Conservation First Framework – Alectra Utilities submitted a CDM Wind Down costs estimate to the IESO containing post termination administration costs including employee separation costs. These additional severance costs are unexpected and material for Alectra Utilities. In the event that the IESO denies the funding of the severance costs, Alectra Utilities seeks a deferral account for recovery of the severance costs.

The impact of the above mentioned items are summarized in Tables 1 and 2, below.

Table 1 – Impact of ICM Decisions

ICM Funding	2018 EDR ($MM)	2019 EDR ($MM)	Cumulative ($MM)
Required Capital	$56.20	$39.20	$95.40
As Filed	$56.20	$31.60	$87.80
Approved	$28.70	$26.30	$55.00
% Approval (compared to required)	51.10%	67.10%	62.60%
Difference	**($27.50)**	**($12.90)**	**($40.40)**

Table 2 – Impact of Policy Changes and Treatment of Accounting Changes

Cumulative Impact over Rebasing Deferral Period	($MM)
Treatment of Accounting Changes	($39.9)*
Customer Service Rules Policy Change	($20.0)
Termination of CDM Framework	($3.2)
Monthly Billing Implementation On-going Cost	($22.7)
Total Impact	**($85.8)**

The impact of the Accounting Change flows though the ESM calculation in 2017, 2018 and 2019 for the Horizon Utilities Rate Zone

The capital funding deficit to date from the OEB's decisions in the 2018 and 2019 EDR Applications is $40MM. Further, the cumulative impact of policy changes is $85.8MM, resulting in material financial consequences for Alectra Utilities.

SEC-30

Reference

Presentation Day Transcript 1:7

a) Please provide a table showing, by asset category, the percentage of assets in that category that are past their useful life expectancy.

b) Please calculate the percentages both on the basis of units (e.g. # of assets) and dollars (gross book value)

Response:

a) Alectra Utilities interprets the request for a breakdown of underground assets past their useful life expectancy. Alectra Utilities wishes to clarify that assets in very poor condition as per the 2018 Asset Condition Assessment (Exhibit 4, Tab 1, Schedule 1, Appendix D) are deemed by Alectra Utilities to be past useful life expectancy. Table 1 provides a breakdown of the underground assets total population as of 2018 and the number and percentage of assets in the very poor condition.

Table 1 – Underground Assets in Very Poor Condition

Underground Asset Category	Total Population	Very Poor population	Percentage to population
XLPE Cable (km)	21,638	2,396	11%
PILC Cable (km)	410	11	3%
EPR Cable (km)	91	-	0%
Switchgear	3,389	283	8%

b) Alectra Utilities' does not track Gross Book Value ("GBV") of underground assets at the level of granularity necessary to provide GBV of the very poor assets provided in Table 1.

SEC-31

Reference

Presentation Day Transcript 1:8, 44

Please provide details of the merger savings "promised in the MAADs application", and compare them (disaggregated between capital and operating costs) year by year to the actual merger savings to date and the currently forecast merger savings for the remaining years of the deferred rebasing period.

Response:

Please see Alectra Utilities' response to G-Staff-15.

SEC-32 A

Reference

Presentation Day Transcript 1:8

Please provide a detailed explanation of the reasons why the Applicant has "aging grid assets that are failing at an unacceptable rate and causing frequent and unnecessary power outages on our system". Please include in the explanation details of why management has failed to take steps to solve these problems before now. Please also include in the explanation details of the extent, if any, to which those problems were forecast in past years, including when they were forecast and what steps were taken to change those outcomes.

Response:

Aging and deterioration of grid assets has occurred notwithstanding the substantial efforts previously made by the management of Alectra Utilities and its predecessors to identify assets of poor and very poor condition and address these assets through renewal investments. Moreover, the quality of management decision-making has not been the cause of such asset deterioration or aging. Rather, as explained in the Distribution System Plan ("DSP"), Section 5.2.3, Subsection C.1.2.1 – Factors Contribution to Adverse Trends in SAIDI and SAIFI (Exhibit 4, Tab 1, Schedule 1, pages 111-122), the two leading causes of the increasing frequency and duration of power outages are defective equipment and adverse weather events.

Of the outages experienced during the 2014-2018 period from defective equipment, deteriorated underground cable and cable accessories were the leading cause, contributing to 44% of outage duration. For that five year historical period, deteriorated overhead assets contributed 19% of outage duration for outages caused by defective equipment. This is followed by switchgear failures, which contributed 9% of outage duration. In addition to outages caused by defective equipment, Alectra Utilities explains in the DSP (Exhibit 4, Tab 1, Schedule 1, Page 115) that deteriorated assets in poor and very poor condition are more vulnerable to failure due to storms, especially in areas where a number of deteriorated assets are clustered in close proximity. Alectra Utilities has experienced an average annual increase of 86% of customer hours of interruption from adverse weather conditions from 2014 to 2018. The magnitude and severity of storms are beyond the control of Alectra Utilities.

The need to renew deteriorating distribution assets to reverse the negative trend in reliability and to reduce susceptibility to adverse weather conditions were identified, to various extents,

and evolved from, the DSPs and investment planning efforts of the predecessor utilities. Alectra Utilities (including predecessor utilities) established capital investment plans in system renewal, which reflected customer needs and preferences and included increasing investments in both underground and overhead asset renewals necessary to maintain a reliable distribution system. Alectra Utilities reasonably expected that such investments would be enabled through a combination of capital funding in base rates and ICM funding so as to provide the desired outcomes to maintain reliability and enhance resiliency of the overhead system to adverse weather events.

Since ICM funding has not been made available in the prior two ICM proceedings for “typical annual capital programs” or smaller projects that do not on their own meet an undefined, secondary materiality threshold, many of the system renewal projects have not been funded. This has constrained Alectra Utilities in terms of its ability to implement the renewal investments as planned.

SEC-32 B

Reference

Presentation Day Transcript 1:9-10, 12

Please provide a specific evidence reference in past proceedings for each of:

a) $50.5 million annual reduction in costs;
b) 14 percent of the consolidated OM&A base;
c) $69 million of revenue requirement reduction;
d) $400 million in customer revenue savings;
e) An outcome that favoured customers 2 to 1;
f) $100 million…realized within the deferred rebasing period;
g) Forecast ICM revenue…of $168.4 million;
h) Aggregate capital investment of approximately $588 million, or $60 million a year.

Response:

a) Please refer to EB-2016-0025 Exhibit B, Tab 6, Schedule 1, page 2 of 4, Figure 25.

b) Please refer to EB-2016-0025 Exhibit B, Tab 6, Schedule 1, page 2 of 4, line 11.

c) Please refer to EB-2016-0025 Exhibit B, Tab 6, Schedule 1, page 4 of 4, line 16.

d) Please refer to EB-2016-0025 Exhibit B, Tab 6, Schedule 1, page 1 of 4, line 11.

e) Please refer to EB-2016-0025, Oral Hearing Transcript Volume 1, page 154, line 8.

f) Please refer to EB-2016-0025 Exhibit B, Tab 6, Schedule 1, page 1 of 4, line 14.

g) Please refer to EB-2016-0025 Decision and Order, page 10.

h) Please refer to EB-2016-0025 Decision and Order, page 10.

SEC-33

Reference

Presentation Day Transcript 1:12, 56

a) Please confirm that the Board has not, at any time, approved the capital spending underlying the forecasts in EB-2016-0025.

b) If the Applicant believes that capital spending has been approved by the Board, please provide the evidentiary reference supporting that claim.

Response:

The following responds to parts (a) and (b).

Alectra Utilities does not understand the question or its relevance to the M-factor proposal. The M-factor is based on capital investment needs that have been identified in Alectra Utilities' new DSP, which was prepared on a consolidated basis from the ground-up for all rate zones. It is part of the pre-filed evidence to this Application proceeding. The capital investment needs identified in the DSP are consistent with the forecast ICM funding requirements presented in the MAADs proceeding (EB-2016-0025).

In the MAADs Decision and Order, at pp. 10-12, the OEB acknowledged and imposed no constraints in respect of Alectra Utilities' expectation that it would file annual ICM applications during the rebasing deferral period to address its $587.7MM in total incremental capital needs.

It is important to note that the OEB does not generally "approve capital spending"; it approves *rates*. The OEB approves in-service additions to rate base as a component of approving rates during rebasing applications, as well as incremental capital investments through mechanisms such as the ICM, ACM and the proposed M-factor.

As identified in Alectra Utilities' response to G-Staff-11, Alectra Utilities' capital investment needs, as presented in EB-2016-0025, were estimated based on the capital needs of the predecessor utilities as identified through the prior system planning efforts of the predecessors. It also included a a mathematical evaluation of the expected volume of ICM funding that would be required during the rebasing deferral period, based on Alectra Utilities' understanding of the ICM methodology, as had been articulated by the OEB in (EB-2014-0138) *Report of the Board – Rate Making Associated with Distributor Consolidation* (the "MAADs Policy"), at the time.

SEC-34

Reference

Presentation Day Transcript 1:13

Please confirm that management of the Applicant has made deliberate decisions not to invest in "projects needed to maintain its distribution system", despite knowing that the result of those decisions would be "declining reliability". Please provide all reports, memoranda, presentations and other documents supporting those decisions. Without limiting the generality of the foregoing, please provide details of all instances in which such decisions to choose declining reliability have been approved by the Board of Directors of the Applicant, and all supporting documentation relating to those approvals.

Response:

First, Alectra Utilities wishes to clarify that the question has misquoted the Presentation Day Transcript and taken certain words out of the context in which they were stated. The relevant paragraph, from lines 7 to 16 of p. 13, states:

> *Due to specific restrictions on the type of investments that post-MAADs Board panels have determined can be funded through the incremental capital module, Alectra is falling behind on the capital investments needed to maintain its distribution system. Mr. Cananzi will elaborate this further, but the result of that lack of funding is an increasing backlog of important investments in our system and declining reliability expectations for our customers, a condition that will persist and deteriorate if the trend in the table continues.*

Alectra Utilities does not confirm the statement made by SEC in its question.

SEC-35

Reference

Presentation Day Transcript 1:13

Please provide the forecast capital spending (by category), regulatory ROE, capital and operating merger savings, and shareholder dividends, for each of the years 2020 through 2024, in each of the following scenarios:

a) The M-factor proposal is approved by the Board as filed;

b) The Board does not approve the M-factor proposal, but allows the Applicant to apply for ICM treatment of projects that qualify consistent with the 2018 and 2019 cases; and

c) The Board does not approve the M-factor proposal, and the Applicant has no incremental capital funding for 2020 to 2024.

Response:

The following responds to parts (a), (b) and (c).

Alectra Utilities cannot speculate on each of the requested elements in connection with each of the above scenarios without the full context of the OEB's decision in this application. However, as described in Exhibit 1, Tab 3, Schedule 1, pages 4-5, under-investing relative to the plans set out in the DSP will generally result in a growing population of deteriorated assets, declining reliability, and a "snowplow" of capital costs for future customers. It will also lead to more expensive reactive capital investments when asset failures occur.

Alectra Utilities' forecast of capital spending by category is provided in Exhibit 4, Tab 1, Schedule 1, Section 5.4.3, Table 5.4.3-1 of the DSP, also reproduced below.

Table 1 – Summary of Capital Investments – 2020-2024

	Planned Expenditures ($MM)				
	2020	2021	2022	2023	2024
System Access	$66.5	$66.9	$63.2	$67.1	$70.2
System Renewal	$139.0	$142.0	$154.0	$156.1	$177.2
System Service	$38.0	$36.9	$36.0	$42.4	$37.2
General Plant	$39.4	$34.4	$35.1	$30.2	$24.7
Total	$282.9	$280.2	$288.3	$295.8	$309.3

Alectra Utilities' actual and forecasted synergies over the 2017 to 2026 period are provided in response to G-Staff-15.

Alectra Utilities' 2018 ROE was 7.66%, 128 basis points below a calculated ROE of 8.94% based on a weighting of the OEB-approved ROEs for its predecessor utilities (this excludes the Guelph RZ). The 2018 ROE for Alectra Utilities' predecessor, Guelph Hydro was 8.18%, 101 basis points below its approved 2018 ROE of 9.19%.

A forecast of ROE and Shareholder dividends with and without ICM was provided in the MAADs Business Plan Model filed in response to SEC-27 during the MAADs proceeding (EB-2016-0025).

In response to DRC-3, Alectra Utilities provided Alectra Inc.'s June 14, 2019 Annual General Meeting related slide presentation, filed as Attachment 3. As provided in the presentation, Alectra Utilities is on track to meet the synergies forecasted in its MAADs Application, to the benefit of its customers. Further, as provided on slides 22, 23 and 25 of that document, the current financial outlook for shareholders is below the original merger expectations.

For a list of capital investments over the DSP period 2020-2024 that Alectra Utilities assumes would qualify for ICM treatment consistent with the approach taken by the OEB in the 2018 and 2019 cases, please see Alectra Utilities' response to G-Staff-16 (c) (i).

SEC-36

Reference

Presentation Day Transcript 1:14-16; KP1.1, p. 8

Please explain how the discussion of capitalization policy relates to the M-factor proposal.

Response:

As indicated on p. 8 of KP1.1, the OEB's decision on the accounting issue in EB-2017-0024 directly reduced the funding available to Alectra Utilities through rates for distribution-related activities. That decision represents one of the unanticipated regulatory circumstances that, along with other factors such as decisions that narrowed the scope of activities eligible for ICM funding and changes in customer service rules, have eroded the funding available to Alectra Utilities through rates for capital investment. Therefore, it is a contributor to the funding gap that the proposed M-Factor seeks to address in addition to creating a gap with respect to pre-merger capital and operating programs. Please also see Alectra Utilities' response to SEC-29.

SEC-37

Reference

Presentation Day Transcript 1:24, 25

Please explain why management of the Applicant and its predecessors allowed customer interruption hours to increase by 44%. What steps did the respective Boards of Directors take to improve the quality of management decisions as this situation was developing?

Response:

Adverse trends in system reliability, specifically customer hours of interruption, are as a result of increasing interruptions due to failures from defective equipment and outages from adverse weather events such as wind and ice storms. Please see Section C.1.2.1 of the DSP (Exhibit 4, Tab 1, Schedule 1, Page 111 to Page 115) for a detailed explanation of the major contributing causes. Closer examination of the increasing trend of outages due to deteriorated and failing equipment indicates that underground assets, such as cable and cable accessories, are the leading cause for hours of interruption.

Alectra Utilities has also experienced a trend of increasing hours of interruption due to adverse weather events. The impact of adverse weather on reliability has a direct relationship to asset condition. Distribution assets that are in good condition are able to manage storms much better than deteriorated and poor condition assets. The severity of damage and resulting impact of the outage from a storm is due to the number of deteriorated assets clustered in close proximity.

The increase in customer interruption hours has occurred notwithstanding the substantial efforts previously made by the management of Alectra Utilities and its predecessors to identify the causes of and address this trend. Moreover, the quality of management decision-making has not been the driver of this trend. Alectra Utilities (including its predecessor utilities) established capital investment plans in system renewal, which reflected feedback from customers and included increasing investments in underground and overhead system renewal to improve reliability in the worst performing areas. Alectra Utilities (and predecessor utilities) put in place appropriate renewal plans paced with the emerging increase in renewal needs. Alectra Utilities reasonably expected that such investments needs would be enabled through a combination of capital funding in base rates and Incremental Capital Module (ICM) funding so as to provide the

desired outcomes to reverse the deterioration of reliability due to defective equipment and enhance resiliency of the overhead system to adverse weather conditions.

In addition, Alectra Utilities reasonably expected that required investments in system expansion and system service would be supported through ICM funding. Moreover, Alectra Utilities' ability to fund its planned capital investments from base rates has been eroded by various additional factors that were not reasonably foreseeable, such as regulatory changes, a significant upward trend in the need for system access investments, as well as a significant upward trend in the frequency and severity of adverse weather events which increased reactive capital expenditures.

The relative under-investment in system renewal is also due to the fact that ICM funding has not been available for many of the company's planned capital renewal investments. As a result, Alectra Utilities has had to reprioritize capital projects and manage a growing need for asset renewals through reactive replacements and emergency rebuilds. Alectra Utilities planned renewal investments require ample lead time to attain necessary permits, notify customers, order materials and arrange and schedule resources. Underground renewal projects, specifically in residential areas, require coordination with municipalities, other utilities with underground infrastructure as well as with customers in the area. Deferring and rescheduling such projects due to unavailable funding has constrained Alectra Utilities' ability to effectively and economically renew deteriorated and failing assets. Recently, Alectra Utilities was denied permits to complete an urgent underground rebuild on a revised schedule since the municipality recently re-paved the roads, replaced sidewalks in coordination with customers repairing their driveways. The nature of underground system construction requires appropriate lead time and extensive coordination with other parties. It is not sustainable, effective or economical to manage such renewal investments without a scheduled, paced and funded plan.

As was made clear by Alectra Utilities during its first ICM application following the merger, without approval for the full amount of ICM funding previously requested, it was expected that reliability levels would decline.[1] That expectation has become the reality. Alectra Utilities is proposing the M-factor as a means to address the funding gap between the capital investments

[1] See EB-2016-0085, Technical Conference Transcript, November 30, 2017, pp. 38-48.

needed under its DSP and the capital investment supported by base rates, which will enable the company to address the increase in customer interruption hours and other reliability metrics at a pace that it has confirmed is acceptable to its customers.

SEC-38

Reference

Presentation Day Transcript 1:28, 34

a) Please confirm that, as a result of the "successive applications over a decade or more", resulting in reaching a sustainable level of investment by 2030", this protracted period of rate increases will result in customers getting no reduction in rates when the deferred rebasing period is over.

b) If that is not the case, please reconcile many years of high rate increases with an eventual ratepayer benefit from the merger.

Response:

a) Alectra Utilities does not confirm this statement. The Distribution System Plan ("DSP") capital sought in this application through M-factor is substantively consistent with that provided in the evidence tested during the MAADs proceeding and referenced in the MAADs decision. On that basis, Alectra continues to expect substantial customer rate benefits as a result of the merger.

b) It would be onerous to endeavour to reconcile "many years" of rate changes, particularly considering that any attempts to do so beyond the DSP period, particularly to 2030, are too speculative to be useful. Please see the response to a), above. The Applicant offers that customers should continue to expect benefits as a result of the merger for reasons provided in its MAADs application.

SEC-39

Reference

Presentation Day Transcript 1:31

Please provide an explanation as to how the Applicant determines whether to treat costs as merger-related costs (for example, connecting the systems of two rate zones) and whether to treat benefits as merger-related savings (for example, "mitigating the need to build a new municipal station"). Please provide sufficient examples of both merger-related and non-merger-related so that the Board and parties can understand how the Applicant is drawing this line with respect to both operating and capital assets.

Response:

Alectra Utilities recognizes merger-related capital investments as transitional in nature. These one time costs and associated synergy savings were outlined in the merger business plan as approved by the OEB in EB-2016-0025 (the "MAADs Decision"). The merger business plan is focused on integrating IT systems, processes and reducing human resources required to operate the utility. It is a well defined plan.

Investments that drive productivity and efficiency as part of normal course business endeavours and are post merger integration or independent of the merger, are classified as non-merger related investments.

Examples of merger-related capital investments include integration of IT systems such as the Enterprise Resource Planning ("ERP") system, Customer Care & Billing ("CC&B") system and Geographic Information System ("GIS") systems.

Examples of non-merger related capital investments include updates and enhancements to the CC&B system or to the ERP system, post merger integration and ongoing, necessary to realize continuous improvements in productivity and efficiency.

Alectra Utilities considers system service capital investments that result from an integrated system planning view across interties between legacy systems, to mitigate the need for more expensive system expansions, to be non-merger related investments. It is not uncommon to find

examples across Ontario where utilities cooperate to better utilize assets on behalf of customers.

SEC-40

Reference

Presentation Day Transcript 1:31

a) With respect to "equipment that is associated with controlling, monitoring, and protecting core system assets", please explain why management of the Applicant and its predecessors has allowed "much of this equipment" to become "deteriorated and obsolete".

b) What steps did the respective Boards of Directors take to improve the quality of management decisions as this situation was developing?

Response:

a) and b) Alectra Utilities wishes to clarify that the focus of these renewal investments is in key equipment associated with controlling, monitoring and protecting core system assets and is only to renew this equipment which, through normal operations and wear, has deteriorated and therefore needs to be renewed. Alectra Utilities has incorporated customer preferences for the company to implement emerging technology at the time of asset renewal. Alectra Utilities plans to leverage emerging technology in monitoring and controlling station assets in order operate station assets longer and defer more expensive station rebuilds that would otherwise be required.

The deterioration and obsolescence of the referenced equipment types, which are associated with controlling, monitoring and protecting core system assets, has occurred, notwithstanding the substantial efforts previously made by the management of Alectra Utilities and its predecessors to identify the causes and address these. Moreover, the quality of management decision-making has not been the cause of such asset deterioration or obsolecence. Rather, as explained in Appendix 14 – System Control, Communications and Performance in the DSP (Exhibit 4, Tab 1, Schedule 1), the primary driver of the need to invest in these types of equipment is functional obsolescence; the secondary drivers are reliability, power quality and safety. Through the implementation of renewal investments in system control, communications and protection equipment, Alectra Utilities expects to realize significant capital savings during the DSP period as it will be able to defer station renewal investments in power transformers and station rebuilds that would otherwise be needed. Please see Alectra Utilities' response to G-

Staff-59 for a detailed explanation of the strategy that Alectra Utilities implemented to enable significant capital investment savings as a result of investments in monitoring equipment.

Investment plans to renew monitoring equipment at its substations provide the utility with real-time telemetry data on key performance metrics which include essential data on the presence of combustible gasses in oil, as well as temperature and oil leakage. By deploying these monitoring solutions, Alectra Utilities will receive real-time data. Together, the investment strategy of focusing on monitoring technologies, as well as oil containment, along with the ability to leverage its consolidated inventory of spare station equipment, will enable Alectra Utilities to confidently defer more costly station renewal investments that were otherwise planned by the predecessor utilities.

As explained in Section 2.3 – Protection and Control Equipment in Appendix A14 of the DSP (Exhibit 4, Tab 1, Schedule 1, Appendix A14, Pages 6-12), Alectra Utilities plans to renew certain protection and control systems at specific municipal and transformer stations in coordination with renewal investments in monitoring and communication to provide the company with operational data and functionality that provides for remote-operation and automation capability so that control room operators to make informed decisions in real-time. Protection and control equipment targeted for renewal are based on electro-mechanical technologies that lack the functionality required to provide increased range of control settings and remote operating capability. In addition, obsolete protection and control equipment is no longer supported by the manufacturer and there are limited spare parts available to continue to repair these assets moving forward.

Alectra Utilities explained in Section 2.5 – Protection and Control Equipment in Appendix A14 of the DSP (Exhibit 4, Tab 1, Schedule 1, Appendix A14, pages 15-18), that system renewal investments in System Control, Communications and Performance equipment provide the company with increased functionality to address power quality challenges that were identified by Alectra Utilities customers as a priority need.

SEC-41

Reference

Presentation Day Transcript 1:32

Please explain the terms "passive secondary containment" and "geo-synthetics materials".

Response:

Passive secondary containment are proactive spill containment measures installed in the oil containment bed for a transformer, typically in a municipal and transformer station. Active containment requires intervention such as placing covers over drains to prevent a spill from reaching them.

The use of the term Geo-synthetic is with reference to oil spill containment, where geo-synthetic materials will allow water to pass, but when oil (hydrocarbons) touch the material it becomes an impenetrable surface, stopping all the oil from reaching the drain.

SEC-42

Reference

Presentation Day Transcript 1:33

Please provide a detailed explanation of the factors and reasoning that the Applicant will use during the remainder of the deferred rebasing period to decide each year between:

a) "deferral of essential renewal investments", and

b) reduction of dividends paid to shareholders.

Response:

a) and b)

Any response to this question would be far too hypothetical and detailed to be useful as these decisions are predicated on the outcome of this application as well as future conditions that may also affect cash flow available for both regulated infrastructure investment and dividends to shareholders.

In the event that the Board decision on this Application approves M-factor investment in an amount less than provided therein, the Applicant expects to re-prioritize capital in a manner that aligns to the Board approved amount. The implication otherwise is that the Applicant may be denied future recovery of investment beyond the Board approved amount in a re-basing application and interim recovery under M-factor until that time.

Considering that the basis of rate regulation is "cost of service", decisions regarding equity retention are generally in relation to maintaining an appropriate/ optimal capital structure as informed by the Board's deemed capital structure and other market-based indicators. Similarly, decisions in relation to regulated infrastructure investment are strongly aligned to cost recoverability as indicated in Board decisions on rate applications.

SEC-43

Reference

Presentation Day Transcript 1:35

Please confirm that the Applicant still wishes to retain the benefits of the MAADs Policy (such as ten year deferred rebasing), without the conditions the Board placed on that Policy (e.g. additional capital funding by ICM only).

Response:

As discussed in Exhibit 2, Tab 1, Schedule 3 at pages and 7 and 11, as well as in Tr. 1 at pages 36-37, the proposed M-factor is intended to reflect and augment the incremental capital funding mechanism that is available in the (EB-2014-0138) *Report of the Board: Rate Making Associated with Distributor Consolidation* (the "MAADs Policy"), dated March 26, 2015, and that was contemplated in the OEB's MAADs Decision(EB-2016-0025), so as to address Alectra Utilities' specific circumstances and capital investment needs. Please also see Alectra Utilities' response to G-Staff-16 b).

SEC-44

Reference

Presentation Day Transcript 1:42

Please explain how customers benefit from "cost savings" if utilities are allowed to have many years of large rate increases during the deferred rebasing period.

Response:

In Alectra Utilities' Mergers, Acquisitions, Amalgamation and Divestitures ("MAADs") proceeding (EB-2016-0025), in its final reply submission, Alectra Utilities indicated at page 5 "*that it would be able to manage and maintain financial viability as a result of the cash flow support from the synergy/savings of the consolidation; this results in a customer benefit via rates lower than would have been otherwise*." Alectra Utilities identified at that time that, consistent with the MAADs policy, "*While customers do not share directly in the benefits of synergy/savings during the rebasing deferral period, they do benefit from them indirectly, as the ability to retain those synergies/savings permits LDC Co to continue on lower Price-Cap IR/ICM rates for this period*."

As provided in Exhibit 2, Tab 1, Schedule 3, pp. 20-21, the average monthly bill impact for a typical residential customer ranges from 0.09% to 0.28%. The bill impacts are indeed minimal and but provide customers with the assurance that necessary investments are funded, while providing customers with both certainty and stability.

SEC-45

Reference

Presentation Day Transcript 1:43

The Board's ICM Policy, adopted in the MAADs Policy, says *"The Board is of the view that projects proposed for incremental capital funding during the IR term must be discrete projects, and not part of typical annual capital programs."* Please confirm that the Applicant is asking the Board to determine expressly that this policy should not apply to the Applicant. Please provide a detailed explanation as to why this policy should apply to other LDCs, but not to the Applicant, including specifics as to how the Applicant is materially different from other LDCs in a manner relevant to the applicability of this Board policy.

Response:

The specific reference for the statement in the preamble, which SEC is purporting to be a current statement of the Board's ICM Policy, has not been provided and is not clear.

Rather, Alectra Utilities' understanding of the Board's ICM Policy, applicable to all consolidated distributors, is based, at least in part, on the March 26, 2015 *Report of the Board on Rate-Making Associated with Distributor Consolidation* (EB-2014-0138) (the "MAADs Policy"). The MAADs Policy, which is referenced in the Handbook to Electricity Distributor and Transmitter Consolidations (the "MAADs Handbook") under the heading "Incremental Capital Investments during Deferred Rebasing Period" as a current statement of the Board's ICM policy insofar as it applies to utilities post-consolidation, states at pp. 9-10 (emphasis added):

> *[A] distributor may now apply for an ICM that includes normal and expected capital investments. This clarification of policy should address the need of those distributors who may not consider entering into a MAADs transaction due to concerns over the ability to finance capital investments.*
>
> *The one remaining limitation is that the ability to apply for an ICM continues to be limited to those distributors under the Price Cap IR, and it is anticipated that distributors Rate-Making Associated with Distributor Consolidation considering a MAADs transaction will be operating under one or more of the other rate setting options. The question that needs to be addressed, in the OEB's view, is the situation where one or more distributors that are part of a MAADs transaction are operating under Custom IR or Annual IR and the impact of the ICM policy for the combined entity . . .*
>
> *. . . The OEB notes that distributors proposing amounts for recovery by way of an ICM must be assessed by the OEB through a hearing and must meet the tests of*

materiality, need and prudence. Therefore, ratepayers continue to be protected under the OEB's proposed approach.

Alectra Utilities has provided its understanding of the ICM funding in response to G-Staff-11.

As provided in its response to G-Staff-16 c), Alectra Utilities requires the M-factor related funding in order to support the capital needs it has identified in its DSP. Further, it requires the flexibility of the M-factor given that Alectra Utilities' capital requirements could change, whether within a year or as between the five years of the DSP term. Therefore, the ICM module notwithstanding, Alectra Utilities requires the funding available through the M-factor.

SEC-46

Reference

Presentation Day Transcript 1:44

Please confirm that the HOBNI distribution system has not declined in value since the Applicant acquired it. If not confirmed, please provide evidence of that decline in value. If confirmed, please explain why the Applicant needs merger savings to cover the cost of an asset that continues to be worth as much as or more than its purchase price, and is still owned by, and producing revenue for, the Applicant.

Response:

The question is not relevant to the Application. The purchase premium for HOBNI is a shareholder cost. The reference to "marginal" is in relation to the perceived total value of the transaction accruing to shareholders considering the balance between: i) transaction, integration and acquisition costs; and ii) economic benefits during and beyond the re-basing deferral period.

At 1:44, Mr. Bentz also articulated:

"And I might add that these [Customer and Municipal Owner] interests are not mutually exclusive. Municipal owners are always concerned about competitive electricity rates for both community affordability and economic development retention and growth opportunities."

Customer interests in the form of materially lower costs resulting from the merger were a very important factor in the approval of the Alectra merger despite marginal economic benefits directly accruing to municipalities as shareholders.

SEC-47

Reference

Presentation Day Transcript 1:46

Please confirm that the Applicant has not, either in the Application or in the DSP, identified specific projects each year that are incremental to the projects funded by base rates. If the Applicant believes it has identified specific projects, please provide the evidence reference.

Response:

Please see Alectra Utilities' response to G-Staff-4.

SEC-48

Reference

Presentation Day Transcript 1:46

Please identify where in the Application the "bill impact ceiling test" is described.

Response:

The full statement made by Mr. Bentz at the referenced page, as part of his concluding statements during the Presentation Day, was:

> *As you have heard from Ms. Butany-DeSouza, there are checks and balances built into the M factor, including materiality threshold, identification of specific prioritized capital project(s), a 300-basis points earnings sharing mechanisms mean(s) test, and a bill impact ceiling test.*

The statement is in reference to the prior explanation from Ms. Butany-DeSouza, found at Tr. 1, p. 36, line 28 to p. 37, line 26, regarding the similarities of the proposed M-factor to the ICM, including the various checks and balances that are incorporated into the proposal. While referred to as a "bill impact ceiling test", it is clear that Mr. Bentz was in fact referring to the modest bill impacts that would result from the proposed M-factor, relative to the large capital investment and customer needs that it would address, as described by Ms. Butany-DeSouza on p. 37 at lines 17-26 of the Presentation Day Transcript.

SEC-49

Reference

Presentation Day Transcript 1:49

Please reconcile the statement "*I think our view is if those capital needs are prudent, you know, shouldn't customers pay for them? That's the nature of cost-of-service regulation*." with the principle that, in IRM (including IRM during a deferred rebasing period), costs are decoupled from rates.

Response:

The intent of the statement is that if the capital cost is expended for the needs of the customer, from which the customer is going to benefit, then the customer should pay through for that investment through electricity distribution rates. This is a principle that underlies the Incremental Capital Module ("ICM"), as well as cost-of-service regulation.

SEC-50

Reference

Presentation Day Transcript 1:53

On the Presentation Day, the Applicant said "*I'd also offer that, you know, as we look at the MAADs policy back in 2015 that I referenced -- I think it's, you know it's a 15-page document, something like that -- I don't expect that when Alectra came forward with a transaction to consolidate four entities that was necessarily what was contemplated in the policy, and as well, I don't necessarily expect that, you know, collectively through the stakeholdering and otherwise we would have necessarily had it all figured out*." Please advise whether the Applicant is proposing that the MAADs Policy be changed to add the M-factor proposed in this Application. If so, what notice should be provided to other stakeholders, including other utilities, of a proposed change in that Board policy.

Response:

Alectra Utilities is not proposing that the *Report of the Board – Rate Making Associated with Distributor Consolidation* (the "MAADs Policy") be amended to add the M-factor that is proposed in this Application. The M-factor is being proposed specifically for Alectra Utilities in the specific circumstances of the present Application.

Alectra Utilities observes that its intentions, in this respect, are clear to the OEB, as indicated by the OEB's August 20, 2019 letter to Enbridge. In that letter, the OEB informed Enbridge that its request for intervenor status in this proceeding had been denied. In the letter, the OEB stated that "*the purpose of the current proceeding is to establish rates for Alectra Utilities. This is not a generic proceeding or consultation to establish a framework for incremental capital expenditures . . . Alectra Utilities' proposal will be (reviewed) in the context of Alectra Utilities' unique circumstances*." Please see the attached letter to Enbridge from the OEB, included herewith as SEC-50_Attach 1_OEB Reply_EGI Intrv REQ_Alectra_20190820.

SEC-50

ATTACH 1
OEB Reply – EGI Intrv REQ_Alectra_20190820

Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

August 20, 2019

David Stevens
Counsel
Aird & Berlis
Brookfield Place
181 Bay St., Suite 1800
Toronto ON M5J 2T9
dstevens@airdberlis.com

Dear Mr. Stevens:

Re: Request for late intervenor status
Alectra Utilities Corporation (Alectra Utilities) - Application for 2020 Rates
Ontario Energy Board File Number: EB-2019-0018

Dear Mr. Stevens:

This letter is to inform you that Enbridge Gas Inc.'s (Enbridge) request for intervenor status in the above referenced application has been denied.

In its letter of intervention, Enbridge states that as a utility that is regulated by the Ontario Energy Board (OEB) it has a direct interest in all matters of jurisdiction, practice, procedure and policy related to electricity and gas regulation in Ontario. Enbridge states that it is specifically interested in Alectra Utilities' "M-Factor" proposal and has a direct interest in this proceeding because the OEB's decision on the proposal could have implications for Enbridge.

The OEB disagrees with Enbridge's interpretation of substantial interest. The OEB notes that Enbridge has applied for intervenor status in its capacity as a regulated utility that is interested in the outcome of the OEB's decision on Alectra Utilities' M-Factor proposal. In the OEB's view Enbridge's interest does not constitute a "substantial interest" within the meaning of Rule 22.02 of the OEB's *Rules of Practice and Procedure*. Enbridge has not explained in any detail how the OEB's decision in Alectra Utilities' application will have implications for Enbridge. In addition, the OEB finds that Enbridge's interpretation of substantial interest is too broad and could imply that all OEB

regulated utilities have a substantial interest in all OEB proceedings because the OEB's decision may have implications for them.

The OEB also notes that the purpose of the current proceeding is to establish rates for Alectra Utilities. This is not a generic proceeding or consultation to establish a framework for incremental capital expenditures. In keeping with the scope of an IRM proceeding the OEB's review of Alectra Utilities' proposal will be done in the context of Alectra Utilities' unique circumstances. Therefore, general views on the subject or a discussion of the implications of the M-factor proposal on natural gas utilities are not within the scope of the OEB's review in this proceeding.

If Enbridge wishes to follow the proceeding, it may wish to consider registering as a monitor.

Yours truly,

Original Signed By

Christine E. Long
Registrar
Office of the Registrar

c: Indy Butany-DeSouza, Alectra Utilities
Charles Keizer, Torys

SEC-51

Reference

Presentation Day Transcript 1:55

Please provide evidence that reactive replacements on average cost three or four times more than planned replacements.

Response:

Alectra Utilities compared the costs of cable failures from 2014-2017 with planned cable replacements and found that reactive cost were 3.21 times higher then planned. Additionally, analysis of 2017 pole replacements under both reactive and planned scenarios identified that reactive pole replacement costs 1.96 times higher then planned. This analysis did not include indirect costs associated with reactive replacement, such as the cost impact of diverting labour resources from planned work to respond to unplanned reactive replacement work. If indirect costs were included, the reactive replacement compared to proactive replacement would be substantially higher.

Further, Alectra Utilities retained Vanry & Associates ('Vanry") to complete an assurance review of the 2020-2024 DSP. Vanry states in its report (Exhibit 4, Tab 1, Schedule 1, Appendix D) that:

> *"…in North American distribution sector that reactive replacement work is more costly than proactive replacement work by anywhere from 2 to 6 times."*

SEC-52

Reference

Presentation Day Transcript 1:55

Please provide a complete list of all past Board decisions related to the Applicant and its predecessors that provided "inadequate funding" for the capital spending.

Response:

On the referenced page of the Presentation Day Transcript, the discussion refers generally to a range of factors that are driving the growing capital investment needs of the utility, including accelerating equipment degradation; prior attempts to pace investments for the benefit of customers; and inadequate capital funding envelopes as a result of prior OEB decisions. The most recent such decisions are as follows:

- Alectra Utilities – EB-2018-0016 – Decision and Order dated January 31, 2019;
- Alectra Utilities – EB-2017-0024 – Decision and Order (Revised) dated April 5, 2018;
- PowerStream – EB-2015-0003 – 2016 Custom IR Application
- Enersource – EB-2012-0033 – 2013 Cost of Service Application; EB-2015-0065 – Enersource ICM Application

SEC-53

Reference

KP1.1, p. 17

Please provide the numerical data behind the graph, in Excel format.

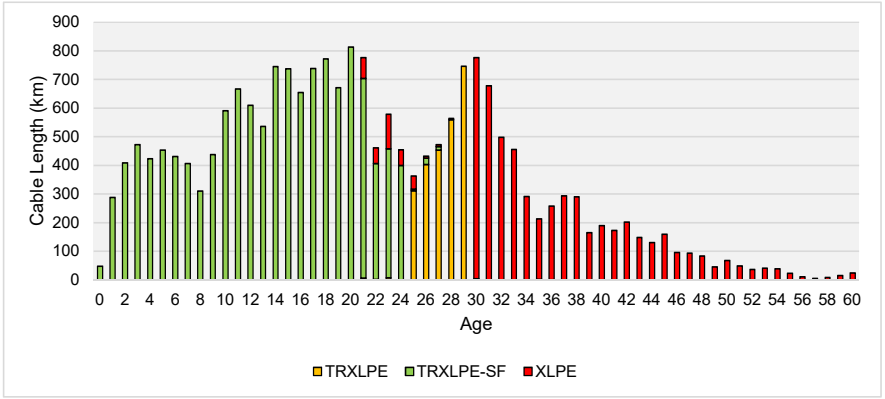
Response:

The numerical data in excel format for the graph on Page 17 of KP1.1 is provided in as Attachment SEC-53_Attach 1_XLPE Cable by Type.

SEC-53

ATTACH 1 – XLPE Cable by Type

AGE	XLPE	TRXLPE	TRXLPE-SF
0			48.32248073
1			287.9485361
2			409.0515293
3			472.3846765
4			423.640104
5			454.0079854
6			431.4425995
7			406.4724487
8			310.0788573
9			437.8362087
10			591.5599212
11			666.4631519
12			610.5650892
13			536.2374689
14			744.8692025
15			737.5107449
16			654.2996049
17			738.9178793
18			772.2546655
19			671.8148484
20			813.2312902
21	72.1020687	6.391959	697.6969668
22	55.2852245	2.724296	403.5059472
23	120.684874	7.415279	450.7524162
24	55.3110983	0.496	399.1371279
25	46.4673166	311.9177	4.93072913
26	7.3481847	403.7944	21.7045222
27	7.4017892	453.5344	11.885
28	4.90719782	559.7211	
29		746.2865	
30	771.414052		4.663
31	678.122281		
32	498.523132		
33	456.243603		
34	291.53997		
35	211.023842		2.646
36	257.242213		0.639
37	293.614925		
38	290.354727		
39	164.816621		
40	190.230805		
41	172.822559		
42	202.507795		
43	148.092749		
44	130.186155		
45	160.104906		
46	95.965863		
47	94.0664588		
48	83.6598634		
49	46.1566285		
50	68.4119832		
51	49.3731286		
52	37.1529514		
53	41.5473105		
54	39.0053558		
55	23.096		
56	10.8657424		
57	5.357		
58	8.437		
59	15.718		
60	24.5466838		



SEC-54

Reference

KP1.1, p. 23

Please provide the numerical data behind the graph, in Excel format.

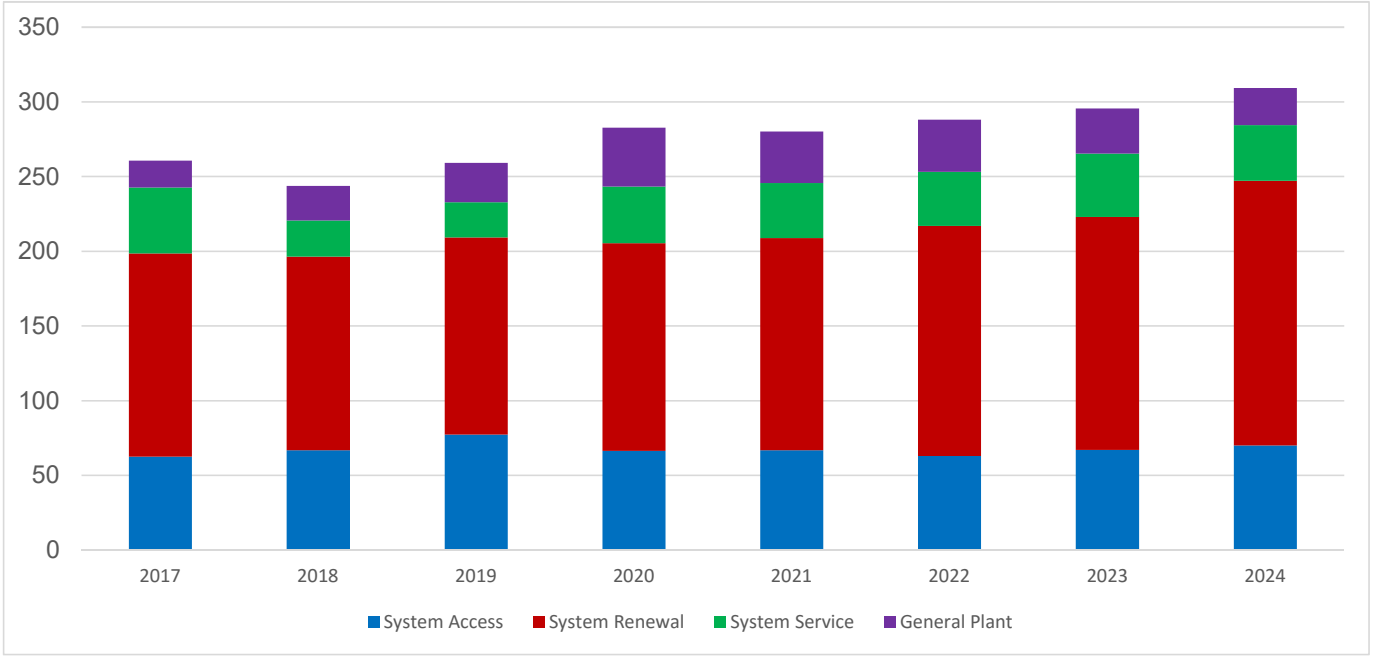
Response:

The numerical data behind the graph provided in KP1.1, Page 23, annual capital investment (2017-2024) is provided in Attachment SEC-54_Attach 1_Annual Capital Investment.

SEC-54

ATTACH 1 – Annual Capital Investment

	2017	2018	2019	2020	2021	2022	2023	2024
General Plant	18.1	23.0	26.2	39.4	34.4	35.1	30.2	24.7
System Service	44.2	24.3	23.5	38.0	36.9	36.0	42.4	37.2
System Renewal	136.0	129.5	132.1	139.0	142.0	154.0	156.1	177.2
System Access	62.6	67.0	77.4	66.5	66.9	63.2	67.1	70.2



SEC-55

Reference

KP1.1, p. 24

Please provide the numerical data behind the graph, in Excel format.

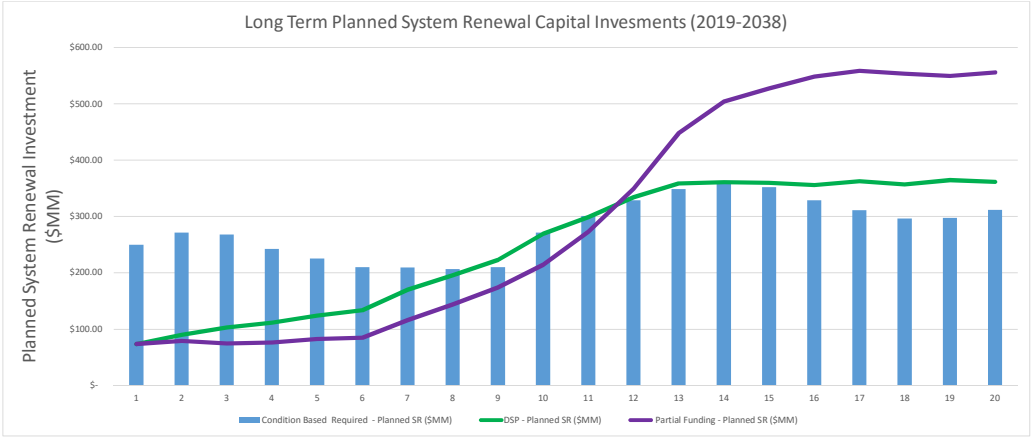
Response:

The numerical data behind the graph provided in KP1.1, Page 24, the Long Term Planned System Renewal Capital Investments (2019-2038) is provided in Attachment SEC-55_Attach 1_LongTermPlannedSRCapital.

SEC-55

ATTACH 1 – Long Term Planned SR Capital

Year	Condition Based Required - Planned SR ($MM)	DSP - Planned SR ($MM)	Partial Funding - Planned SR ($MM)
2019	$ 249.79	$ 73.72	$ 73.72
2020	$ 271.49	$ 90.05	$ 79.07
2021	$ 267.75	$ 103.06	$ 74.64
2022	$ 242.42	$ 111.46	$ 76.69
2023	$ 225.12	$ 124.12	$ 82.48
2024	$ 209.92	$ 133.68	$ 84.84
2025	$ 209.37	$ 169.94	$ 116.07
2026	$ 206.59	$ 195.47	$ 144.15
2027	$ 209.73	$ 222.88	$ 173.93
2028	$ 271.04	$ 269.62	$ 214.27
2029	$ 300.55	$ 299.09	$ 272.90
2030	$ 328.89	$ 334.07	$ 349.01
2031	$ 348.66	$ 358.53	$ 447.74
2032	$ 357.67	$ 360.91	$ 504.29
2033	$ 352.11	$ 359.96	$ 527.28
2034	$ 328.51	$ 356.06	$ 548.60
2035	$ 311.23	$ 362.79	$ 558.68
2036	$ 296.12	$ 357.19	$ 553.58
2037	$ 297.57	$ 364.52	$ 549.34
2038	$ 311.32	$ 361.60	$ 555.55



SEC-56

Reference

KP1.1, p. 26

Please confirm that the direct causes of "*Alectra customers suffering from the lack of secure, sufficient funding*" is a) the merger, and b) the decision of the Applicant to defer rebasing for ten years in order to maximize the excess profits available for shareholders.

Response:

Alectra Utilities does not confirm the statement above.

SEC-57

Reference

KP1.1, p. 27

Please confirm that the following are the forecast annual impacts on a GS>50 customer with 100 kW of monthly demand arising out of the M-factor proposal, over and above any PCI or other increases:

GS>50; 100 kW demand	2020	2021	2022	2023	2024	Total
Enersource	$32.76	$47.88	$92.28	$144.96	$247.32	$565.20
Brampton	$63.48	$72.00	$116.64	$156.48	$180.36	$588.96
Horizon	$64.68	$110.40	$164.40	$206.52	$271.68	$817.68
Powerstream	$67.92	$105.12	$150.48	$252.84	$313.92	$890.28
Guelph	$5.76	$18.24	$44.88	$72.48	$88.32	$229.68

Please confirm that the Applicant is asking for Board approval to bill the approximately 1,000 schools Alectra serves an incremental amount for M-factor riders of more than $750,000.

Response:

As provided in Exhibit 2, Tab 1, Schedule 3, the average monthly bill impact for a typical General Service >50 kW customer across all five rate zones ranges from 0.02% to 0.10%.

Alectra Utilities confirms that the total annual impacts based on the proposed M-factor rate riders for GS>50 kW customers with a demand of 100kW are as follows:

Table 1 – Forecast Annual Impact of M-factor Rate Riders

GS>50; 100 kW demand	2020	2021	2022	2023	2024	Total
Enersource	$ 32.81	$ 47.91	$ 92.24	$144.88	$247.21	$565.05
Brampton	$ 63.51	$ 72.02	$116.68	$156.52	$180.32	$589.06
Horizon	$ 64.67	$110.46	$164.50	$206.59	$271.74	$817.97
PowerStream	$ 66.73	$103.85	$149.14	$251.53	$312.61	$883.86
Guelph	$ 5.75	$ 18.24	$ 44.78	$ 72.42	$ 88.29	$229.47

Alectra Utilities is unable to confirm how the amount of $750,000 was determined.

SEC-58

Reference

KP1.1

Please confirm that Mr. Bentz, Mr. Cananzi, Mr. Basilio, and Ms. Butany-Desouza will provide their presentation day oral statements (including answers to questions) and their Powerpoint presentation, to the Board as witnesses, under oath, and subject to cross-examination. If any of the four will not make the same statements under oath, and subject to cross-examination, please explain why they are not willing to do so.

Response:

The statements made during the Presentation Day are those attributed to Alectra Utilities and not to one individual. Alectra Utilities bears the onus of obtaining its requested approvals and will put forward witnesses who are best able to inform the OEB of its DSP and M-factor request. The Presentation Day oral statements are reflected in the transcript which, along with the referenced Exhibit KP1.1, forms part of the record in the proceeding. These statements will be adopted as the evidence of Alectra Utilities at the outset of the oral hearing.