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BY EMAIL

September 26, 2019

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Dear Mr. Richmond:

Re: **Alectra Utilities Corporation (Alectra Utilities)**  
**Application for 2020 Electricity Distribution Rates**  
**Ontario Energy Board File No. EB-2019-0018**

The Ontario Energy Board (OEB) is writing in response to your letter dated September 20, 2019, on behalf of Max Aicher (North America) Ltd. and Max Aicher (North America) Bloom Mill (collectively, MANA). In that correspondence, MANA renews an earlier request to file intervenor evidence in this proceeding.<sup>1</sup>

In addition to your letter, the OEB has also received and considered (i) Alectra Utilities' September 22, 2019 letter raising concerns about MANA's request, (ii) the School Energy Coalition's September 23, 2019 letter generally supporting MANA's request, and (iii) MANA's further September 24, 2019 letter responding to the concerns raised by Alectra Utilities.

In considering MANA's request, it is important to remember the nature of the application put forward by Alectra Utilities. Alectra Utilities filed an incentive rate-setting mechanism (IRM) application under section 78 of the *Ontario Energy Board Act, 1998*, seeking OEB approval for changes to its electricity distribution rates, effective January 1, 2020. Typically, IRM applications are mechanistic in nature and involve a formulaic annual

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<sup>1</sup> The request was first made in a letter from MANA to the OEB, dated July 22, 2019.

rate adjustment mechanism, review and disposition of Group 1 deferral and variance accounts and adjustments to retail transmission service rates.

Alectra Utilities' application is not a typical IRM application in that it also includes a proposal for additional capital funding (M-Factor) and a request to reverse the outcome of a prior OEB decision on capitalization policy. As a result, the OEB made a decision in Procedural Order No. 1 to process the application in three streams: IRM, M-Factor and capitalization policy. In Procedural Order No. 1, parties were also advised that the OEB intends to make cost awards available only in relation to Alectra Utilities' M-Factor proposal and request to reverse the outcome of the prior OEB decision on capitalization policy.

The information provided in MANA's September 20, 2019 letter seems to indicate that the proposed evidence is not focused on the M-Factor but more generally on the impacts of any increase in electricity prices on MANA's business and its customers. On that basis, the OEB denies MANA's request.

You should be aware that the OEB decided to hold a technical conference among the interested parties on October 7, 2019 (extending to October 8 if necessary) to discuss pre-determined topics associated with the M-Factor.<sup>2</sup> Those who are interested in participating in the technical conference are to identify topic areas by September 27, 2019. MANA can explore Alectra Utilities' M-Factor proposal at the technical conference and again at the oral hearing scheduled to start on October 15, 2019. To the extent that you want to identify specific topics related to Alectra Utilities' M-Factor proposal, you may do so by the deadline. The OEB would consider it appropriate as part of the technical conference for MANA to have Alectra Utilities confirm the bill impacts resulting from the proposed M-Factor and provide details on the expected impact to service levels from the capital projects to be funded from the proposed M-Factor. Arguments on whether the M-Factor proposal should be accepted, rejected or modified can be made in a written submission, which is due November 15, 2019. Alectra Utilities would respond to those arguments by November 25, 2019.

In summary, the OEB finds that a number of issues identified in your proposed evidence are too broad for this IRM proceeding. However, to the extent that there are impacts associated with Alectra Utilities' proposed M-Factor, this letter identifies a number of options for your consideration.

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<sup>2</sup> EB-2019-0019, OEB letter to all parties, September 19, 2019

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

c: Parties in EB-2019-0018