

EB-2019-0018

ALECTRA UTILITIES CORPORATION

COMPENDIUM OF MATERIALS

FOR MOTION TO COMPEL ANSWERS

SCHOOL ENERGY COALITION

ONTARIO ENERGY BOARD

IN THE MATTER OF an application made by Alectra Utilities Inc. pursuant to the *Ontario Energy Board Act, 1998* for an order or orders setting just and reasonable rates for the distribution of electricity commencing January 1, 2020;

NOTICE OF MOTION

The School Energy Coalition (“SEC”) will make a motion to the Ontario Energy Board (“the Board”) at its offices at 2300 Yonge Street, Toronto, on Tuesday, October 15, 2019 at 9:30 AM, or at such other date and time as may be determined by the Board.

PROPOSED METHOD OF HEARING

SEC proposes that the motion be dealt with orally at the commencement of the oral hearing in this matter.

THE MOTION IS FOR:

1. An order of the Board requiring the Applicant and its witnesses to give full and complete answers to the following questions asked at the Technical Conference:
 - a. *Utility Financial Plan [Tr.1:32-33]*. The Board of Directors of the Applicant assumed in its Financial Plan that the OEB would provide significantly less rate funding for its capital plan than was requested in the ICM applications, and the results in the 2018 and 2019 Alectra Decisions provided significantly more rate funding than was in the Financial Plan. The Applicant has refused to provide that Financial Plan.
 - b. *Impact of the M-Factor [Tr.1:60-61]*. Quantification of the difference in rate recovery between the proposed M-factor and the amount of rate recovery reasonably expected from ICM applications for the same years consistent with

the Board's decisions in EB-2017-0024 (the "2018 Alectra Decision") and EB-2018-0016 (the "2019 Alectra Decision").

- c. ***Identification of ICM Projects [Tr.1:82-83].*** Identification in the list of 194 M-factor projects found in Interrogatory Response Staff-4 those projects that the Applicant asserts would qualify for ICM treatment under the Board's ICM policy as articulated in the 2018 and 2019 Alectra Decisions.
 - d. ***ROE Forecast [Tr.1:64-66].*** The Applicant's current forecast of its expected actual return on equity in each of the years to which the M-factor is intended to apply.
 - e. ***Aggregated Reliability Data [Tr.1:96-97].*** Aggregated SAIDI and SAIFI data for the period 2010-2013 for the Applicant's predecessor companies, extending the tables in Interrogatory Response Staff-69.
 - f. ***Rate Base Continuity [Tr.2:145-147].*** A continuity schedule showing the impact on rate base of the proposed capital plan set out in the DSP, as funded by the M-factor.
2. Such further and other relief as SEC may request and the Board may grant.

THE GROUNDS FOR THE MOTION ARE:

- 1. The Applicant has refused to answer the six questions. The transcript excerpts are attached to this Notice of Motion.
- 2. The questions are relevant to the M-factor proposal of the Applicant.
- 3. Delivery of the responses to the questions at the outset of the hearing, or early in the hearing, will allow parties to test the responses through cross-examination, as would have been the case had the questions been answered during the Technical Conference.

FACTUAL BACKGROUND

4. The Applicant has proposed, in place of the Board's normal Incremental Capital Module, a new rate component called an M-Factor, which the Applicant says provides it with full funding of its Distribution System Plan over the period 2020-2024¹.
5. Parties are expected to challenge the M-Factor proposal under four main headings:
 - a) It is inconsistent with Board policies;
 - b) The Applicant already has sufficient funding in rates to build and maintain its distribution system and does not require additional funds;
 - c) The effect of the M-Factor approach is that the Applicant is spending the ratepayer merger benefits that would otherwise be expected to arise and be credit to the ratepayers at the end of the deferred rebasing period; and
 - d) The DSP represents excessive capital spending relative to the real needs of the Applicant.
6. The first and fourth questions that the Applicant refused to answer (a and d in the list above) relate to the second category of M-factor challenge: does the Applicant need the money? High levels of expected ROE are only one component of this category of challenges, but it is an important one². In addition, the Applicant's Financial Plan, approved by its Board of Directors, which assumes much lower levels of extra funding than the OEB actually approved in the 2018 and 2019 Alectra Decisions³, will help the OEB understand whether the Applicant's Board of Directors thinks it needs all of the extra M-factor money.

¹ Tr.2:113.

² SEC notes that the response to JT2.1 may provide similar information to this question, although from a forecast three years ago. Depending on the response to JT2.1, it is possible that the Board will have sufficient information without receiving a more current forecast.

³ CCC-1, Attach. 1, p. 4.

7. The second and third questions (b and c above) relate to the first category of M-factor challenge: inconsistency with policy. The questions ask the Applicant to specify and quantify the extent to which the Applicant is seeking additional rate increases, over and above those consistent with current Board policy. They in essence ask the questions “How much more do you want?” and “What projects do you want funded that do not otherwise qualify for ICM treatment?”
8. The fifth question (e above) relates to the fourth category of M-factor challenge: does the DSP represent a reasonable level of capital spending? The Applicant has alleged that deteriorating reliability is a driver for spending increases in the DSP⁴, but relies on a five year trend⁵, and refuses to provide aggregated SAIDI and SAIFI information for prior years to assess whether that trend is a real trend, or normal volatility.
9. The sixth question (f above) relates to the third category of M-factor challenge: spending the ratepayer benefits from the merger so the customers never get them. The Applicant has a capital spending plan for the period 2020-2024, but refuses to tell the Board and the parties what the impact would be on rate base over that period. Rapid increases in rate base during the deferred rebasing period have the potential to cause a rate increase on rebasing, despite the merger synergies. Spending the ratepayer benefit would be directly contrary to the principles underlying the Board’s MAADs policy.
10. The oral hearing in this proceeding is scheduled for October 15, 17 and 18. Delivery of responses to the six questions on October 15 or 16 creates an opportunity for the parties to test those responses through cross-examination of the Applicant’s witnesses, provides the Board with better information, and avoids any delay in the proceeding.

THE FOLLOWING DOCUMENTARY MATERIAL AND EVIDENCE WILL BE RELIED UPON AT THE HEARING OF THE MOTION:

1. The Record in EB-2019-0018.
2. The 2018 and 2019 Alectra Decisions.

⁴ Presentation Day Transcript, p. 13, and many other places in the record.

⁵ Essentially a three year trend. See Tr.1:96.

3. Such further and other material as counsel may advise and the Board may permit.

October 9, 2019

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AND TO: Intervenors of record

**REFUSALS TO
QUESTIONS a AND d
NEED**

CCC-1

Reference

- a) Please provide all materials provided to Alectra's Board of Directors and Executive Leadership Team related to this Application.
- b) Please provide any memos issued to staff with respect to preparation of this Application.

Response:

- 1 a) Please find attached the following items that were provided to Alectra's Board of Directors
- 2 and Executive Committee related to this Application:
- 3
 - CCC-1_Attach 1_AFRM Report 3.3, dated February 27, 2019
 - 4 • CCC-1_Attach 2_AFRM Report 3.4 dated May 17, 2019
 - 5 • CCC-1 Attach 3_AFRM Report 3.2, dated August 22, 2019
 - 6 • CCC-1_Attach 4_2020 EDR Application_presentation to EC_(2019_01_22)
 - 7 • CCC-1_Attach 5_DSP and Application Update (2019_02_06)
 - 8 • CCC-1_Attach 6_EC Presentation (2019_04_23)
- 9 b) There are no memos issued to staff regarding the preparation of this Application.

CCC-1

ATTACH 1 – AFRM Report 3.3 Dated February 27, 2019



CONFIDENTIAL

**REPORT TO THE
AUDIT, FINANCE AND RISK MANAGEMENT COMMITTEE**

Submitted by	Indy Butany-DeSouza
Subject	Regulatory Affairs Update
Item #	3.3
Meeting Date	February 27, 2019

☒ For Information

☐ For Approval

Recommendation

No recommendations are being made in this report.

Summary

This Regulatory Report addresses the following:

- Applications
 - 2019 Electricity Distribution Rate (“EDR”) Application and Incremental Capital Module (“ICM”) Application
 - 2020 EDR Application
- Ontario Energy Board (“OEB”) Policy Initiatives and Consultations
 - Report of the Advisory Committee on Innovation to the OEB
 - Review of Customer Service Rules for Utilities

Applications

• 2019 EDR and ICM Application

Alectra Utilities filed its application (the “Application”) with the OEB for 2019 EDR for all four rate zones (“RZ”) on June 7, 2018 for changes to regulated rates and other charges, effective January 1, 2019. The Application included:

- the fourth and final annual update to the Custom Incentive rate plan for the Horizon Utilities RZ;
- Price Cap adjustments under the OEB’s Incentive Regulation Mechanism (“IRM”) for the Brampton, Enersource and PowerStream RZs; and
- requests for ICM rate adjustments for the Enersource and PowerStream RZs.

The OEB bifurcated the application and issued a decision on the Price Cap adjustments to EDR on December 20, 2018 for rates effective January 1, 2019. Alectra Utilities implemented these adjustments as of February 1, 2019, which allow recovery of the adjustments as if they were effective January 1, 2019.

On January 31, 2019, the OEB issued a decision on the regarding the ICM projects. The OEB approved ICM funding for three of the five projects representing a total recovery of 83% of the capital requested for approval. Table 1 below identifies: the projects by rate zone; capital expenditure; and revenue requirement outcomes.



Table 1 – ICM Outcomes by Project

		As-Filed		Decision_Approved	
Energysource Rate Zone		Capital Expenditures	Total Revenue Requirement	Capital Expenditures	Total Revenue Requirement
Leaking Transformer Replacement Project		\$7,500,000	\$622,822	\$7,500,000	\$622,822
Rometown		\$3,200,000	\$262,524	\$0	\$0
Total ICM_ERZ		\$10,700,000	\$885,346	\$7,500,000	\$622,822
PowerStream Rate Zone		Capital Expenditures	Total Revenue Requirement	Capital Expenditures	Total Revenue Requirement
Road Authority YRRT Yonge St		\$13,272,246	\$947,659	\$13,272,246	\$947,659
Bathurst Ave from Hwy 7 to Teston Road		\$5,500,000	\$392,709	\$5,500,000	\$392,709
Barrie TS Upgrade- Metering and Feeder Relocation		\$2,100,000	\$168,198		
Total ICM_PRZ		\$20,872,246	\$1,508,566	\$18,772,246	\$1,340,368
Total Incremental Revenue Requirement_Alectra		\$31,572,246	\$2,393,912	\$26,272,246	\$1,963,190
% Approved		83%		82%	

The ICM riders are effective March 1, 2019 and are in place until Alectra Utilities' rebasing application.

Table 2 provides the impact of the ICM Decision relative to the Financial Plan. The 2019 Financial Plan assumed an OEB approval of recovery of only 50% of the projects, as-filed. As a result of the 2019 ICM Decision, the cumulative net impact over the five year Financial Plan term is \$0.57MM.



Table 2 – 2019 ICM Decision Financial Plan Impact (\$000s)

	2019	2020	2021	2022	2023	5 Yr Impact
ICM Revenue per Decision (82% recovery) ¹	\$1,636	\$1,963	\$1,963	\$1,963	\$1,963	\$9,489
Total ICM Revenue per FP (50% recovery) ²	\$1,197	\$1,197	\$1,197	\$1,197	\$1,197	\$5,985
Increase in ICM Revenue	\$439	\$766	\$766	\$766	\$766	\$3,504
Offset by: Depreciation (\$10MM increase in capex)	(\$159)	(\$318)	(\$318)	(\$318)	(\$318)	(\$1,430)
Offset by: Interest cost	(\$141)	(\$294)	(\$291)	(\$287)	(\$284)	(\$1,297)
Net ICM Financial Plan Impact, pre tax	\$139	\$154	\$158	\$161	\$165	\$777
Income Tax @ 26.5%	(\$37)	(\$41)	(\$42)	(\$43)	(\$44)	(\$206)
Net Financial Plan ICM Impact	\$102	\$113	\$116	\$119	\$121	\$571

Note 1, 2: ICM revenue excludes previously approved ICMs for Enersource of \$3.3MM and \$2.4MM for Alectra Utilities, in order to isolate the impact of the 2019 ICM Decision

• 2020 EDR Application

Alectra Utilities plans to file an application for 2020 EDR for all five RZ in the second quarter of 2019 for adjustment to its regulated rates and other charges effective January 1, 2020. Alectra Utilities will file Price Cap adjustments under IRM for all rate zones and will seek the following relief:

- Disposition of Deferral and Variance Accounts through rate riders;
- Disposition of LRAMVA balances at December 31, 2017 related to CDM activities for the Horizon Utilities, Brampton, Enersource and PowerStream RZs; and
- Approval for the continuation of the implementation of the New Distribution Rate Design for residential customers for the PowerStream RZ.

In the 2020 Application, Alectra Utilities will also seek approval for its calculation of its 2017 and 2018 Earning Sharing Mechanism (“ESM”) and Capital Investment Variance Account (“CIVA”) balances for the Horizon Utilities RZ. Alectra Utilities will present various approaches for the treatment of the capitalization policy change as a result of the original Alectra Utilities consolidation, as directed by the OEB in the 2019 EDR Application proceeding. Ultimately Alectra Utilities will be seeking a reversal of the prior OEB decision on this matter on the basis that it is inconsistent with its policies and has no economic basis otherwise in the context of a re-basing deferral period.

Alectra Utilities will file its first consolidated Distribution System Plan (“DSP”) for the 2020 to 2024 period with the 2020 EDR Application.

1 year.

2 I think context really matters in this situation.

3 MR. SHEPHERD: Okay. Well, I was going to go to
4 context. So back to attachment 1 to CCC 1, the page we
5 were on. If you go to the next page, you tell your Board
6 committee, well, we only got 82 percent, but we actually
7 got a lot more than we expected.

8 MS. BUTANY-DESOUZA: Sorry, can you give me a
9 reference again, because I have been turning up pages...

10 MR. SHEPHERD: It is right there on the screen.

11 MS. BUTANY-DESOUZA: Can you give me the reference,
12 please?

13 MR. SHEPHERD: I gave you the reference. There is no
14 page number; not my fault.

15 MR. KEIZER: It is CCC 1, attachment 1.

16 MS. BUTANY-DESOUZA: Attachment 1, thank you.

17 MR. KEIZER: I think it is page 4, the fourth page in,
18 before the page numbered 5.

19 MR. BASILIO: Mr. Shepherd, if you could help us how
20 you infer that we told the board, our committee of the
21 board, that we got a lot more than we expected? Where do
22 you see that specifically on that page? What would the
23 sentence be?

24 MR. SHEPHERD: Total ICM revenue per financial plan,
25 50 percent recovery.

26 MR. BASILIO: Yes.

27 MR. SHEPHERD: Right?

28 MR. BASILIO: Yes.

1 MR. SHEPHERD: So you said we expected to get, over
2 the five years 2019-2023, \$6 billion. And instead we
3 got -- or at 82 percent, we're getting \$9.5 billion,
4 3.5 billion more than we thought -- or 3.5 million. Sorry,
5 not billion.

6 [Mr. Basilio and Ms. Butany-DeSouza confer.]

7 MR. BASILIO: So thanks. As you can imagine, context
8 is important and we know you appreciate that. So I am
9 clearing the cobwebs on what we did present.

10 So that again, per our financial plan, we did provide
11 for a 50 percent recovery based on what we'd filed, and we
12 found that to be a very conservative position. Of course,
13 that doesn't speak to -- and I think what is important here
14 are questions from the audit committee around this are how
15 are you providing or investing in the sustainability of
16 your system. So there was some discussion around that as
17 well.

18 But we did get more than what was in the financial
19 plan. That's not to say that we would necessarily agree
20 that that was an appropriate amount.

21 So we discounted for 50 percent, but I think back to
22 Ms. Butany's point and the point I made on presentation day
23 is that our need for 2019 was \$39.2 million.

24 Based on the results of the 2018 decision -- and I
25 will just summarize again -- I believe the OEB denied
26 funding for projects under 1.5 million as a result of
27 something that was new to us, an arbitrarily imposed
28 project materiality threshold.

1 And two, the Board denied funding for projects that
2 were considered to be part of typical annual capital
3 programs, which further resulted in the denial of funding
4 for projects between one and 2.6 million.

5 And as a result of those additional screens, while we
6 needed 39.2, when you apply those materiality thresholds to
7 the slate of projects that aggregate that 39.2, it leaves
8 us with 31.6, which was the basis of the filing, and we
9 received funding for 26.3.

10 So when you take the ratio of approval compared to the
11 required capital, that's 67.1. That context was provided
12 to the audit committee on that date, not to that level of
13 precision, I can tell you, but Mr. Cananzi was there with
14 us as well and I know Max will correct me if I am wrong,
15 but I think at that time we'd said that really what you got
16 was 60 percent of what you needed.

17 So that's the context around that meeting, I suppose,
18 if that is helpful.

19 MR. SHEPHERD: Do we have this financial plan that is
20 referred to here?

21 MS. BUTANY-DESOUZA: No, you do not.

22 MR. SHEPHERD: Who approved it?

23 MR. BASILIO: The board of directors ultimately
24 approves the financial plan of the corporation.

25 MR. SHEPHERD: So then this financial plan, that had
26 50 percent of the ICM revenue in it, had already been
27 approved by the board of directors?

28 MR. BASILIO: Sorry, could you repeat the question?

1 MR. SHEPHERD: The financial plan that you say may not
2 have had an appropriate number for ICM revenue was actually
3 approved by your board of directors, right?

4 MR. BASILIO: It was approved, yes.

5 MR. SHEPHERD: Okay. And it approved it with 50
6 percent of the ICM revenue?

7 MR. BASILIO: It approved it with 50 percent of the
8 ICM revenue, again the context being great concern over the
9 level of investment that that ICM supported.

10 MR. SHEPHERD: So did your board of directors say we
11 can't approve this because it doesn't invest enough in our
12 system?

13 MR. BASILIO: No. I mean, management's providing what
14 -- management is being very transparent with the Board in
15 terms of what its need is for capital, so that is context
16 in the discussion.

17 I mean, ultimately, look we were here in two prior
18 years. Here is what we thought our need was in 2018.
19 Here's what we got. As well, we got a decision that now
20 imposed what we think are materiality bases that are new,
21 somewhat arbitrary, and somewhat inconsistent with MAADs'
22 policy.

23 So we're prohibited effectively from filing for this
24 amount of capital. This is all we can go for now in the
25 subsequent application.

26 And so, you know, we're being conservative in terms of
27 the amount of funding that we think we will get from the
28 Board as an outcome. That is not within management's

1 control. That is management using its judgment in terms of
2 what it thinks it needs and what it thinks it is going to
3 get.

4 MR. SHEPHERD: I was sort of going in a different
5 direction, because it sounds like what you're saying is
6 that your board of directors approved a financial plan that
7 was imprudent.

8 Wouldn't that be imprudent, to under invest to that
9 level?

10 MR. BASILIO: No. Again, we go through Board
11 proceedings, Mr. Shepherd -- I think I spoke about this
12 earlier -- where we bring forward investments for funding.
13 The Board renders its decision. Intervenors file
14 submissions.

15 Ultimately, we are provided with an envelope or
16 approved projects, and then we will go back and
17 reprioritize those and try to, the best we can, to align
18 those things to, you know, the funding available in rates.

19 But it puts pressure on, which is one of the reasons
20 we are back here with a five-year DSP. And I think, you
21 know, I think again, as we articulated in presentation day,
22 there is a real urgency to get on with things and get the
23 appropriate level of funding to carry on with them.

24 MR. SHEPHERD: So can we please have that financial
25 plan that your board of directors approved?

26 MR. KEIZER: No. It is not relevant. It relates to a
27 previous application. It has nothing to do with the
28 current application.

1 MR. SHEPHERD: The essence of the application here,
2 Mr. Keizer, is that you didn't give us enough the last two
3 times, and as a result, our reliability is declining.

4 If the board of directors in fact disagreed and
5 approved a plan that even had less capital spending, that's
6 relevant to this Board.

7 They didn't actually get less than they needed. They
8 got more than they expected.

9 MR. KEIZER: No, we continue with the objection. It
10 is not relevant.

11 MR. SHEPHERD: All right. I am now in CCC
12 attachment 2, May 2nd, and the ICM -- you have listed the
13 ICM impact here for your board.

14 For each of those years, 2020-2022, can you tell me
15 the dollar figure of your forecast ROE? I am only asking
16 you the question because I am pretty sure I have seen it in
17 the evidence somewhere -- it is like 18 percent or
18 something -- but I couldn't find it last night.

19 [Witness panel confers]

20 MS. BUTANY-DESOUZA: If Teresa was able to capture
21 laughter on the transcript I would be laughing at your
22 percentage statement, though I am not going to repeat it.

23 I can tell you that we don't forecast ROE out 2021,
24 2022. I would, though, point out to you and to this Board
25 that in Exhibit 2, tab 1, schedule 3, page 15, we've
26 identified that our achieved ROE for -- regulatory ROE for
27 2018 was 7.66 percent, which is well below our deemed ROE.

28 So your number is interesting, but my accurate number

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:

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

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

10 *[A] distributor may now apply for an ICM that includes normal and expected*
11 *capital investments. This clarification of policy should address the need of those*
12 *distributors who may not consider entering into a MAADs transaction due to*
13 *concerns over the ability to finance capital investments.*

14 *The one remaining limitation is that the ability to apply for an ICM continues to be*
15 *limited to those distributors under the Price Cap IR, and it is anticipated that*
16 *distributors Rate-Making Associated with Distributor Consolidation considering a*
17 *MAADs transaction will be operating under one or more of the other rate setting*
18 *options. The question that needs to be addressed, in the OEB's view, is the*
19 *situation where one or more distributors that are part of a MAADs transaction are*
20 *operating under Custom IR or Annual IR and the impact of the ICM policy for the*
21 *combined entity . . .*

22 *. . . The OEB notes that distributors proposing amounts for recovery by way of an*
23 *ICM must be assessed by the OEB through a hearing and must meet the tests of*

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

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

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

1 factor.

2 Have you filed evidence that you require this funding
3 that, based on your financial forecasts, you won't have
4 enough money to spend on this capital unless you have this
5 money?

6 MR. BASILIO: We require it in order to support just
7 and reasonable rates to support the level of capital.

8 I mean, this for us is not a question of, you know,
9 could you go out and borrow a gazillion dollars to finance
10 this.

11 This is about just and reasonable rates support for
12 the capital investment that's, you know, with the exception
13 of some of the differences between M-factor and ICM that we
14 have articulated in the application is very much consistent
15 with Board policy.

16 So our view is we require it, and particularly
17 considering the experience of the last two ICM
18 applications.

19 MR. SHEPHERD: Yeah, I guess what I'm asking about is
20 not whether you think you need more money, but whether you
21 are able to provide some evidence that if you don't get
22 more money, you won't have enough money for your capital
23 plan.

24 MR. BASILIO: We won't have enough rate supported
25 financing for our capital plan. That's the nature of this
26 application. That's the totality of the evidence, really.

27 MR. SHEPHERD: Okay. So you have told us what your
28 forecast ROE is for the next five years, right?

1 MR. BASILIO: No.

2 MS. BUTANY-DESOUZA: No, we have not.

3 MR. BASILIO: No we have not.

4 MR. SHEPHERD: Okay, why not? If your ROE is really
5 high, then you don't need more money, right?

6 MR. BASILIO: But, Mr. Shepherd, again -- you know, I
7 think this is starting to border on policy argument.

8 All I will offer is that we filed a MAADs application,
9 and we received a MAADs decision. I think I made my opening
10 remarks around this. That decision was predicated largely
11 on a balance articulated in the Board's MAADs policy, and
12 some of the steps here and the relief valves -- I am not
13 telling you any tales out of school, but let's get it on
14 the record.

15 Shareholders retain the merger benefits for up to a
16 10-year rebasing deferral period. To the extent that there
17 are excess earnings, which I suggest -- and this is in our
18 MAADs decision as well. The Board is taking the view in
19 years six to ten to the extent that your earnings are
20 exceeding 300 basis points above the regulated return, then
21 those earnings should be shared 50-50 with customers.

22 So, you know, it's a balancing mechanism, right? It's
23 to incent mergers, to allocate the benefits appropriately
24 depending on who is taking the risks, and to provide
25 release valves to the extent that, you know, there are
26 excess earnings available, you know, and, you know, I mean,
27 I know, and I think it is evident that, you know,
28 intervenors are not necessarily pleased with that policy,

1 but that is, you know, that's the policy and that was our
2 expectation.

3 It was an acknowledged expectation in the Board's
4 decision on our MAADs application, and so I think, you
5 know, I think we're filing here on a basis that is entirely
6 consistent with our MAADs decision that, you know, I think
7 is entirely consistent largely with Board policy, save some
8 of the nuances between M-factor and ICM that we have
9 articulated.

10 So it is required, in my view it is required, and, you
11 know, I don't really have anything else to say about the
12 nature of that statement.

13 MR. SHEPHERD: So I am going to ask you to file your
14 most recent forecast of your regulatory earnings for the
15 period 2020 to 2024 to show that regulatory earnings,
16 including all synergies and including all transition costs,
17 what your shareholders will actually see --

18 MR. BASILIO: So we're not going to do that.

19 MR. SHEPHERD: Okay.

20 MR. BASILIO: Those synergies and savings are
21 specifically excluded from that calculation, per the MAADs
22 policy. Customers are not entitled to those savings unless
23 they're generating excess earnings as defined, as
24 ultimately resolved by the Board in our MAADs proceeding.

25 Those earnings, those transition costs, are not for
26 the account of customers for that period. So the
27 implication would be that somehow those savings should be
28 financing the capital within that period of time outside of

1 the boundaries that the Board established in its MAADs
2 decision.

3 So it would be, frankly, egregious, relative to that
4 decision, to provide that information. The context is
5 completely outside of Board policy in that decision.

6 MR. SHEPHERD: I wasn't asking you to agree to use
7 those earnings for capital spending. I was asking you not
8 to make them secret.

9 MR. BASILIO: They're not secret. We've provided -- I
10 believe we have provided in response to an interrogatory,
11 G-Staff 15, what this -- I mean, Indy, please clarify what
12 we responded to, but I think we provided this information.

13 And what I would offer is they're largely consistent
14 with what we provided in the evidence filed for the MAADs
15 application.

16 MR. SHEPHERD: Sorry, I --

17 MS. BUTANY-DESOUZA: Mr. Shepherd, we've provided our
18 total net synergies actual and forecast in response to G-
19 Staff 15.

20 MR. SHEPHERD: That's not what I asked for.

21 MS. BUTANY-DESOUZA: You asked that they not be kept a
22 secret.

23 MR. SHEPHERD: No.

24 MS. BUTANY-DESOUZA: And I am telling you that they
25 are not a secret and that they've been provided in Alectra
26 Utilities' response to G-Staff 15.

27 MR. SHEPHERD: I asked you to provide your forecast
28 financial results.

1 MS. BUTANY-DESOUZA: I believe --

2 MR. SHEPHERD: To see how much money you're making.

3 MS. BUTANY-DESOUZA: I believe Mr. Basilio has
4 responded to that.

5 MR. SHEPHERD: All right. I want you to go then, if
6 you could, please, to SEC 57.

7 So we asked you in SEC 57 to estimate the impact of
8 your M-factor for GS over 50 kilowatt customer on average
9 with a demand of 100 kilowatts. This is relatively roughly
10 representative of a typical school.

11 So you have said, for example, in Table 1 that for a
12 customer like this in the Horizon territory it would be in
13 that five years \$818.

14 Am I right that these M-factor rate riders would
15 continue until 2028? Or 2027, I guess?

16 MS. BUTANY-DESOUZA: 'Til 2026.

17 MR. SHEPHERD: Okay. So there is another two more
18 years, right?

19 MS. BUTANY-DESOUZA: Yes.

20 MR. SHEPHERD: Or three more years.

21 MS. BUTANY-DESOUZA: Two.

22 MR. SHEPHERD: So 2026?

23 MS. BUTANY-DESOUZA: Two years.

24 MR. SHEPHERD: Okay. Another two years. And you are
25 also anticipating that you will continue the M-factor in
26 2025 and 2026 with additional spending, right?

27 MS. BUTANY-DESOUZA: So these riders, if approved,
28 would continue until 2026, and at the end of this DSP term

**REFUSALS TO
QUESTIONS b AND c

POLICY**

1 the focussed areas previously mentioned towards getting to
2 a sustainable level of investment by 2030.

3 Deferral will increase impacts to customers in both
4 financial and reliability terms, and is the snow-plough
5 effect that I referred to earlier in my presentation.

6 Thank you. And now I am going to turn it over to Ms.
7 Indy Butany-DeSouza.

8 **PRESENTATION BY MS. BUTANY-DESOUZA:**

9 MS. BUTANY-DeSOUZA: Thank you, Max. Good morning,
10 panel.

11 This morning, I will be speaking about the capital
12 funding mechanism that Alectra has proposed to address the
13 ongoing under-funding of capital investment in Alectra's
14 distribution system.

15 The M factor is Alectra's proposal to solve a critical
16 problem that we face: the \$55 million average annual gap
17 between the capital investments our systems require and
18 that our customers want us to undertake, and what we can do
19 with the funding available in our base rates.

20 In the past two applications, the OEB has attempted to
21 reconcile the needs of Alectra's customers with the
22 available funding. But the result has been the under-
23 investment in the distribution system.

24 For the 2018 and the 2019 rate years, Alectra brought
25 forward requests for capital funding using the incremental
26 capital module. The outcome of those applications were
27 significant reductions to the important capital investments
28 that we need, not because of any issue with the investments

1 themselves, but because they did not satisfy some aspect of
2 the ICM framework.

3 In particular, the Board was not satisfied that all of
4 the projects proposed were individually material in the
5 scheme of Alectra's overall capital budget. However, when
6 combined, the cost of those projects is in fact very
7 material, and Alectra cannot bear the costs of those
8 unfunded investments over the ten-year rebasing deferral
9 period.

10 In addition, the annual exercise of bringing forward a
11 multi-project ICM application is, by its nature,
12 inefficient. Annual ICM applications from Alectra consume
13 a significant amount of resources, both at the Board and
14 the utility. There's little to no benefit to the Board or
15 Alectra's customers from all of this effort, since a large
16 part of Alectra's second ICM application consisted of
17 reviewing the second phase of projects already approved in
18 the prior year.

19 These issues are the result of Alectra's unique
20 situation, and I can't stress that fact enough, that our
21 situation is that: unique. The amalgamation of five LDCs,
22 a ten-year rebasing deferral period, combined with
23 Alectra's experience to date under ICM. And the result for
24 our customers is that our distribution system performance
25 is suffering.

26 There are seven more years until Alectra expects to
27 rebase, and as Mr. Basilio and Mr. Cananzi have
28 demonstrated, neither our customers nor Alectra can afford

1 to continue with the default approach to funding capital
2 investment over those seven years. To do so would
3 undermine the physical sustainability of our distribution
4 system.

5 In Alectra's view, it is incumbent upon the utility to
6 propose an alternative form of capital funding that will
7 allow us to make the investments that our customers need
8 and want as set out in our distribution system plan, and to
9 maintain the financial basis of our merger.

10 Our proposed solution to these issues is the M factor,
11 and I will say that, clearly, being a marketer is not the
12 forte of a regulatory expert. The M factor would provide
13 capital funding that fills the gap between the unified
14 capital plan that Mr. Cananzi has presented and the level
15 of capital funding provided by existing distribution rates
16 during the DSP period.

17 The slide before you provides an overview of the
18 elements of the M factor calculation and the bill impact of
19 the resulting riders. The details of the M factor
20 calculation are included in our pre-filed evidence at
21 Exhibit 2, tab 1, schedule 3. And as you can see, the
22 basis of the M factor is in fact the ICM formula. The
23 M factor formula, like the ICM and the ACM, is a
24 calculation based on the maximum eligible capital value,
25 which is the difference between the capital expenditures
26 forecasted in our distribution system plan for 2020 to 2024
27 and the materiality threshold.

28 The M factor materiality threshold is calculated using

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:

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

1 would have been based on its review of the totality of
2 evidence, which included a merger business plan.

3 I certainly can't speak for the Board, though.

4 MR. SHEPHERD: Okay. So I would like you to go to SEC
5 43.

6 MS. BUTANY-DESOUZA: We have it.

7 MR. SHEPHERD: So we had this discussion back and
8 forth about whether M-factor and ICM are essentially the
9 same. And basically, as I understood it, the M-factor is
10 the same as the ICM for MAADs situations, as you understand
11 it, except that it is on an envelope basis for five years,
12 right?

13 MS. BUTANY-DESOUZA: Right. Assuming that it is as
14 set out in the MAADs policy and the MAADs handbook, which
15 is for normal and expected capital.

16 MR. SHEPHERD: Okay. So what I would like to ask
17 is -- you've said that they're identical based on that
18 interpretation. You know what the Board's interpretation
19 was in 2018 and 2019.

20 Can you, please, calculate your M-factor claim if the
21 2018 and 2019 ICM rules are applied to your M-factor?

22 MR. KEIZER: I don't think that's the proposal that
23 Alectra has before it, and it's not applying on the basis
24 of what the 2018 and 2019 would be. Nor should it be
25 interpreting as to how the Board would receive it, if it
26 was applied for on that basis.

27 MR. SHEPHERD: I just want to know how much more money
28 you're asking for.

1 MR. BASILIO: I think we've provided the basis on
2 which we're, you know, we're making the comparison between
3 M-factor and ICM and it's under the assumptions that Ms.
4 Butany just articulated, which are consistent with the
5 policy she referenced.

6 So I don't know -- I am not sure what more we can
7 offer there, frankly. You're asking for a completely
8 different basis of comparison for a different method of
9 filing. That is not what is before the Board today.

10 MR. SHEPHERD: Yes.

11 MR. BASILIO: And we provided an interrogatory
12 comparisons.

13 MR. SHEPHERD: What I am asking for is how much more
14 money are you asking for than you would otherwise get under
15 the ICM as currently interpreted by the Board.

16 If you are not willing to tell the Board that, that's
17 fine. I am just -- I had to ask the question.

18 MR. KEIZER: I understand, and the answer is we don't
19 know because it would be to the Board to interpret it and
20 to apply its own rules. It is not a formulaic thing. So
21 as a result, we don't have that number.

22 MR. SHEPHERD: Well, see, the Board said in its
23 procedural order that it is a formulaic thing.

24 MR. KEIZER: Certainly the IRM is, but not the ICM,
25 not as they applied it in the 2018-19 decision.

26 MR. SHEPHERD: Okay. So in SEC 45, on the second page
27 you say -- and you say this lots of places -- that Alectra
28 Utilities requires the funding available through the M-

G-Staff-4

Reference: Exhibit 5, Attachment 3, M-factor Revenue Requirement

Alectra Utilities provided the following table in the “Summary by RZ” tab within the Attachment 3 excel workbook:

Capex	2020	2021	2022	2023	2024	2020-2024
Horizon	11,863,042	10,953,468	9,264,384	3,521,255	11,814,192	47,416,342
Brampton	9,696,860	2,188,555	6,646,395	3,730,434	3,765,279	26,027,522
PowerStream	23,015,003	16,054,205	15,402,786	32,752,595	23,331,583	110,556,171
Enersource	6,591,094	5,532,703	8,810,404	7,760,537	23,132,111	51,826,849
Guelph	133,500	1,278,753	1,336,164	612,820	745,233	4,106,470
Multiple	1,374,474	7,646,447	10,563,570	3,691,393	1,752,933	25,028,816
	52,673,973	43,654,130	52,023,703	52,069,034	64,541,330	264,962,171

- a) Please provide a breakdown by rate zone of all the individual projects that are to be funded by the M-factor.
- b) Please explain how Alectra Utilities determined which projects would be funded through the M-factor and which projects would be funded through Alectra Utilities’ base rates.
- c) If the M-factor is not approved, please confirm that the projects listed in part a) are the projects that would not proceed absent M-factor funding. Otherwise, absent any M-factor funding, please explain Alectra Utilities’ methodology for choosing the projects it would defer.

Response:

- 1 a) Tables 1-4 include all capital investments proposed for M-Factor funding provided by rate
- 2 zone including a set of projects applicable to all rate zones labeled as Multiple.

3

4 **Table 1 – Proposed M-Factor Funded Capital Investments for Horizon Rate Zone (\$MM)**

Project	Investment (\$MM)
Deerhurst MS Voltage Conversion	\$7.8
HaLRT_ New Stirton Feeder for TPSS#4 and 8852X load shedding	\$4.8
Dewitt MS Voltage Conversion	\$4.1
Eastmount MS Voltage Conversion	\$3.8
Aberdeen MS Voltage Conversion_2020 to 2022	\$3.3
Galbraith MS Voltage Conversion	\$3.3

Rear Lot Conversion - Marsdale	\$3.1
Elmwood MS Voltage Conversion	\$2.8
Rear Lot Conversion - Richlieu Dr and Trelawne Dr	\$2.4
North Central feeders capacity (Carlton TS to Lakeshore/Lake) relief	\$2.0
Montgomery Dr Voltage Conversion and Rear Lot Relocate ANC	\$1.8
Waterdown 3rd Feeder	\$1.7
Vansickle TS True-up Payment	\$1.6
Rear Lot Conversion - Strathcona Dr	\$0.9
2D7X Pimlico Dr - Voltage Conversion and Rear Lot	\$0.6
Nebo TS 27.6kV True-up Payment	\$0.5
New WiMAX Communications System - West	\$0.5
Facilities Reno John St Roof Deck	\$0.4
Fleet_2023_West_Vehicle_Replacement_Bucket Truck_1-354	\$0.4
Fleet_2020_West_Vehicle_Replacement_Step Vans	\$0.4
Fleet_2024_West_Vehicle_Replacement_Pickups	\$0.2
SS-2019-Installation of SWI Video security system at 4 MS stations per year	\$0.2
Fleet_2020_West_Vehicle_Replacement_SUVs_1-268,1-226,1-227	\$0.1
Fleet_2023_West_Vehicle_Replacement_Pickups	\$0.1
Fleet_2023_West_Vehicle_Replacement_Trailer	\$0.1
SS-Driveway Paving- Various Stations -WEST	\$0.1
Fleet_2024_West_Vehicle_Replacement_Forklift	\$0.1
Fleet_2023_West_Vehicle_Replacement_Pole Trailer_1-405	\$0.1
Fleet_2022_West_Vehicle_Replacement_Trailers	\$0.1
SS-2019-Station LED Lighting Upgrades - West	\$0.1
Total Horizon Rate Zone	\$47.4

1

2 **Table 2 – Proposed M-Factor Funded Capital Investments for Brampton Rate Zone (\$MM)**

Project	Investment (\$MM)
Goreway TS Expansion (CCRA) - 10 Yr True-Up Payment	\$5.6
MS-12 Hansen Rd 4.16kV Voltage Conversion	\$5.5
MS-2 Church St 4.16kV Voltage Conversion	\$4.4
42M69 Feeder Extension Williams Pkwy - Main St to Kennedy Rd	\$1.1
Cable Injection Project - (F4-G4) - Main - Steeles - Chinguacousy - Queen, Brampton	\$1.1
Cable Replacement Project - (F4-G4) - Main - Steeles - Chinguacousy - Queen, Brampton	\$1.0
136M6 Goreway TS Extensions	\$1.0
Cable Injection Project - (F3-G3-H3) - Phase 2, Brampton	\$0.8
Fleet_2024_Central North Vehicle Replacement_Reel Carriers	\$0.7
Facilities_2022_Reno_Sandalwood - CDM Relocation from Jane	\$0.6

Cable Injection Project - (G1) - Hwy 410 - Kennedy - Wanless - Main, Brampton	\$0.6
Fleet_2024_Central North Vehicle Replacement_S/Bucket	\$0.5
Fleet_2023_Central North Vehicle Replacement_S/Bucket 8910	\$0.5
Fleet_2020_Central North Vehicle Replacement-180 Loader	\$0.3
Fleet_2023_Central North Vehicle Replacement_Stake Trucks	\$0.3
New WiMAX Communications System - Central North	\$0.3
Fleet_2021_Central North Vehicle Replacement_Step Vans 6310	\$0.3
Fleet_2020_Central North Vehicle Replacement-Step Van 8108	\$0.2
SS-2019-Station LED Lighting Upgrades -EAST	\$0.1
136M9 Feeder Extension Castlemore Rd, Goreway Dr to McVean Dr	\$0.1
42M66 OH Feeder Egress Mississauga Rd, Bovaird to CNR	\$0.1
SS-2019-Upgrade to Station Facilities (Building / Civil work) MultiYear-EAST	\$0.1
Fleet_2023_Central North Vehicle Replacement_Trailer	\$0.1
42M64 Feeder Extension Mississauga Rd, Williams Pkwy to Queen / Embleton	\$0.1
JY TS1 Bus & Main Breaker Protections Replacement	\$0.1
Fleet_2021_Central North Vehicle Replacement_Vans	\$0.1
SS-2019-Driveway Paving- Various Stations-Program-EAST	\$0.1
Fleet_2022_Central North Vehicle Replacement_pick ups	\$0.1
Fleet_2023_Central North Vehicle Replacement_pick ups	\$0.1
Fleet_2021_Central North Vehicle Replacement Pick up 9514	\$0.1
Fleet_2020_Central North Vehicle Replacement-Van 5910	\$0.1
Total Brampton Rate Zone	\$26.0

Table 3 – Proposed M-Factor Funded Capital Investments for PowerStream Rate Zone (\$MM)

Project	Investment (\$MM)
Vaughan TS#4 Feeder Integration - Part 3	\$8.8
Residential Meter "ICON F" Meter Replacement Program - East	\$7.3
Install Two 27.6kV Ccts on 16th Ave from Hwy 404 to Woodbine Ave	\$5.5
Markham TS #4 Feeder Egress Part 3	\$4.9
Residential solar-storage	\$4.0
Rear Lot Supply Remediation - Royal Orchard - North	\$4.0
Install Double Cct Pole Line on Major Mackenzie - Hwy 27 to Huntington Rd	\$3.7
Bathurst Street Widening	\$3.4
Connection Cost Recovery Agreement (CCRA) – Midhurst TS – 15th Anniversary True-up	\$3.2
Cable Replacement - (V15) - Jardin Dr	\$2.9
Cable Replacement - (A02) - Steeplechase Ave	\$2.9

Cable Injection Project - (V17) - Langstaff - Keele - Rutherford - Dufferin, Vaughan	\$2.8
Install two additional 27.6 kV ccts on Hwy 7 from Jane St to Weston Rd	\$2.6
Rear Lot Supply Remediation - East of Queen St. to Eastern Ave./North of Greenway St.	\$2.6
Rear Lot Supply Remediation - Main Street / Unionville / Carlton	\$2.5
Cable Replacement Project - (V17) - Langstaff - Keele - Rutherford - Dufferin, Vaughan	\$2.4
New Barrie 20MVA Substation - Harvie	\$2.2
Rebuild 27.6 kV pole line for 4 Ccts on Warden Ave from Major Mack to Elgin Mills	\$2.2
Cable Replacement - (M33) - 16th Avenue and Village Parkway	\$2.1
27.6 kV Pole Line on 14th Ave from Hwy 48 to 9th Line	\$2.0
Aurora MS6 Expansion - (Year 1 of 2) - Design & Order Equipment	\$2.0
New Alliston 10MVA Substation - Industrial Parkway	\$1.9
Rear Lot - Gunn/Oakley Park/St.Vincent	\$1.8
Rear Lot - East of Queen Street/North of Mill Street	\$1.8
Cable Replacement – (Barrie) - Cook St and Steel St	\$1.7
Net Zero Energy Emissions	\$1.6
Two Ccts on Birchmount Rd from ROW to 14th Ave	\$1.6
Radial Supply Remediation/Conversion - 13.8 kV to 27.6 kV on Miller Ave	\$1.5
Cable Injection Project - (V50) - Hwy 7 - Kipling - Steeles - Hwy 27, Vaughan	\$1.5
Pole Line Installation Double Cct on Major Mack - Huntington Rd to Hwy 50	\$1.4
Install a new 4 ccts CNR yard overhead crossing on the south side of Hwy 7	\$1.4
Add one Additional 27.6 kV Cct on Major Mack Dr and 9th Line	\$1.3
Build double ccts 27.6kV pole line on 19th Ave between Leslie St and Bayview Ave	\$1.3
Cable Injection Project - (V25) - Major Mackenzie - Keele - Rutherford - Jane, Vaughan	\$1.3
Cable Injection Project - (V24) - Langstaff - Jane - Rutherford - Keele, Vaughan	\$1.3
Install 44kV & 13.8kV Bryne Drive	\$1.1
Cable Replacement - (Barrie) - Cundles Rd and Janine St	\$1.1
Cable Replacement Project - (V51) - Langstaff - Kipling - Hwy 7 - Hwy 27, Vaughan	\$1.0
Cable Replacement Project - (V24) - Langstaff - Jane - Rutherford - Keele, Vaughan	\$1.0
Fleet East 2024 Vehicle replacement - Cube Vans	\$0.7
Fleet East Unit # 75 83' Double Bucket	\$0.7
Cable Injection Project - (V51) - Langstaff - Kipling - Hwy 7 - Hwy 27, Vaughan	\$0.7
Fleet East Unit # 125, 83' Double Bucket	\$0.7
Install 2nd 27.6 kV Cct on Woodbine Ave from Elgin Mills Rd to 19th Ave	\$0.6

Cable Injection Project - (V31) - Langstaff - Weston - Rutherford - Jane, Vaughan	\$0.6
Hydro One Asset Purchase - Alliston	\$0.5
Redundant Fibre Path to Aurora MS#4 Sub-Station	\$0.5
Markham TS#2 Line Protections and HMI Upgrade - KDU-10 Replacement	\$0.5
Split the 1/0 loop on Cityview Blvd into two loops	\$0.5
Fleet East Unit # 61 Digger truck replacement	\$0.4
Vaughan TS#1 Bus Differential & Overcurrent Protections Upgrades	\$0.4
Dufferin St S, between MS431 and Albert St S, Alliston	\$0.4
Markham TS#1 Bus Differential & Overcurrent Protections Upgrades	\$0.4
Markham TS#3 Bus Differential & Overcurrent Protections Upgrades	\$0.3
Markham TS#2 Bus Differential & Overcurrent Protections Upgrades	\$0.3
Markham TS#1 T1/T2 "B" Overcurrent Protections and HMI Upgrade	\$0.3
Vaughan TS#2 Bus Differential and Overcurrent Protections Upgrade	\$0.3
Rear Lot Supply Remediation - Blake/Kempfenfelt	\$0.3
Fleet East 2024 Vehicle replacement - Extended Vans	\$0.2
Markham TS#2 T1/T2 "B" Differential Protections Upgrade	\$0.2
Vaughan TS#1 T1/T2 "B" Differential Protections Upgrade	\$0.2
Markham TS#3 T1/T2 "B" Differential Protections Upgrade	\$0.2
Richmond Hill TS#2 Upgrade Bus, Line & Transformer Protections	\$0.1
Aurora MS6 (AMS6) Transformer and Bus Protection Upgrade	\$0.1
New Three Sector WiMAX Node - MS305	\$0.1
Vaughan TS3 - Station Service Transfer Upgrade	\$0.1
Cityview microgrid enhancements	\$0.1
Vaughan TS#2 T1/T2 "B" Differential Protections Upgrade	\$0.1
Fleet East 2024 Vehicle replacement - Work Van	\$0.1
Fleet East 2024 Vehicle replacement Pickup truck 2500	\$0.1
Total PowerStream Rate Zone	\$110.6

Table 4 – Proposed M-Factor Funded Capital Investments for Enersource Rate Zone (\$MM)

Project	Investment (\$MM)
44kV New Feeder Extension Centre View Dr	\$6.5
Duke MS New 20 MVA Substation	\$6.2
27.6kV Feeder Extension Traders	\$5.5
Port Credit Village East New Feeders (Marina)	\$4.4
Left behind - ERZ	\$2.7
Clarkson Voltage Conversion 4.16-27.6kV (4 Sections)	\$2.7
Windjammer	\$2.7

Mini-Orlando MS 27.6kV Land Purchase	\$2.2
27.6kV New Feeders Lakeview Development	\$1.9
44kV Feeder Extension York/Meadowpine	\$1.8
13.8kV Feeder Extension 9th Line, Derry to Argentinia	\$1.2
Shelter Bay Rd.	\$1.1
QEW Expansion Dixie West OH Betterment	\$1.1
Truscott Plaza Voltage Conversion 4.16 - 27.6kV (3 Sections)	\$1.0
MS Transformer & HV Switchgear Replacement (ACA)Munden MS35 T1 & HV1	\$0.9
MS Transformer & HV Switchgear Replacement (ACA) Western MS36 T1 & HV1	\$0.8
Fleet_2024_Central South Vehicle Replacement-Step Vans	\$0.7
Mason Heights	\$0.7
Bough Beeches Blvd.	\$0.7
Station Switchgear Replacement (ACA) Bloor MS38 LV1	\$0.7
Fleet_2024_Central South Vehicle Replacement- Material Handler	\$0.6
Airport 88M5 & 88M7 HONI Purchase	\$0.5
Distribution Cable Replacement - Area of Erin Mills pkway. and South Millway	\$0.5
Fleet_2024_Central South Vehicle Replacement-209-09 S/bucket	\$0.5
Fleet_2023_Central South Vehicle Replacement-236-10 S/bucket	\$0.5
Fleet_2021_Central South Vehicle Replacement-210-09 S/bucket	\$0.5
New WiMAX Communication Network - Central South	\$0.4
Fleet_2024_Central South Vehicle Replacement-Vans	\$0.3
King St. Voltage Conversion & Loop (LRT Betterment)	\$0.3
Fleet_2022_Central South Vehicle Replacement-Step Vans	\$0.2
Fleet_2020_Central South Vehicle Replacement-Step Van	\$0.2
Fleet_2022_Central South Vehicle Replacement- Vans	\$0.2
Fleet_2024_Central South Vehicle Replacement-Trailers	\$0.2
SS-2019-Installation of SWI Video security system at 4 MS stations per year - Annual Program-CENTRAL	\$0.2
Fleet_2024_Central South Vehicle Replacement-Pick ups	\$0.2
Fleet_2022_Central South Vehicle Replacement-Pick ups	\$0.2
SS-2019-Station LED Lighting Upgrades -CENTRAL	\$0.1
SS-2019-Driveway Paving- Various Stations-Program-CENTRAL	\$0.1
Fleet_2024_Central South Vehicle Replacement-SUV	\$0.1
Fleet_2022_Central South Vehicle Replacement- SUV	\$0.1
Fleet_2020_Central South Vehicle Replacement -Vans	\$0.1
Fleet_2020_Central South Vehicle Replacement-Pick ups	\$0.1
Fleet_2024_Central South Vehicle Replacement-Van	\$0.1
Fleet_2021_Central South Vehicle Replacement- Van	\$0.1
Fleet_2021_Central South Vehicle Replacement- trailer	\$0.0

Fleet_2020_Central South Vehicle Replacement-SUV	\$0.0
Fleet_2023_Central South Vehicle Replacement-Bocat	\$0.0
Fleet_2023_Central South Vehicle Replacement- Arrowboard	\$0.0
Total Enersource Rate Zone	\$51.8

Table 5 – Proposed M-Factor Funded Capital Investments for Guelph Rate Zone (\$MM)

Project	Investment (\$MM)
GUELPH - Campbell TS 36M63 Feeder PHASE 2	\$1.2
GUELPH - Campbell TS 36M63 Feeder PHASE 1	\$1.2
GUELPH - Rear Lot Conversions	\$0.6
GUELPH - Southgate Dr to Maltby Rd O/H Extension	\$0.6
GUELPH - Arlen MTS - New Feeder	\$0.5
GUELPH - Capacitor Bank Installations	\$0.1
Total Guelph Rate Zone	\$4.1

Table 6 – Proposed M-Factor Funded Capital Investments for Multiple Rate Zone (\$MM)

Project	Investment (\$MM)
CC&B upgrade 2021 - 2022	\$13.3
Alectra Workforce Management Software	\$4.7
Alectra Drive at Home	\$2.7
Blockchain	\$2.4
Alectra Drive for the Workplace	\$0.8
Alectra Single Platform Website ongoing	\$0.3
Fieldworker Upgrade 2020	\$0.3
Back-end Automation (Orchestration Tool\Setup)	\$0.2
IT Innovation (ITx, 2024)	\$0.2
Total Multiple Rate Zones	\$25.0

b) Please see Alectra Utilities' response to G-Staff 9.

c) Alectra Utilities cannot speculate on potential investment options without the full context of the OEB's decision. As described in Exhibit 1, Tab 3, Schedule 1, pages 4-5, under-investing will 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.

- 1 In the event that Alectra Utilities is denied the M-factor, it will also have to file annual ICM
- 2 applications during the remainder of the rebasing deferral period.

1 MS. BUTANY-DESOUZA: That is not what the M-factor
2 says.

3 What the M-factor projects -- what we're seeking in
4 the M-factor is the ability, as Mr. Cananzi has indicated,
5 to use our good judgment, evaluate the situation, certainly
6 annually, perhaps more frequently. And as a result of
7 that, some of these projects may be accelerated, meaning
8 moved up in time, or pushed out over the five-year period.

9 The CIVA will true up at the end of that five-year
10 period accordingly, related to this list of projects.

11 MR. SHEPHERD: Take a look at table 1...

12 MS. BUTANY-DESOUZA: Sorry, which -- oh, you're taking
13 me back to Staff 4.

14 MR. SHEPHERD: So table 1 has DeWitt voltage
15 conversion.

16 MS. BUTANY-DESOUZA: Correct.

17 MR. SHEPHERD: So let's say you decide -- let's say
18 that is going to be in year four and you decide, wait a
19 second, we have a different station on Barton Street that
20 we have to convert. We didn't think we were going to have
21 to do it until 2029, but now we have to do it today.

22 Then that's not interchangeable, right? That is just
23 not funded.

24 MS. BUTANY-DESOUZA: That's correct. We've specified
25 the list of projects in these five tables and -- oh, six --
26 in these five tables by rate zone, and then obviously table
27 6, multiple rate zones, and that is how we've set it up.

28 MR. SHEPHERD: Okay. So then let me ask you to go

1 through this list -- and you can do it by undertaking, go
2 through this list and find out, if this were a straight-
3 forward ICM application, which ones would be in it under
4 the rules as the Board has set out in 2018 and 2019.

5 MR. KEIZER: We're not prepared to do that.

6 MR. SHEPHERD: Because?

7 MR. KEIZER: Because that's not the application that
8 is before the Board.

9 MR. SHEPHERD: And you don't think that it would be
10 useful to the Board to have comparative information between
11 its existing policy and your new proposal?

12 MR. KEIZER: Well, one, I don't think we should put
13 ourselves in the position of the Board to make a decision
14 as to what it believes will be in or out, based upon how it
15 interpreted the ICM in the last two decisions, recognizing
16 that those past panels don't necessarily bind this panel.

17 And I think that it wouldn't be reflective of what we
18 would think the Board would do. And it would simply just
19 be speculation on our part as to what the Board would do.

20 MR. SHEPHERD: So I will go at this a different way.
21 If you look at page 2, about halfway down that first table,
22 you'll see "facilities reno, John Street roof deck,
23 \$400,000."

24 I am assuming you would agree that that is not an ICM-
25 qualified project?

26 [Witness panel confers]

27 MR. KEIZER: I think whether you take the projects
28 individually or whether you go through all of the tables at

1 one time, I think it is the same situation.

2 MR. SHEPHERD: Sorry, you're refusing to answer even
3 that?

4 MR. KEIZER: Well, I guess the question is are you
5 going to go through this project by project to get to the
6 same result that we have already refused?

7 MR. SHEPHERD: I am going to go through some examples.

8 MR. KEIZER: And I think the same issue applies with
9 respect to what we think the Board may or may not have
10 done, if this Board had before it an ICM application, which
11 it does not have.

12 MR. SHEPHERD: So you are refusing to answer that?

13 MR. KEIZER: Yes.

14 MR. SHEPHERD: All right. Let me go at this another
15 different way.

16 What's Deerhurst MS, municipal station, where is that?
17 It's the first one in table 1.

18 MR. WASIK: It is in the legacy Horizon rate zone.

19 MR. SHEPHERD: Yes. Where is it? The only Deerhurst
20 I know is in northern Ontario. I assume that is not yours?

21 MR. WASIK: No, it's in the Hamilton area.

22 MR. SHEPHERD: All right. And can you tell us about
23 that project?

24 MR. WASIK: I can. I can bring up the business case
25 for it.

26 MR. SHEPHERD: I don't need you to go through the
27 evidence. I just need a short explanation.

28 MR. KEIZER: Well, not all projects may be top of

1 mind.

2 MS. BUTANY-DESOUZA: As you've identified, Mr.
3 Shepherd, there's 194 projects here. There's more projects
4 in the DSP. Mr. Wasik just needs a minute to turn up his
5 evidence.

6 MR. SHEPHERD: Which is fine. I just don't want him
7 to start reading the evidence.

8 MR. WASIK: What specifically are you looking for, in
9 terms of that particular project, Mr. Shepherd?

10 MR. SHEPHERD: I am trying to figure out whether it
11 would qualify for ICM.

12 MR. BASILIO: Mr. Shepherd, I think I can deal with
13 this right now.

14 All of the projects in that list, in our view, would
15 qualify for ICM, based on the Board's policies.

16 MR. SHEPHERD: Okay. But you know that the Board
17 wouldn't approve them. In fact, you wouldn't even put them
18 in an application.

19 MR. BASILIO: I think our counsel just spoke to the
20 notion that, you know, past Board decisions don't bind them
21 in the future. Certainly we found that in the 2018
22 decision, Board decisions don't necessarily need to align
23 to policy.

24 So I don't know. We've got an application before the
25 Board with appropriate rationale. That's what we're
26 seeking approval for. And we can go through all 194, but
27 my statement applies to -- I think that would be a waste of
28 time, frankly.

**REFUSAL TO
QUESTION e**

RELIABILITY

G-Staff-69

Reference: Exhibit 4, Tab 1, Schedule 1, Pages 107-110 of 438

Alectra Utilities provides the following tables on SAIDI and SAIFI metrics:

Table 5.2.3 - 5: Alectra Utilities' SAIDI, SAIDI Excluding MEDs, LOS Results from 2014 to 2018					
Metric (Hours)	2014	2015	2016	2017	2018
SAIDI	1.30	1.42	1.66	1.10	1.87
SAIDI - Excluding MEDs	0.88	1.05	0.96	0.87	1.14
SAIDI - Excluding LOS	1.12	1.35	1.24	1.03	1.66
SAIDI - Excluding MEDs and LOS	0.84	1.00	0.83	0.80	1.04

Table 5.2.3 - 7: Alectra Utilities' SAIFI, SAIFI Excluding MEDs, LOS results from 2014 to 2018					
Metric (Number of Outages)	2014	2015	2016	2017	2018
SAIFI	1.51	1.59	1.43	1.34	1.8
SAIFI - Excluding MEDs	1.27	1.41	1.24	1.23	1.53
SAIFI - Excluding LOS	1.40	1.38	1.24	1.22	1.57
SAIFI - Excluding MEDs and LOS	1.21	1.23	1.09	1.11	1.33

Regarding the two tables, Alectra Utilities states:

Figure 5.2.3 - 2 and Table 5.2.3 - 5 illustrate an increasing system average interruption duration trend at Alectra Utilities (including its predecessors) since 2014. The five year SAIDI measure indicates a 16% increase on annual average system outage duration that Alectra Utilities customers' service was interrupted. When MEDs are excluded, the 2018 SAIDI measure indicate a 8% increase in annual outage duration since 2014. This trend is not acceptable to Alectra Utilities.

Additionally:

Figure 5.2.3 - 3 and Table 5.2.3 - 7 illustrate a trend of increasing system average interruption frequency at Alectra Utilities (including its predecessors) over the five year period from 2014 to 2018. The five year SAIFI measure indicates a 6% increase on annual average system outage frequency that Alectra Utilities customers' service was interrupted. When MEDs are excluded, the SAIFI measure also indicate a 6% increase in annual outage duration since 2014. This trend is not acceptable to Alectra Utilities.

- The 2018 reported SAIFI and SAIDI figures are higher than the previous years shown in the table. If a start date of 2014 and end date of 2017 are used, all reliability trends appear to be improving. In which year did the alleged trends in deteriorating reliability begin?
- What factors caused the 2017 SAIDI and SAIFI measures to be low, and what factors caused the 2018 SAIFI and SAIDI measures to be high (relative to the 5 year average)?

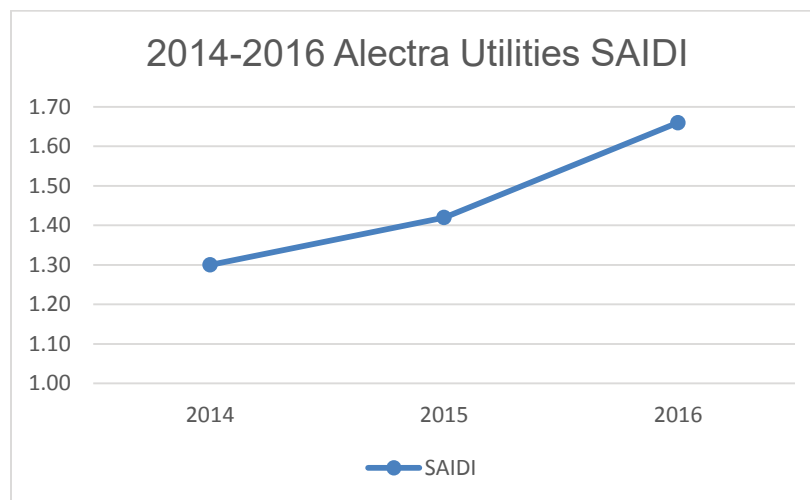
c) How does Alectra Utilities account for the variance in reliability metrics around the multi-year mean and the alleged signaling of an upwards trend?

d) Please provide 10 years of historical SAIFI and SAIDI data for Alectra Utilities and its predecessor utilities.

Response:

a) Alectra Utilities presents Figure 1, below, which provides the SAIDI results from 2014 to 2016. Based on the trends identified over this period, the deteriorating trends in reliability began in 2014 and continued through to 2016. Alectra Utilities' customers experienced better than average SAIDI results in 2017 and substantially worse than average SAIDI result in 2018.

Figure 1 - Alectra Utilities 2014-2016 SAIDI



b) Figure 2, below is a comparison of cause codes for 2017 and 2018 against the five-year average based on the number of customer interruptions (SAIFI).

Figure 3, below, provides a comparison of Customer Hours of Interruption (SAIDI) for 2017 and 2018 against a five year average.

Figure 2 and 3 clearly illustrate that outages as a results of Defective Equipment, Adverse Weather, Tree Contacts, Loss of Supply, as well as Unknown outages are higher in 2018 than 2017, as well as the 5-year reliability average.

Figure 2 -Number of Customer Interruptions 2017 and 2018 versus 5 Year Average

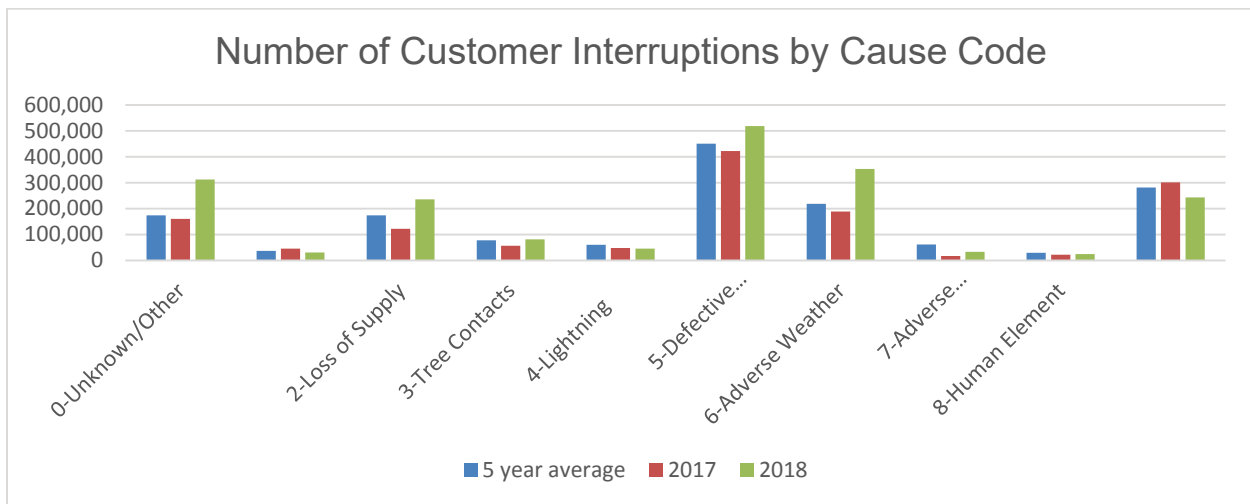
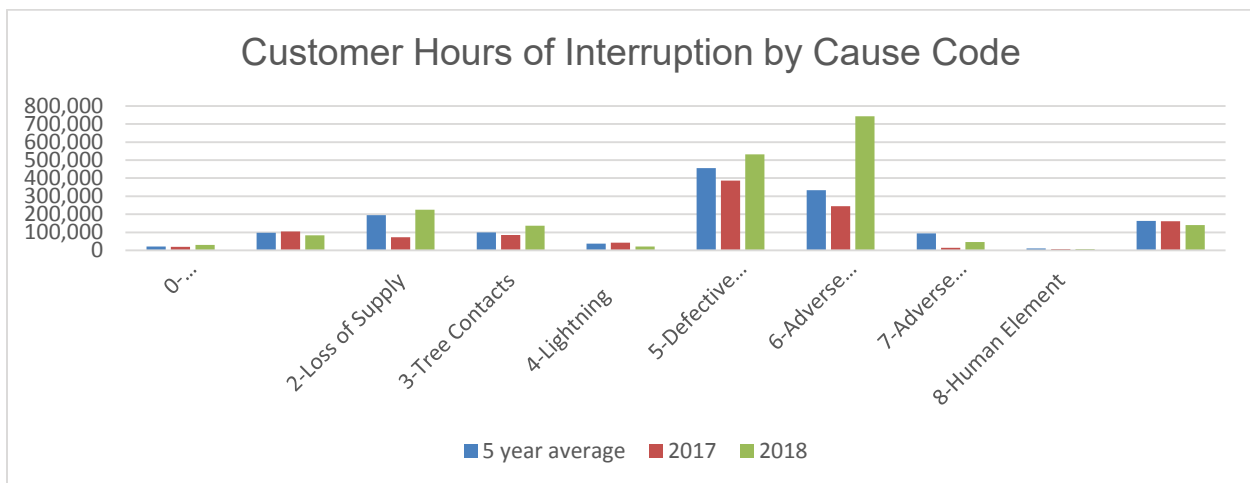


Figure 3 - Customer Hours of Interruption 2017 and 2018 versus 5 Year Average

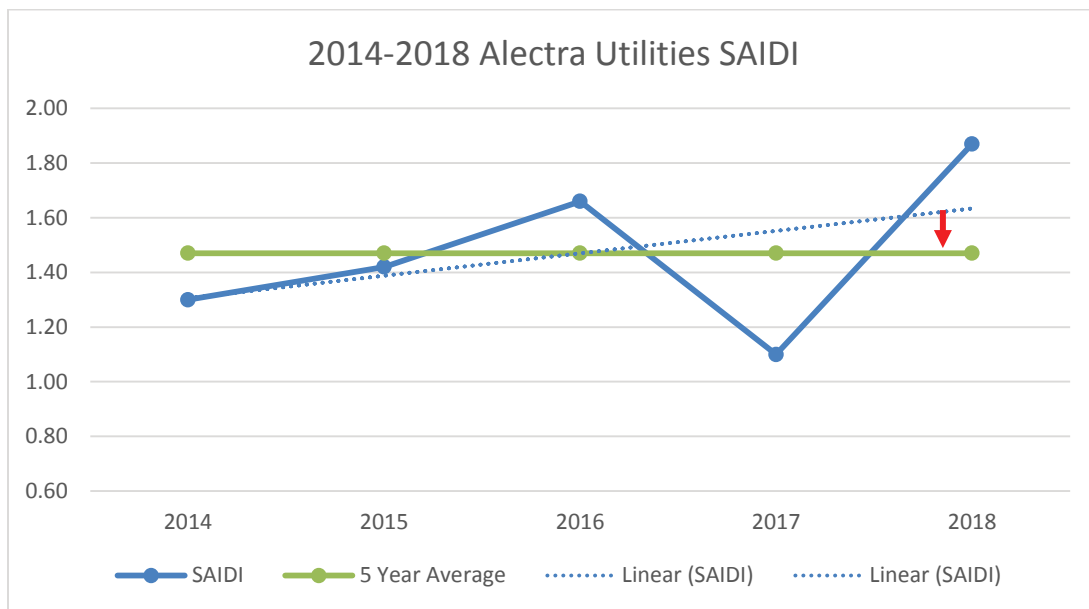


c) Alectra Utilities reviewed the 5-year mean against the trend line prediction as provided in Figure 4, below. As described in Section 5.2.3, subsections C.1.1 and C.1.2 (Exhibit 4, Tab 1, Schedule 1, Page 107 to Page 111), through the implementation of capital investments

proposed in the DSP, Alectra Utilities seeks to maintain reliability levels to historical (i.e. 5-year average) SAIDI and SAIFI levels.

For customers experiencing poor reliability beyond the system average, Alectra Utilities has established plans to address the deteriorated and failing distribution assets in order to improve reliability to a minimum of overall historical system levels, which reflects the needs, priorities and preferences of customers. As provided in response to part a), Alectra Utilities' customers have been experiencing a negative trend in worsening reliability. Alectra Utilities has assessed the root causes of the negative trend in reliability and has established plans reverse this trend by addressing the leading causes of outages (i.e. defective equipment and adverse weather).

Figure 4 - 2014-2018 Alectra Utilities SAIDI



- d) The ten-year historical SAIDI of Alectra Utilities and its predecessors is provided in Table 1, below. The ten-year historical SAIFI of Alectra Utilities and its predecessors is provided in Table 2, below. For years prior to 2014 this data is based on the historical OEB Scorecards of Alectra Utilities' predecessor utilities.

Table 1 - SAIDI Hours for Alectra Utilities and Predecessor Utilities (2009-2018)

SAIDI - Hours										
Territories	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Alectra Central South	0.57	0.55	0.72	0.70	5.34	0.67	0.72	0.81	0.71	1.72
Alectra Central North	0.72	0.46	0.68	0.76	10.46	0.57	0.72	0.45	0.48	0.72
Alectra West	0.69	1.15	2.23	1.45	4.97	2.18	1.77	1.64	1.47	2.96
Alectra East	1.59	0.54	1.05	1.16	10.67	1.45	1.99	2.74	1.44	1.95
Alectra South West	0.21	0.33	1.70	1.34	3.37	0.75	0.57	1.08	0.47	0.50
Alectra Utilities						1.30	1.42	1.66	1.10	1.87

Table 2 - SAIFI Hours for Alectra Utilities and Predecessor Utilities (2009-2018)

SAIFI										
Territories	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Alectra Central South	0.92	1.10	1.54	1.71	2.72	1.13	1.64	1.13	1.20	1.94
Alectra Central North	1.03	0.76	1.05	1.27	3.64	0.95	1.22	0.72	0.70	0.94
Alectra West	1.12	1.55	1.74	1.95	2.09	1.91	1.92	1.98	1.86	2.85
Alectra East	1.07	0.80	1.00	1.70	2.49	1.71	1.52	1.41	1.35	1.48
Alectra South West	0.50	0.75	1.51	2.50	3.95	1.30	1.53	2.19	1.30	1.20
Alectra Utilities						1.51	1.59	1.43	1.34	1.80

1 MR. WASIK: Yes.

2 MR. SHEPHERD: Okay. So you have a line for gross
3 SAIDI, and then you have a line excluding major event days
4 ad a line excluding loss of service and then a line
5 excluding both of them, right?

6 MR. WASIK: Correct.

7 MR. SHEPHERD: And major event days are sort of not
8 really within your control, right?

9 MR. WASIK: That's correct.

10 MR. SHEPHERD: And similarly with loss of service?

11 MR. WASIK: To some extent, Mr. Shepherd, we believe
12 that there are some solutions we can put in place to
13 mitigate the impacts of loss of supply service on our
14 customers.

15 MR. SHEPHERD: But generally speaking, loss of supply
16 is generally treated as a cause external to the
17 distributor. You can make it better a little bit, but it's
18 not something that you cause?

19 MR. WASIK: I would agree with you, Mr. Shepherd.
20 It's not something that we would have caused, but it is
21 something that we believe that we can help, and then we
22 have put in place plans to be able to address and restore
23 customers as a result of loss of supply outages.

24 MR. SHEPHERD: So now I have two questions about this
25 table. In your response to the interrogatory you talk
26 about the increases in -- or the deterioration of your
27 reliability.

28 And I looked at the SAIDI, excluding major event days

1 and loss of supply, and I thought, well, no, that actually
2 the trend there is not upwards. The trend is about flat.

3 And similarly in SAIFI, excluding major event days and
4 loss of supply, that also appears to be relatively flat.
5 Isn't that correct?

6 MR. WASIK: Do you have a reference of that graph that
7 you mention --

8 MR. SHEPHERD: No. I am just looking at it. You
9 haven't put that graph in, so that's why I asked, because I
10 am looking at the line 121, 123, 109, 111, 133. That does
11 not sound like a growing problem. That sounds like it goes
12 up and down a little bit every year.

13 MR. WASIK: Well, I think, Mr. Shepherd, you can see
14 that, you know, specifically looking at the SAIFI you're
15 seeing 109, 111, 133, you're seeing that it is increasing
16 from 2016 to 2018.

17 MR. SHEPHERD: But from 2014 to 2016 it went down.

18 MR. WASIK: Yes. So there are some reductions in 2014
19 and 2015, but the trend that we're seeing from, '16, '17,
20 '18 is on the way up. In fact, you will note that 2018 was
21 one of the highest years.

22 MR. SHEPHERD: Okay. So do you have the data for 2010
23 to 2013?

24 MR. WASIK: No. We were searching for that specific
25 data, but as we mentioned in our previous responses,
26 Alectra was only formed in 2017. And so to consolidate
27 that particular data was not available within the data in
28 the systems.

1 MR. SHEPHERD: Well, 2014-2016 you were also not
2 together, but you still managed to do those ones.

3 MR. WASIK: That's correct. So we were able to
4 extract data from those particular years, but not going
5 further back from the existing systems.

6 MR. SHEPHERD: And why is that?

7 MR. WASIK: There's a level of retention of data that
8 we had in our systems that we were able to extract and
9 derive from, and it was very difficult to find the data
10 prior to that.

11 MR. SHEPHERD: This is data that you report to the
12 Board. So it's actually -- it's actually data that the
13 Board has.

14 MR. WASIK: We're talking about aggregating the data
15 for Alectra.

16 MR. SHEPHERD: Yes. So you have the PowerStream
17 SAIDI, and in fact, I can look it up. And you have the
18 Enersource SAIDI for 2010 to 2013. Why can't you put them
19 together?

20 MR. WASIK: We can provide the predecessor utility
21 information back, but from an aggregate standpoint to bring
22 them all together under a consolidated amount, that would
23 be very difficult for us to provide.

24 MR. SHEPHERD: Okay. Well, what's the formula you use
25 to do that? Is it a weighted average?

26 MR. WASIK: No.

27 MR. SHEPHERD: What is it then?

28 MR. WASIK: We would add up the customer minutes.

1 MR. SHEPHERD: Okay. So you have all of the data for
2 that, for 2016 -- 2014 to 2016?

3 MR. WASIK: That's correct.

4 MR. SHEPHERD: Can you show us the calculations then
5 for those years?

6 MR. WASIK: You're asking for the breakout of those
7 particular reliability --

8 MR. SHEPHERD: I am asking how you got to these
9 numbers.

10 MR. WASIK: Sure.

11 MR. SHEPHERD: It's a spreadsheet, right?

12 MR. WASIK: Yes.

13 MR. SHEPHERD: Can you file it, please?

14 MR. KEIZER: Sorry, for '14 through '16?

15 MR. SHEPHERD: Yes.

16 MR. MURRAY: That will be Undertaking JT1.2.

17 **UNDERTAKING NO. JT1.2: TO FILE THE SPREADSHEET OF**
18 **CALCULATIONS FOR 2014 THROUGH 2016 THAT BACKS UP**
19 **TABLES 5.2.3-5 AND 5.2.3-7.**

20 MR. SHEPHERD: Because then we will just go to the
21 yearbooks and we will insert into your spreadsheet the data
22 from the yearbooks.

23 MR. WASIK: I'm sorry, Mr. Shepherd. Can you repeat
24 what you just asked me?

25 MR. SHEPHERD: I said I want the spreadsheet that
26 backs up this table.

27 MR. WASIK: That's not a problem. We can provide that
28 for you, Mr. Shepherd.

1 MR. KEIZER: But my understanding was that they derive
2 the numbers based on customer minutes, that previous to the
3 2014 they didn't have the customer minutes. So I am not
4 sure it is as easy to take the spreadsheet and populate the
5 numbers --

6 MR. SHEPHERD: Because they report the customer
7 minutes to the Board, right, and the Board reports them
8 publicly.

9 MR. WASIK: Yes, so just so I am clear, Mr. Shepherd,
10 we're going to provide you the data that backs up the
11 specific numbers as pertains to the Tables 5.2.3-5 and
12 5.2.3-7 for you.

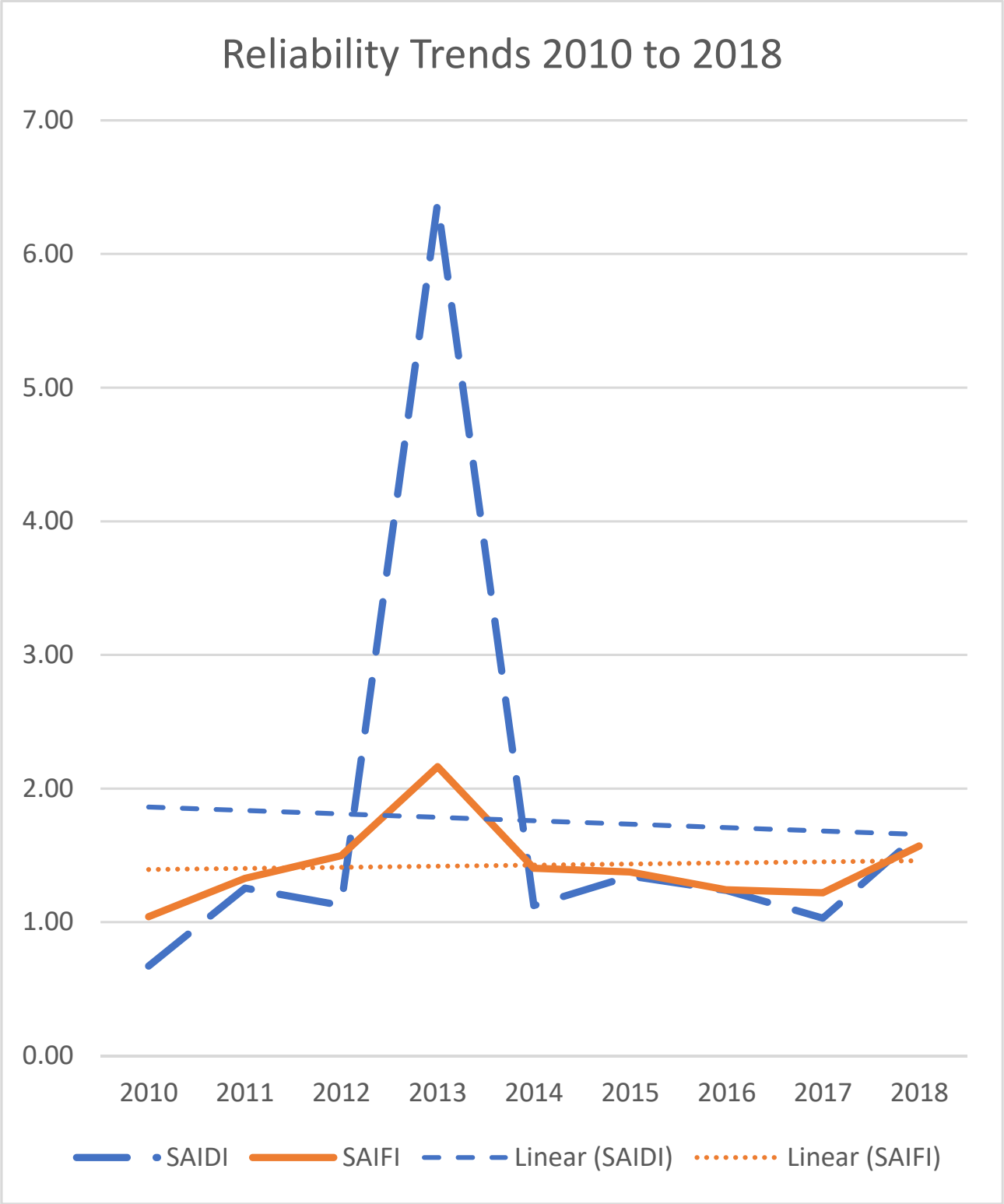
13 MR. SHEPHERD: That's right. You're going to provide
14 us not just the data, the spreadsheet that does the
15 calculation.

16 MR. WASIK: Yeah, we can provide that for you.

17 MR. SHEPHERD: Awesome. Thank you.

18 Then the second thing about this is, I went to the
19 yearbooks to see -- I was actually trying to figure out
20 whether I could do the longer-term trend myself, and what I
21 found was that these numbers that you're reporting here are
22 not the same as the ones in the yearbook. Do you know why
23 that would be? So for example, for SAIFI, excluding major
24 event days and loss of supply for 2018, you report 1.33 and
25 the yearbook reports 1.37. And they're all just a little
26 bit different. Why would that be?

27 MR. WASIK: Subject to check, Mr. Shepherd, with
28 respect to your number, but these numbers include Guelph.



Reliability Statistics for Alectra Predecessors
(all figures LOS adjusted)

Powerstream	2010	2011	2012	2013	2014	2015	2016
Customers	325,540	332,993	340,343	346,618	353,284	358,772	364,505
Weight	0.347	0.350	0.351	0.352	0.354	0.354	0.355
SAIDI	0.54	1.05	1.04	9.77	1.40	1.93	1.93
SAIFI	0.80	1.00	1.53	2.24	1.66	1.42	1.33

Enersource							
Customers	192,960	195,381	197,746	199,871	201,359	203,466	204,728
Weight	0.206	0.205	0.204	0.203	0.202	0.201	0.199
SAIDI	0.55	0.72	0.68	1.49	0.67	0.64	0.77
SAIFI	1.10	1.54	1.36	1.37	1.13	1.46	1.02

Brampton							
Customers	134,228	137,856	141,795	145,983	149,618	154,105	158,630
Weight	0.143	0.145	0.146	0.148	0.150	0.152	0.155
SAIDI	0.46	0.68	1.74	9.84	0.55	0.68	0.41
SAIFI	0.76	1.05	1.06	3.30	0.90	0.89	0.69

Horizon							
Customers	234,464	235,327	237,185	238,777	240,076	241,986	244,114
Weight	0.250	0.247	0.245	0.243	0.241	0.239	0.238
SAIDI	1.15	2.23	1.43	4.36	1.59	1.69	1.23
SAIFI	1.55	1.74	1.83	1.76	1.65	1.58	1.62

Guelph							
Customers	50,250	50,859	51,553	52,323	52,963	53,789	54,414
Weight	0.054	0.053	0.053	0.053	0.053	0.053	0.053
SAIDI	0.33	1.70	0.31	2.21	0.52	0.46	0.79
SAIFI	0.75	1.51	1.49	3.36	1.05	1.24	1.41

Weighted Average*	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Customers	937,442	952,416	968,622	983,572	997,300	1,012,118	1,026,391		
SAIDI	0.67	1.26	1.13	6.38	1.12	1.34	1.24	1.03	1.66
SAIFI	1.04	1.33	1.50	2.16	1.40	1.38	1.24	1.22	1.57

*plus Alectra 2017 and 2018 from Staff 69

**REFUSAL TO
QUESTION f**

**RATEPAYER MERGER
BENEFITS**

1 MS. BUTANY-DESOUZA: Yes, that is correct, Mr. Brett.
2 It excludes Guelph.

3 MR. BRETT: And Guelph, as I understand it, was 100
4 and -- well, your number, I guess your number for Guelph
5 going back to your page 13, 151. That number I suppose
6 would be up a little bit by the end of 2018. Do you happen
7 to know what that number is as of the end of 2018?

8 I guess that would be in your merger documentation.

9 MS. BUTANY-DESOUZA: I'm sorry, Mr. Brett. I didn't
10 quite catch the question. Would you mind repeating it,
11 please?

12 MR. BRETT: The question really was if -- I wanted to
13 add a number to the 2008, 66 that is two billion
14 886 million. I wanted to add a number to that for Guelph,
15 which doesn't include Guelph.

16 I wanted to add the appropriate number for Guelph at
17 the end of 2018, and I was looking back to your table which
18 shows Guelph at 151.4, but that was, as I understand it, a
19 -- that's a 2016 number.

20 So my question was whether you have a number for
21 Guelph at the end of 2018, Guelph's rate base, that is.

22 MS. BUTANY-DESOUZA: Mr. Brett, as we walked through
23 table 3 for the threshold CAPEX, these are the rate base
24 figures for each of the predecessors, based on the rebasing
25 application.

26 MR. BRETT: Right.

27 MS. BUTANY-DESOUZA: The item that you have taken me
28 to on page 4, rate base, as is also identified in that same

1 footnote, is a management estimate and therefore -- and it
2 explicitly says -- differs from the last OEB-approved rate
3 base and, in addition, excludes Guelph rate base.

4 MR. BRETT: Yeah, I see that. No, I see that. But I
5 guess what I am interested in is then it would be the
6 management's estimate of what the 151 would be at the end
7 of 2018, or if you could tell me where I could find that.

8 I mean, it must be -- it must be over the 151, but
9 probably not a lot over. I don't recall seeing it. I
10 mean, it may not be in the evidence, but...

11 MS. BUTANY-DESOUZA: If you can just give us a minute.
12 I am just trying to check something and turn it up if it is
13 easily available.

14 MR. BRETT: Sure.

15 MS. BUTANY-DESOUZA: Mr. Brett?

16 MR. BRETT: Yes.

17 MS. BUTANY-DESOUZA: We filed the ROE calculation for
18 Alectra Utilities' predecessor Guelph Hydro in RRRs and
19 2.1.5 -- RRR numbered 2.1.5.6. That's filed in the pre-
20 filed evidence as attachment 2.

21 I can't easily put my hand on it, but I wanted to
22 direct you to it. Reality is that the -- though I won't
23 guess at a number, the 151.4 million as identified in
24 Table 3 of Exhibit 2, tab 1, schedule 3 would be slightly
25 higher for the rate base two years later at the end of
26 2018.

27 MR. BRETT: Okay.

28 MR. SHEPHERD: Can I just interrupt again, sorry.

1 MR. BRETT: Thank you for the reference --

2 MR. SHEPHERD: Tom.

3 MR. BRETT: Yes.

4 MR. SHEPHERD: Can I just interrupt for a second?

5 MR. BRETT: Yes.

6 MR. SHEPHERD: Do we have a rate base continuity for

7 the period '20 to '24 that shows the impact of your M-

8 factor on rate base?

9 [Witness panel confers]

10 MR. SHEPHERD: Tom, they're in a sidebar.

11 MR. BRETT: Okay.

12 MS. BUTANY-DESOUZA: No, we don't have that.

13 MR. SHEPHERD: So can you undertake to provide that

14 then, please?

15 MS. BUTANY-DESOUZA: No, we will not.

16 MR. SHEPHERD: And why not?

17 MS. BUTANY-DESOUZA: We simply can't in the time

18 available to us. It's very --

19 MR. SHEPHERD: Did you not do a rate base continuity

20 when you did your DSP?

21 MS. BUTANY-DESOUZA: No.

22 MR. SHEPHERD: So you didn't look at the impact on

23 rates of your DSP?

24 MS. BUTANY-DESOUZA: We did look at the impact on

25 rates of our DSP.

26 MR. SHEPHERD: How do you do that without a rate base

27 continuity? Rates are mostly driven by rate base.

28 [Witness panel confers]

1 MS. BUTANY-DESOUZA: We've completed everything that
2 needed to be filed, along with the Distribution System
3 Plan, satisfied all of the Chapter 5 filing requirements.

4 We've also, as discussed in great detail, provided all
5 of our M-factor-related calculations. That's all we have.

6 MR. SHEPHERD: So you can't tell the Board what the
7 rate base will be in each of the next five years, or you
8 won't?

9 MR. KEIZER: But they're not rebasing.

10 MR. SHEPHERD: I am just asking the question. You
11 can't or you won't?

12 MS. BUTANY-DESOUZA: We're not rebasing.

13 MR. SHEPHERD: I asked a question, can you provide it?
14 Or are you refusing to file it because you don't have the
15 information? Or are you refusing to file it because you
16 won't tell the Board?

17 [Witness panel confers]

18 MR. KEIZER: I think they're refusing to file it
19 because they believe they do not need it for the purposes
20 of the application.

21 MS. BUTANY-DESOUZA: That's correct.

22 MR. SHEPHERD: So you won't tell us even whether you
23 have it?

24 MR. BASILIO: One of the complexities here, of course,
25 Mr. Shepherd, is that we haven't done a lead lag study as
26 part of this. The working-capital component is a very
27 significant part of rate base.

28 MR. SHEPHERD: I would be happy to just have the PP&E,

1 thanks.

2 MR. KEIZER: So can you explain the relevance of the
3 PP&E? Why you need it when we're not rebasing?

4 MR. SHEPHERD: Look, you can decide, do you want to
5 refuse? That's great.

6 MR. KEIZER: I guess part of the refusing on the basis
7 of relevance, because we haven't established the relevance
8 of it.

9 MR. SHEPHERD: It is a legitimate question to ask for
10 my motion, whether you have it.

11 MR. KEIZER: Or if it's relevant.

12 MR. SHEPHERD: Okay. So you are going to make me
13 waste my time on a motion and then tell me you don't have
14 it? Because the Board, you know --

15 MS. BUTANY-DESOUZA: We don't have it.

16 MR. KEIZER: Having it and providing it is two
17 different things.

18 MR. SHEPHERD: All right. Thank you.

19 MR. BRETT: Sorry, I didn't get that last exchange.
20 What were you going to do?

21 MS. BUTANY-DESOUZA: We are not going to do anything.
22 We do not have it.

23 MR. BRETT: Okay. So the --

24 MR. SHEPHERD: Okay, thank you. Go on, Tom.

25 MR. BRETT: If you go back to my -- going back to that
26 table -- or just going back to our conversation, we have
27 the number in the DBRS study of two-billion-886-million.

28 And if I just take the 2015 figure for Guelph, I add