

## CCC-1

### Reference:

For 2018 and 2019 please providing a schedule setting out the following:

1. The applied for ICM amounts broken out by project;
2. The approved ICM amounts broken out by project; and
3. The actual amounts spent broken out be project.

### Response:

Tables 1 and 2 below, include the OEB-approved ICM projects from Alectra Utilities' 2018 and 2019 Electricity Distribution Rate ("EDR") Applications. The tables identify, the amount included in the funding request; the amount approved by the OEB; and the in-service additions ("ISA") for each of the approved ICM projects.

**Table 1 – Alectra Utilities' 2018 OEB-approved ICM projects (\$MM)**

Approved ICM Project	Applied	Approved	ISA
Road Authority YRRT - 2018	11.2	11.2	15.9
Leaking Transformer Replacement	8.4	8.4	7.0
Pleasant TS True Up	6.8	6.8	6.8
York MS - Civil Construction	3.3	2.3	2.5
<b>Total 2018 OEB-Approved ICM Projects</b>	<b>29.7</b>	<b>28.7</b>	<b>32.2</b>

**Table 2 – Alectra Utilities' 2019 OEB-approved ICM projects (\$MM)**

Approved ICM Projects	Applied	Approved	ISA
Leaking Transformer Replacement	7.5	7.5	4.5
Bathurst Road Widening	5.5	5.5	2.8
Road Authority YRRT - 2019	13.3	13.3	25.4
<b>Total 2019 OEB-Approved ICM Projects</b>	<b>26.3</b>	<b>26.3</b>	<b>32.7</b>

Alectra Utilities will true-up any variance between the approved and actuals amounts in accordance with the OEB's ICM policy. Section 7.4 of the *Report of the Board – New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated September 18, 2014, states that, "at the time of the next cost of service or Custom IR application, a distributor will need to file calculations showing the actual ACM/ICM amounts to be incorporated into the test

1 year rate base. At that time, the Board will make a determination on the treatment of any difference  
2 between forecasted and actual capital spending under the ACM/ICM, if applicable, and the  
3 amounts recovered through ACM/ICM rate riders and what should have been recovered in the  
4 historical period during the preceding Price Cap IR plan term.”

**CCC-2**

**Reference:**

**Please provide copies of all materials presented to the Alectra Board of Directors and senior executives related to this Application.**

**Response:**

1 Please find attached CCC-2\_Attachment 1, which is a presentation that was provided to Alectra  
2 Utilities' Executive Committee on June 17, 2020, in respect of the 2021 Electricity Distribution  
3 Rate ("EDR") Application.

4  
5 Please note that the presentation includes information regarding the projects based on what  
6 was known at the time. Alectra Utilities subsequently received a purchase order from the City of  
7 Brampton confirming the intention to proceed with the Goreway Road Widening Project in 2021.  
8 The amount of the purchase order is reflected in the amount of the ICM request in the  
9 application.

10  
11 In addition, please find attached the May and August Reports to the Alectra Utilities Board of  
12 Directors Audit, Finance and Risk Management Committee, dated May 20, 2020 and August 19,  
13 2020. The reports have been redacted to remove information that Alectra Utilities considers to  
14 be confidential. A copy of the redacted reports is provided as CCC-2\_Attachment 2 and CCC-  
15 2\_Attachment 3.

## **CCC-2**

# **Attachment 1 – 2021 EDR Application Update**

# **2021 EDR Application Update**

## **June 17, 2020**



# Major Elements of 2021 EDR Application

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The 2021 EDR Application includes:

1. 2021 price cap adjustments to base rates;
  2. Disposition of Group 1 Deferral and Variance Accounts;
  3. Disposition of Lost Revenue Adjustment Mechanism (“LRAM”) balances;
  4. Earnings Sharing Mechanism and Capital Investment Variance Account calculations based on the Horizon Rate Zone (“HRZ”) settlement agreement; and
  5. Request for Incremental Capital funding
- The OEB’s deadline for submission for distributors with January 1, 2021 rates is **August 17, 2020**.

## Eligibility for Incremental Capital Funding

### 1. Materiality

- Materiality threshold: The threshold establishes: i) the level of capital expenditure that a distributor should be able to manage within its current rates; and ii) the total eligible incremental capital amount. Any ICM project approved for recovery must fit within the total eligible incremental capital amount and must clearly have a significant influence on the operation of the distributor
- Project-specific materiality: The OEB also adopted a project-specific materiality where projects must be material in comparison to the overall capital budget of the utility. The OEB has not defined the project-specific threshold. Based on the outcome of Alectra's 2018 and 2018 Rate Application Decisions, Alectra has used \$2MM as the threshold.
- Revenue requirement materiality: The OEB has defined a new materiality test in the most recent Chapter 3 Filing Requirements for 2021 Rate Applications. In assessing whether the project has a significant influence on the operation of the distributor, and consequently, if ICM funding is warranted, the OEB may take the accelerated Capital Cost Allowance ("CCA") into consideration in assessing the impact of the proposed ICM project(s) on the operations of the utility.

## Eligibility for Incremental Capital Funding

2. Need (Means Test) - If a distributor's regulated return, as calculated in its most recent calculation (Reporting and Record Keeping Requirements ("RRR") 2.1.5.6), exceeds 300 basis points above the deemed return on equity ("ROE") embedded in the distributor's rates, the funding for any incremental capital project will not be allowed
3. Prudence - The amounts to be incurred must be prudent. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (no necessarily least initial cost) for ratepayers.



# ICM Project Listing (DRAFT)

Table 1 - Proposed ICM Projects

2021 Proposed ICM Projects (\$MM)	RZ	Gross	Contribution	Net CAPEX
Goreway Road Widening	BRZ	3.2	(1.2)	2.1
Goreway TS Expansion CCRA - 10 Yr True-Up Payment	BRZ	5.6	0.0	5.6
Rutherford Road Widening	PRZ	4.4	(1.5)	2.9
<b>2021 Proposed ICM Projects</b>		<b>\$13.2</b>	<b>(\$2.7)</b>	<b>\$10.5</b>

Table 2 - Materiality threshold calculation

Eligible Incremental Capital - 2021	BRZ	PRZ
2021 DSP Capital Forecast	33.5	108.7
Less: Materiality Threshold	31.5	79.3
<b>Maximum Eligible Incremental Capital</b>	<b>\$2.0</b>	<b>\$29.3</b>

## Key Assumptions:

- The above preliminary materiality threshold calculation (DRAFT) is based on the 2021 capital forecast included in the DSP and the project listing by RZ and the 2020 inflation factor of 2.0%
- 2021-2025 capital expenditures are currently being reviewed. Project prioritization will be completed in Copperleaf and may drive changes to the project listing by RZ
- Depreciation and CCA rates to be finalized

1. Filing date – must file application by August 17, 2020
  2. Inflation rate sensitivity
  3. Materiality tests
- DRAFT



## Next Steps

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1. Finalize 2021 capital expenditure forecast
  2. Finalize depreciation and CCA rates
  3. Complete assessment on potential ICM projects and project costs
  4. Finalize related business cases
  5. EC review
  6. Filing of IRM and ICM
- DRAFT

## **CCC-2**

# **Attachment 2 – 20 May 2020 Report PUBLIC**

**CONFIDENTIAL**

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

Submitted by	Indy J. Butany-DeSouza
Subject	Regulatory Update
Item #	3.5
Meeting Date	May 20, 2020

☒ For Information☐ For Approval**Recommendation**

No recommendations are being made in this report.

**Summary**

This Regulatory Report addresses the following items:

**COVID-19 Response**

- Government of Ontario
- Ontario Energy Board (“OEB”)
- Independent Electricity System Operator (“IESO”)

**OEB Policy Initiatives and Consultations**

- Utility Remuneration and Responding to Distributed Energy Resources

**Electricity Distribution Rate Applications**

- 2020 Electricity Distribution Rate (“EDR”) Application
- 2021 EDR Application

### **COVID-19 Response**

#### **Emergency Order under the *Emergency Management and Civil Protection Act, S.O., 1990***

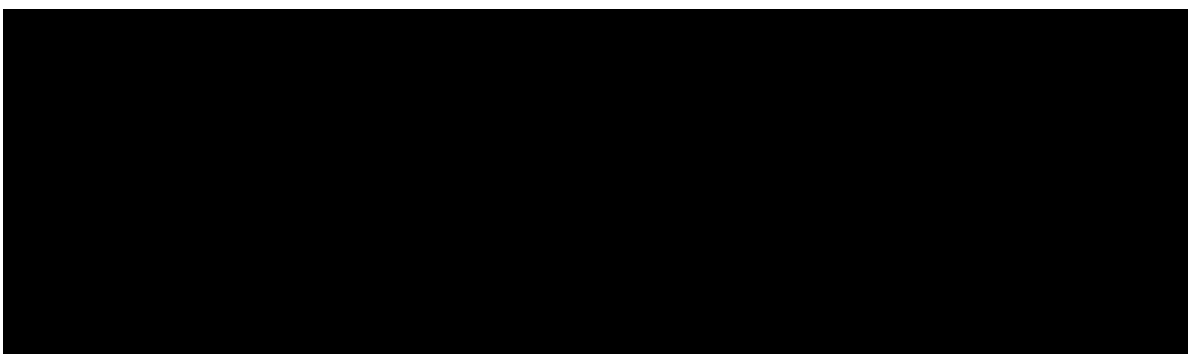
On March 17, 2020, the Government of Ontario declared a province-wide state of emergency in order to protect the public and to help contain the spread of COVID-19. The state of emergency has since been extended to May 12, 2020 and further extensions are expected. On March 23, 2020, the government deemed certain businesses and industries to be essential, effectively shuttering the rest of the economy.

The provincial government, the Ontario Energy Board (“OEB”) and the Independent Electricity System Operator (“IESO”) have all taken measures that impact the electricity sector in response to the COVID-19 state of emergency. Those measures, as well as Alectra Utilities’ actions, are summarized below.

#### **Provincial Government**

- **TOU Rates**

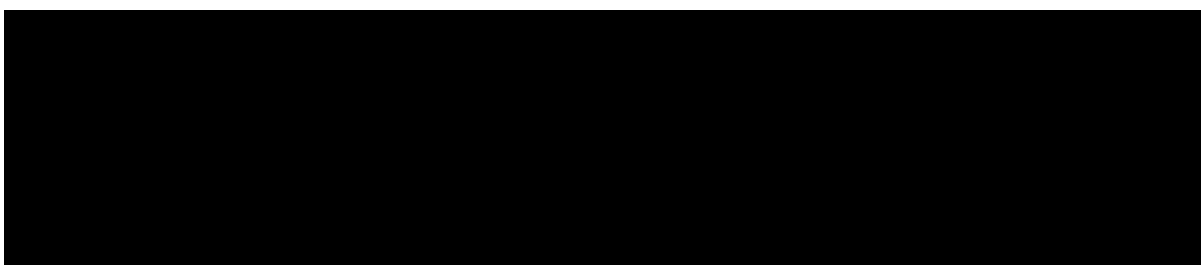
The provincial government acted swiftly in the early days of the State of Emergency. On March 24, 2020, the government issued an Emergency Order (the “Order”) under the *Emergency Management and Civil Protection Act* to provide a measure of temporary emergency relief for electricity customers. The Order suspends the time-of-use (“TOU”) rates, holding prices for residential and small business customers to the off-peak rate of 10.1 cents per kWh for at least a 45-day period, ending May 7, 2020. The government will carry the cost of the difference paid to power producers for the actual cost of power. This was an immediate and universally available measure to provide customer rate relief. Alectra implemented the necessary changes to its billing system infrastructure and notified customers of the change in rates, as per the requirements issued by the OEB.



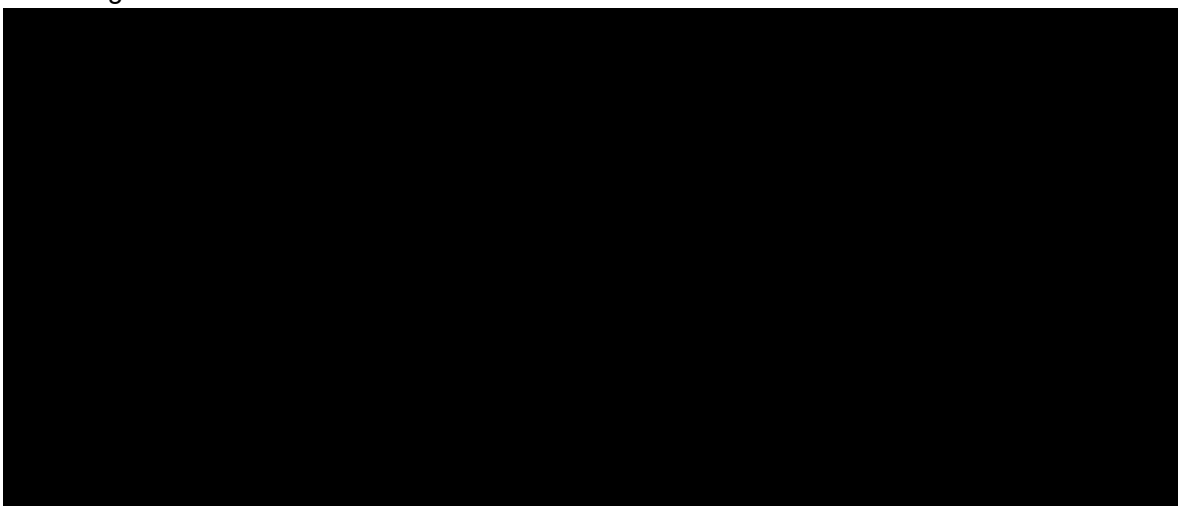
- COVID Emergency Assistance Program (“CEAP”)

On March 25, 2020, in its “mini-budget”, the provincial government announced a plan for \$17 billion in new support for 2020-2021 to deal with the COVID-19 crisis. Along with that announcement, the government indicated that it would provide \$9MM to expand the Low-Income Energy Assistance Program (“LEAP”).

Subsequently, the government has determined that it will not funnel these funds to the LEAP. Instead, it will create the COVID Emergency Assistance Program (“CEAP”). The goal of the CEAP is that the program should be: straight forward to implement; require customer self-declaration/ certification of the impact of COVID-19 on their household health/ income; and the funds should be available to Ontarians by the middle of May 2020.



- Longer-Term Relief



As noted below, the OEB has offered provisions for utilities to track increases in costs or lost revenues for future disposition.

### **Ontario Energy Board**

Since the announcement of the State of Emergency, the OEB has implemented the following measures:

- Disconnections Moratorium

In response to the COVID-19 pandemic, the OEB has extended the disconnections moratorium for residential customers and expanded the moratorium to include other low-volume consumers (defined as customers with annual consumption below 150,000 kWh, i.e., GS<50kW or small commercial customers). The disconnection ban did not previously apply to non-residential customers. It took effect as of March 20, 2020 and has been extended until July 31, 2020.

- May 1 RPP Rate Change

On April 14, the OEB announced that it would suspend the normal practice of switching from Winter to Summer timing and TOU rates, as is usually the case beginning May 1. Instead, TOU pricing will continue to be those prices established for November 1, 2019 RPP prices (subject to the Emergency Pricing conditions addressed above). Additionally, customers on tiered pricing will continue to pay current prices. By maintaining pricing at the current levels, the OEB estimates that customers on tiered pricing will have an additional 400 kWh per month at the lower price threshold.

- IESO Settlement Expectations

The OEB has confirmed that the government will cover the financial impact of the TOU rate change to a fixed off-peak price of 10.1 cents/kWh through provincial revenues. As a result, distributors will not hold any variances in their retail settlement variance accounts related to this Order.

- Accounting for COVID-19 Impacts

The OEB has issued an Accounting Order to track any incremental costs and lost revenues related to the COVID-19 pandemic, for impacts arising from the COVID-19 emergency. Utilities may use the accounts to track any incremental costs to implement the changes to: a) TOU pricing, b) lost revenues and c) other incremental costs related to the COVID-19 pandemic.

The OEB has not provided a comprehensive list of eligible costs to be tracked in each of the three deferral accounts.



- Customer Assistance

The OEB has declared that distributors may waive or lower late payment or 'non-sufficient fund' charges. In addition, the OEB has indicated that distributors may also extend the time period for customer payments before incurring a late payment penalty. Alectra Utilities has waived late payment charges for its residential and small commercial (GS<50kW) customers as of April 15, 2020 for 60 days.



- **Establishment of May 1 Electricity Distribution Rates**

Several distributors implement their annual rate changes, including the clearing of deferral and variance accounts and commodity and transmission related items, as of May 1<sup>st</sup> each year. These distributors have been given the choice to implement their rate change as planned or to defer the rate change until November 1, 2020, with the recoding of any resulting forgone revenues in the COVID-19 related deferral account.

- **Distribution System Code Compliance and Reporting**

The OEB has recognized that the COVID-19 emergency presents challenges for customers and utilities. As a result, utilities may not be able to comply fully with service quality requirements. OEB staff have indicated that although compliance is important, it is not the focus during this pandemic.

### **Independent Electricity System Operator (“IESO”)**

On April 2, 2020, the IESO issued an update to inform the public about the state of the province’s electricity system. The IESO’s data shows a decrease in demand, in all hours, in the range of 1,000 to 2,000 megawatts, roughly 5 to 17 per cent less than typical demand at this time of year. Demand has progressively decreased as actions are taken to respond to the outbreak, similar to that which was seen in both New York and California. Ontario is expected to reach a steady state within a few weeks. Overall energy consumption is down approximately 7 to 9 per cent. The IESO has not indicated what, if any, changes it will incorporate into regional or annual planning as a result of the COVID-19 pandemic.

### **OEB Policy Initiatives and Consultations**

- **Utility Remuneration & Responding to Distributed Energy Resources**

Alectra filed a submission to the OEB in respect of this policy file on behalf of the Coalition of Large Distributors (“CLD”) on April 30, 2020.

Among the key points made by the CLD in its submission include the following:

- The OEB’s role is not to foster markets;
- the OEB’s role is to determine whether to regulate and, if so, how to regulate;
- It is a necessity for on-going consultations at both the OEB and the IESO to be linked;
- Value is more than just cost minimization and may also include improving reliability, increasing service options or choice, avoided costs, or other benefits;
- Optimization of existing assets, and the treatment of stranded assets are consequences that must be understood by all parties;

- Policy should enable distributors to understand parameters related to the evaluation of non-traditional investment alternatives (i.e. non-wire alternatives or “NWAs”); and
- Distributors will have to be key intermediaries in the attachment of any assets or power flows onto their systems in order to continue to operate safely, reliably, and efficiently.

### **Electricity Rate Applications Updates**

#### **• 2020 EDR Application**

On May 28, 2019, Alectra Utilities filed an application with the OEB seeking approval for electricity distribution rates, and other charges, effective January 1, 2020. The Application included a request for incremental capital funding (the “M-factor”), supported by Alectra Utilities’ first 5-year consolidated Distribution System Plan (“DSP”). The Board issued a Partial Decision and Order (the “Partial Decision”) in this matter on January 30, 2020. The OEB did not approve Alectra Utilities’ M-factor proposal.

On February 27, 2020, Alectra Utilities notified the OEB of its intention to file an amendment to its 2020 EDR Application for incremental capital funding for projects in 2020. Alectra Utilities identified that it was still evaluating the needs for future years, based on the OEB’s ICM criteria, and will file an amendment to the application no later than April 30, 2020.

Since that time, in response to the COVID-19 global pandemic, the government of Ontario has declared a state of emergency. Management is continuing to re-evaluate capital requirements as projects are reprioritized within 2020 and beyond, and based on the re-evaluation, ICM funding may be sought for 2021, or thereafter.

Alectra Utilities filed a letter with the OEB advising that Alectra Utilities: i) will not be filing an amendment to the 2020 EDR Application; and ii) request that its 2020 EDR rate order be made final. Alectra received its final rate order for 2020 EDR on April 23, 2020.

#### **• 2021 EDR Application**

Alectra Utilities will file an application with the OEB for 2021 Electricity EDR for all five rate zones (“RZ”) in the third quarter of 2020, for an update to EDR and other charges, effective January 1, 2021.

In the 2021 Annual Filing, Alectra Utilities will seek the following relief:

- Price Cap adjustments under the OEB’s Incentive Regulation Mechanism (“IRM”) for all five RZs. Under the IRM methodology, rate escalation is based on a price cap index, which is equal to inflation less a productivity component and stretch factor determined by the OEB;
- Disposition of Deferral and Variance Accounts and Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) balances through rate riders;
- The calculation of the 2019 Regulated Return on Equity (“ROE”) for the purposes of earnings sharing for the Horizon Utilities RZ; and

- The calculation of the 2019 Horizon Utilities RZ capital additions for the purpose of calculating the 2019 entry to the Capital Investment Variance Account.

Management continues to assess whether an ICM application may be included with the 2021 EDR application. In a recent decision for Burlington Hydro, the OEB indicated that the calculation of need must be based on the new CCA rules. Further, from the OEB's decision, it is clear that the OEB still considers Capital Cost Recovery Assessments ("CCRA") projects as good ICM relief candidates.

## **CCC-2**

### **Attachment 3 – 19 August 2020 Report PUBLIC**

**CONFIDENTIAL**

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

Submitted by	Indy J. Butany-DeSouza
Subject	Regulatory Update
Item #	3.5
Meeting Date	August 19, 2020

☒ For Information☐ For Approval**Recommendation**

No recommendations are being made in this report.

**Summary**

This Regulatory Report addresses the following items:

**COVID-19 Response**

- Government of Ontario
- Ontario Energy Board ("OEB")

**OEB Policy Initiatives and Consultations**

- Notice of Proposal to Amend the Standard Supply Service Code
- Enhanced Funding for LEAP Emergency Financial Assistance for 2020
- Guidance on Utility Processes for Disconnection for Non-Payment and Related Enhanced Customer Service rules
- OEB Seeks Input on Virtual Hearings

**Electricity Distribution Rate Applications**

- 2021 EDR Application

**COVID-19 Response****Government of Ontario**

- **Changes to Pricing for Time of Use (“TOU”) Customers**

On May 30, the Ontario government announced the replacement of TOU rates with a new fixed COVID-19 Recovery Rate of 12.8 cents per kWh for residential and small business customers. This rate is applicable 24 hours a day from June 1- October 31, 2020. It replaced the 10.1 cents per kWh rate that was introduced by the government on March 24, 2020, following the issuance of the State of Emergency in Ontario. These prices also apply to Unit Sub-Meter customers that are on TOU pricing. The change does not impact the way in which settlement with the Independent Electricity System Operator (“IESO”) takes place.

- **Changes to the Industrial Conservation Initiative (“ICI”) Program Eligibility**

On May 29, the government amended its Global Adjustment (“GA”) Regulation to introduce flexibility for large commercial and industrial customers to qualify for the ICI Program (i.e., “Class A” customer), notwithstanding the potential impact of the COVID-19 pandemic.

Eligibility for Class A for the 12-month “adjustment period”, that begins every July 1, is normally determined by assessing the customer’s average monthly peak demand during the 12-month “base period” ending on the previous April 30. The amendments introduce flexibility for the adjustment period commencing on July 1, 2020 for consumers or market participants that are currently in Class A. A consumer or market participant that does not qualify based on their average monthly peak demand during the May 1, 2019 to April 30, 2020 base period will nevertheless qualify for Class A for the adjustment period commencing July 1, 2020, if they would have met the applicable threshold if the base period had ended on February 29, 2020.

Class A customers will also maintain their peak demand factor from the 2019-20 period to determine their global adjustment charges in 2021-22. These changes are favourable for customers and may help spur a return to normal consumption levels.

- **COVID Emergency Assistance Program (“CEAP”)**

The COVID Emergency Assistance Program (“CEAP”) is an initiative by the government to make a total of \$9 million available to support residential customers struggling to pay their energy bills, as a result of the COVID-19 emergency. On June 16, 2020, the OEB issued a Decision and Order to amend the licences of distributors and Unit Sub-Meter Providers (“USMPs”) to implement the CEAP requirements. Alectra successfully launched its CEAP program on July 13, 2020.

• **COVID Energy Assistance Program for Small Business (“CEAP-SB”)**

In addition to the above-mentioned CEAP, the government is also initiating a CEAP program targeted at small businesses struggling to pay their energy bills as a result of COVID-19. Both CEAP and CEAP-SB are provincially funded. Funding will be allocated to utilities and USMPs proportionate to the number of small businesses within their service area. The program targets GS<50 kW customers that use less than 150,000 kWh, annually.

The program would provide eligible customers with funding of up to \$850 if their business is electrically heated, or \$425 for all other customers.

**Ontario Energy Board**

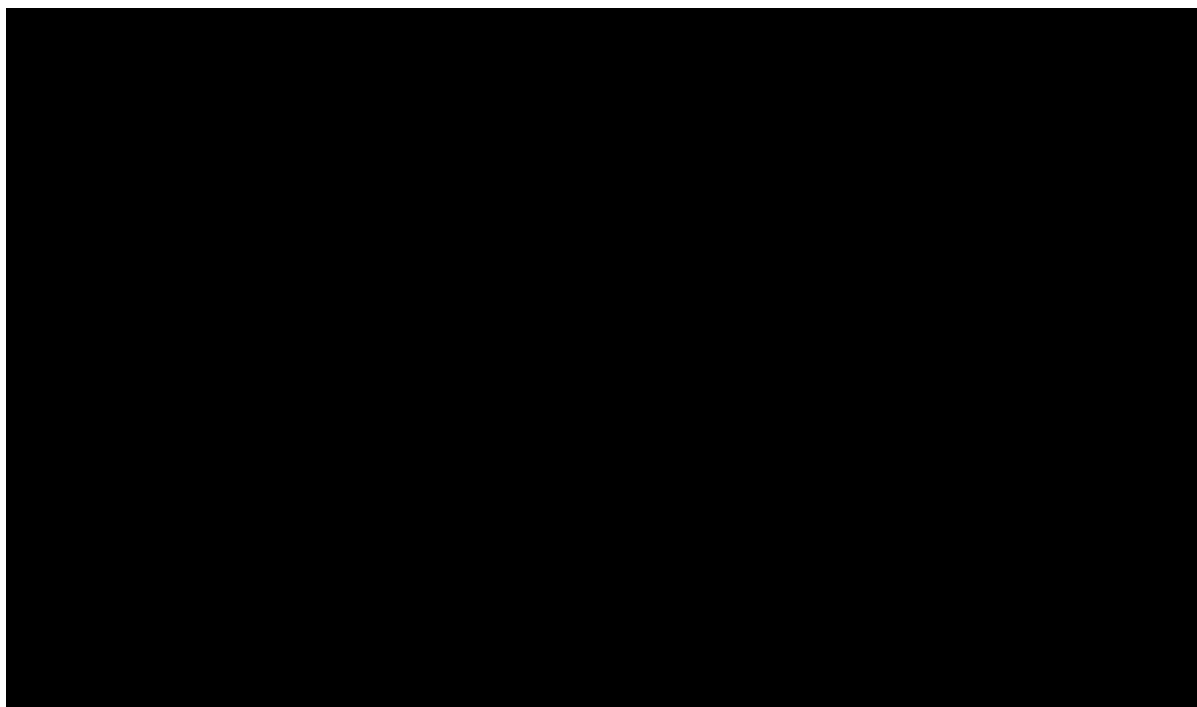
- **Consultation on the Deferral Account – Impacts Arising from the COVID-19 Emergency**  
Management previously advised that the OEB had issued an accounting order for the establishment of an account, together with three sub-accounts, for electricity distributors to track incremental costs and lost revenues related to the COVID-19 emergency

The OEB has initiated a consultation to assist it in developing guidance related to these accounts including, where appropriate, the review and disposition of the accounts.

OEB Staff issued a draft Issues List and solicited stakeholder feedback on such and any areas where the OEB should provide advance policy direction. Alectra filed submissions along with the Coalition of Large Distributors<sup>1</sup> and Enbridge. A final Issues List should be forthcoming, shortly. The OEB has determined that any further stakeholder consultation would be assisted by a preliminary proposal to be prepared by OEB Staff (the “Staff Proposal”). The OEB expects that the Staff Proposal will be ready by late summer 2020. The stakeholder consultation will follow in September.

Consumer groups are opposed to any advance policy direction whether distributors should be allowed to recover any incremental COVID-related costs or be compensated for lost load.

<sup>1</sup> Coalition of Large Distributors (“CLD”) includes: Alectra Utilities; Elexicon Energy; Hydro One; Hydro Ottawa and Toronto Hydro.



#### **OEB Policy Initiatives and Consultations**

- **Notice of a Proposal to Amend the Standard Supply Service Code (“SSSC”)**

The government recently announced that, commencing November 1, 2020, Regulated Price Plan (“RPP”) consumers will be able to opt out of TOU pricing in favour of tiered prices corresponding to stepped consumption thresholds. Customers will also be permitted to return to TOU pricing at their discretion. The TOU price structure remains the default.

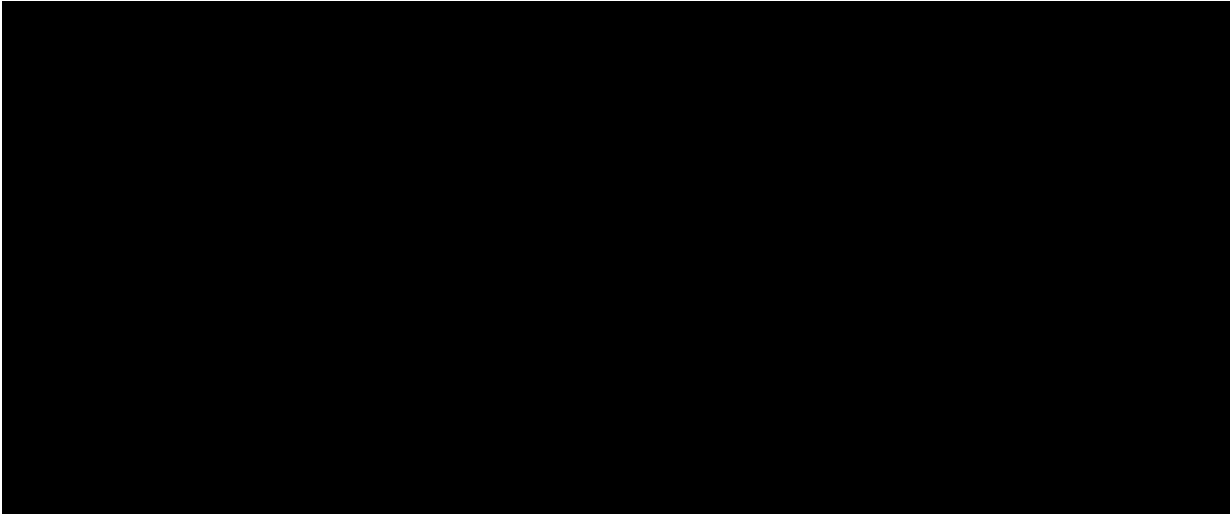
The OEB proposes that the amendments would come into force on October 13, 2020, in order for distributors to take in the information from consumers and then implement as of November 1, 2020.

Alectra recently filed its comments on the Notice with the OEB. In its submission, Alectra indicated that: i) customers should not be able to switch at will and such action should be limited to 4 times per year given the administrative burden; ii) TOU rates should remain the default for all customers who move, cancel retailer contracts, or switch from market based pricing to RPP; iii) the implementation date should be November 1, 2020 without an early intake date of October 13, 2020; and iv) a deferral account is required for future recovery of implementation costs.



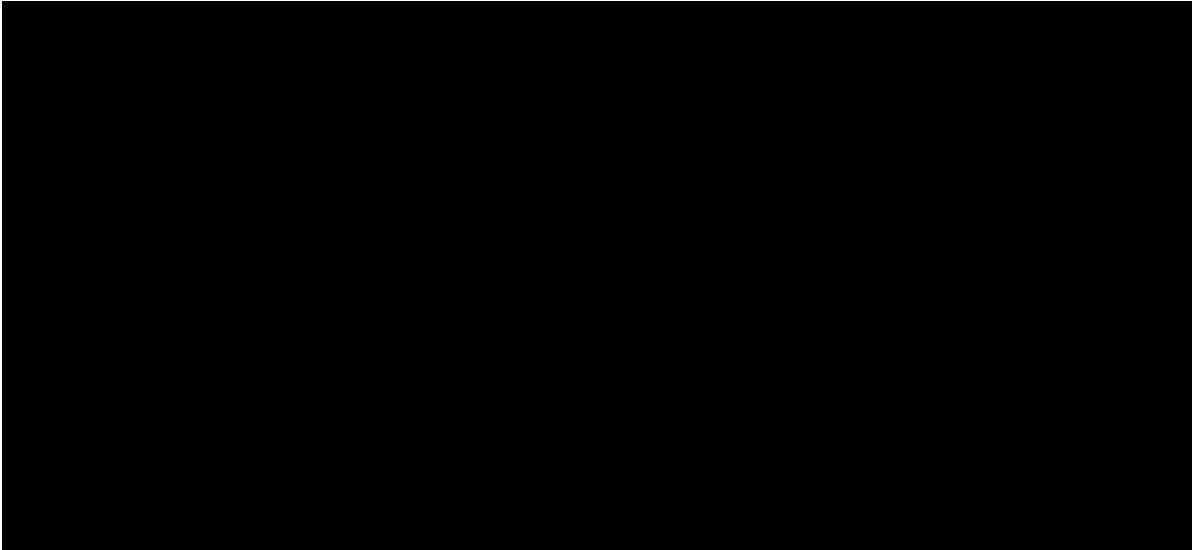
- **Enhanced Funding for LEAP Emergency Financial Assistance (“LEAP EFA”) for 2020**

On July 17, 2020, the OEB announced a one-time increase to the LEAP EFA funding of 50% for the 2020 fiscal year LEAP amount. With the extended disconnection ban ending July 31, the potential need for LEAP EFA may be greater and more consumers may meet the eligibility criteria.



- **Guidance on Utility Processes for Disconnection for Non-Payment and Related Enhanced Customer Service Rules**

On July 9, the OEB issued guidance to all electricity distributors and USMPs regarding disconnection of service for non-payment.



### **Electricity Distribution Rate Applications**

- **2021 EDR Application**

Alectra Utilities will file an application with the OEB for 2021 Electricity Distribution Rates (“EDR”) for all five rate zones (“RZ”) in August 2020, for an update to EDR and other charges, effective January 1, 2021. In the 2021 Annual Filing, Alectra Utilities will seek the following relief:

- Price Cap adjustments under the OEB’s Incentive Regulation Mechanism (“IRM”) for all five RZs. Under the IRM methodology, rate escalation is based on a price cap index, which is equal to inflation less a productivity component and stretch factor determined by the OEB;
- Disposition of Deferral and Variance Accounts and Lost Revenue Adjustment Mechanism Variance Account (“LRAMVA”) balances through rate riders;
- The calculation of the 2019 Regulated Return on Equity (“ROE”) for the purposes of earnings sharing for the Horizon Utilities RZ; and
- The calculation of the 2019 Horizon Utilities RZ capital additions for the purpose of calculating the 2019 entry to the Capital Investment Variance Account.

Management is continuing to re-evaluate capital requirements as projects are reprioritized within 2020 and beyond and, based on the re-evaluation, ICM funding may be sought for 2021.

The application remains in the drafting stage at the time of this report. For a typical residential customer, the distribution bill impact is driven by the Incentive Rate Mechanism (“IRM”) distribution rate increase and ranges between 1.3% and 2.5%. A summary of preliminary bill impacts (excluding HST and the Ontario Electricity Rebate) for each rate zone is presented in the tables below:

**Table 3 – Bill Impacts – HRZ**

Customer Class	Billing Units	Average Monthly Volume	Distribution Bill Impacts		Total Bill Impacts	
			2021 vs. 2020		2021 vs. 2020	
			\$	%	\$	%
Residential	kW	750	\$ 0.69	2.5%	\$ 0.53	0.4%
GS<50	kW	2,000	\$ 2.12	3.2%	\$ 1.89	0.5%
GS>50	kWh	250	\$ 35.34	3.4%	\$ 407.24	2.2%
Large User	kW	5,000	\$ 1,049.71	3.3%	\$ 1,169.71	0.3%
Large User with Dedicated Asset	kW	20,000	\$ 439.39	3.4%	\$ 2,321.39	0.1%
Street Lighting	kW	4,974	\$ 5,024.64	4.7%	\$ 10,944.45	2.8%

**Table 4 – Bill Impacts – BRZ**

Customer Class	Billing Units	Average Monthly Volume	Distribution Bill Impacts		Total Bill Impacts	
			2021 vs. 2020		2021 vs. 2020	
			\$	%	\$	%
Residential	kWh	750	\$ 0.43	1.7%	\$ (0.70)	(0.5)%
GS<50	kWh	2,000	\$ 1.41	2.2%	\$ (1.40)	(0.4)%
GS>50 to 699	kW	500	\$ 41.48	2.5%	\$ 504.88	1.6%
GS 700 to 4,999	kW	1,432	\$ 151.93	2.5%	\$ 1,819.36	1.7%
Large User	kW	20,000	\$ 1,395.59	2.4%	\$ (11,660.41)	(0.7)%
Street Lighting	kW	7,922	\$ 22,858.04	15.8%	\$ 30,020.24	5.2%

**Table 5 – Bill Impacts – PRZ**

Customer Class	Billing Units	Average Monthly Volume	Distribution Bill Impacts		Total Bill Impacts	
			2021 vs. 2020		2021 vs. 2020	
			\$	%	\$	%
Residential	kWh	750	\$ 0.51	1.7%	\$ 1.01	0.7%
GS<50	kWh	2,000	\$ 1.54	2.2%	\$ 2.89	0.8%
GS>50	kW	250	\$ 40.20	3.2%	\$ 524.73	3.8%
Large User	kW	7,350	\$ 2,553.48	10.7%	\$ 5,750.73	1.3%
Street Lighting	kW	1	\$ 0.17	2.3%	\$ 1.86	3.6%

**Table 6 – Bill Impacts – ERZ**

Customer Class	Billing Units	Average Monthly Volume	Distribution Bill Impacts		Total Bill Impacts	
			2021 vs. 2020		2021 vs. 2020	
			\$	%	\$	%
Residential	kWh	750	\$ 0.34	1.3%	\$ 0.65	0.5%
GS<50	kWh	2,000	\$ 1.57	2.1%	\$ 2.17	0.6%
GS>50 to 499	kW	230	\$ 28.34	2.2%	\$ 658.86	3.9%
GS>500 to 4,999	kW	2,250	\$ 181.17	2.3%	\$ 2,881.94	3.7%
Large User	kW	5,000	\$ 566.91	1.8%	\$ 1,536.41	0.3%
Street Lighting	kW	0.1	\$ 0.05	1.8%	\$ 0.25	3.2%

**Table 7 – Bill Impacts – GRZ**

Customer Class	Billing Units	Average Monthly Volume	Distribution Bill Impacts		Total Bill Impacts	
			2021 vs. 2020		2021 vs. 2020	
			\$	%	\$	%
Residential	kWh	750	\$ 0.66	2.2%	\$ 3.13	2.2%
GS<50	kWh	2,000	\$ 1.49	3.3%	\$ 8.49	2.5%
GS>50 to 999	kW	500	\$ 76.58	4.8%	\$ (81.76)	(0.3)%
GS 1000 to 4,999	kW	1,000	\$ 162.14	4.4%	\$ 887.21	1.1%
Large User	kW	7,500	\$ 5,829.56	26.2%	\$ 17,751.56	2.6%
Street Lighting	kW	2,200	\$ (1,109.38)	(3.8)%	\$ (1,790.36)	(1.2)%

**CCC-3**

**Reference:**

**Please provide a complete list of all amounts recorded in the COVID-19 Account and sub-accounts established by the OEB.**

**Response:**

On March 25, 2020, the OEB issued an Accounting Order for the Establishment of Deferral Accounts to Record Impacts Arising from the COVID-19 Emergency. The OEB established Account 1509 - Impacts Arising from the COVID-19 Emergency, together with sub-accounts to track any incremental costs and lost revenues related to the pandemic. The OEB also commenced a consultation on the deferral account to assist in the development of new accounting guidance and filing requirements, for the review and disposition of the account. Alectra Utilities continues to review all incremental costs, savings and lost revenue amounts that distributors may be eligible to record in the deferral account. The balances recorded in the sub-accounts are preliminary amounts and estimates and are subject to the outcomes of the ongoing consultation and future recovery. Alectra Utilities is not seeking any amounts for recovery at this time. Therefore, the amounts that have been recorded are not relevant to the application.

On September 24, 2020, the OEB issued a Letter re: *Consultation on the Deferral Account – Impacts Arising from the COVID-19 Emergency – Next Steps*. In the Letter, the OEB provided the data on the Account balances as of July 31, 2020, as reported to the OEB by electric utilities. The amounts recorded in the COVID-19 Sub-accounts for Alectra Utilities are provided below:

- Account 1509, Sub-account Costs Associated with Billing and System Changes - \$0.1MM;
- Account 1509, Sub-account Lost Revenues - \$1.2MM;
- Account 1509, Sub-account Other Incremental Costs - \$3.2MM; and
- Account 1509, Sub-account Bad Debt - \$5.2MM.

**CCC-4**

**Reference: Exhibit 2, Tab 1, Schedule 1, p. 4**

**Please provide tables in the same format as Table 2 – Capital Expenditures by Category – Brampton RZ – for each of the other Rate Zones.**

**Response:**

Please see Tables 1 to 3 below for the Enersource, Horizon Utilities, and Guelph Rate Zones' capital expenditures by category in the same format as Table 2 in Exhibit 2, Tab 1, Schedule 1, for the Brampton Rate Zone. The capital expenditures by category for the PowerStream Rate zone is provided in Exhibit 2, Tab 1, Schedule 1, p. 12 Table 10.

**Table 1 – Capital Expenditures by Category – Enersource RZ (\$MM)**

Category	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020	Budget 2021
System Access	\$12.3	\$11.8	\$6.6	\$9.1	\$7.5	\$8.3	\$8.9
System Service	\$9.1	\$7.5	\$4.3	\$2.6	\$1.4	\$2.8	\$1.8
System Renewal	\$44.7	\$40.4	\$43.9	\$41.6	\$35.2	\$32.1	\$26.2
General Plant	\$50.0	\$4.3	\$2.4	\$2.5	\$5.8	\$8.5	\$8.5
<b>Total</b>	<b>\$116.0</b>	<b>\$64.0</b>	<b>\$57.2</b>	<b>\$55.8</b>	<b>\$49.9</b>	<b>\$51.7</b>	<b>\$45.5</b>

**Table 2 – Capital Expenditures by Category – Horizon RZ (\$MM)**

Category	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Forecast 2020	Budget 2021
System Access	\$7.2	\$14.4	\$11.8	\$12.5	\$24.8	\$17.2	\$11.9
System Service	\$5.6	\$1.2	\$2.3	\$3.4	\$3.3	\$9.6	\$8.1
System Renewal	\$17.4	\$23.0	\$33.3	\$31.6	\$38.9	\$29.7	\$22.8
General Plant	\$16.0	\$4.9	\$3.9	\$2.4	\$3.7	\$5.5	\$5.6
<b>Total</b>	<b>\$46.1</b>	<b>\$43.4</b>	<b>\$51.3</b>	<b>\$49.9</b>	<b>\$70.7</b>	<b>\$62.1</b>	<b>\$48.3</b>

1 **Table 3 – Capital Expenditures by Category – Guelph RZ (\$MM)**

<b>Category</b>	<b>Actual 2015</b>	<b>Actual 2016</b>	<b>Actual 2017</b>	<b>Actual 2018</b>	<b>Actual 2019</b>	<b>Forecast 2020</b>	<b>Budget 2021</b>
<b>System Access</b>	\$0.9	\$1.1	\$1.2	\$1.0	\$2.3	\$2.5	\$2.3
<b>System Service</b>	\$4.9	\$3.0	\$1.7	\$1.2	\$1.7	\$0.7	\$0.2
<b>System Renewal</b>	\$3.3	\$6.2	\$7.5	\$4.8	\$5.4	\$6.1	\$5.6
<b>General Plant</b>	\$1.5	\$1.2	\$1.4	\$0.7	\$1.1	\$1.6	\$1.6
<b>Total</b>	<b>\$10.6</b>	<b>\$11.5</b>	<b>\$11.9</b>	<b>\$7.8</b>	<b>\$10.5</b>	<b>\$10.9</b>	<b>\$9.7</b>

2

**CCC-5**

**Reference:**

**For 2018 and 2019 please provide, in detail, the forecast and actual merger savings. For 2020 and 2021 please provide, in detail, the forecast merger savings. Please provide, in detail, the projected merger savings for 2020.**

**Response:**

- 1 The detailed OM&A and capital net merger savings for 2018 and 2019 actuals, 2020 and
- 2 2021 forecasts as compared to the merger business plan are provided in Table 1,
- 3 below.



1 **Table 1 – Merger costs/savings (\$000s)**

	Actual	Actual	Forecast	Forecast	Business Plan	Business Plan	Business Plan	Business Plan	Variance	Variance	Variance	Variance
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
<b>OPEX Savings</b>	<b>(24,020)</b>	<b>(25,356)</b>	<b>(31,084)</b>	<b>(32,838)</b>	<b>(8,996)</b>	<b>(20,788)</b>	<b>(40,653)</b>	<b>(45,703)</b>	<b>(15,024)</b>	<b>(4,567)</b>	<b>9,569</b>	<b>12,865</b>
<b>Payroll Cost Savings:</b>	<b>(11,191)</b>	<b>(14,766)</b>	<b>(18,536)</b>	<b>(18,968)</b>	<b>(14,412)</b>	<b>(24,201)</b>	<b>(32,132)</b>	<b>(35,246)</b>	<b>3,221</b>	<b>9,436</b>	<b>13,596</b>	<b>16,278</b>
Payroll	(11,191)	(14,766)	(18,536)	(18,968)	(14,412)	(24,201)	(32,132)	(35,246)	3,221	9,436	13,596	16,278
<b>Non-payroll Cost Savings:</b>	<b>(16,403)</b>	<b>(15,148)</b>	<b>(13,254)</b>	<b>(14,895)</b>	<b>(5,650)</b>	<b>(8,506)</b>	<b>(11,375)</b>	<b>(11,224)</b>	<b>(10,753)</b>	<b>(6,642)</b>	<b>(1,880)</b>	<b>(3,672)</b>
Reduction of third party costs e.g. consulting, legal etc.	219	734	233	(333)	(769)	(1,535)	(1,608)	(1,526)	987	2,269	1,841	1,194
Consolidation of contracts and services	(11,687)	(11,445)	(11,028)	(10,779)	(10,241)	(10,040)	(10,643)	(10,494)	(1,445)	(1,405)	(385)	(285)
Volume discounts	(132)	(1,207)	(1,148)	(1,235)	(430)	(480)	(480)	(480)	298	(727)	(668)	(755)
Software licensing and maintenance	(346)	60	19	(861)	867	(116)	(235)	(251)	(1,213)	176	254	(610)
Consolidation of systems	(4,456)	(3,291)	(1,331)	(1,688)	4,923	3,664	1,591	1,528	(9,380)	(6,955)	(2,922)	(3,216)
<b>Transition Costs (Operating):</b>	<b>3,573</b>	<b>4,558</b>	<b>706</b>	<b>1,025</b>	<b>11,066</b>	<b>11,919</b>	<b>2,853</b>	<b>767</b>	<b>(7,493)</b>	<b>(7,362)</b>	<b>(2,147)</b>	<b>258</b>
Voluntary separation packages	1,529	3,059	463	-	9,003	11,320	2,097	317	(7,474)	(8,261)	(1,635)	(317)
IT system migration and communication tool integration	1,323	524	-	608	1,163	287	400	250	160	237	(400)	358
Re-branding and communication tool integration	-	-	-	150	150	-	150	-	(150)	-	(150)	150
Third-party costs	721	975	244	267	750	312	206	200	(29)	663	38	67
<b>CAPEX Savings</b>	<b>(112)</b>	<b>(3,773)</b>	<b>(2,040)</b>	<b>(8,989)</b>	<b>(7,371)</b>	<b>(24,477)</b>	<b>(23,204)</b>	<b>(29,983)</b>	<b>7,259</b>	<b>20,704</b>	<b>21,164</b>	<b>20,994</b>
<b>Avoided Capital Expenditures:</b>	<b>(42,231)</b>	<b>(37,827)</b>	<b>(13,898)</b>	<b>(22,357)</b>	<b>(22,565)</b>	<b>(29,266)</b>	<b>(23,204)</b>	<b>(29,983)</b>	<b>(19,666)</b>	<b>(8,561)</b>	<b>9,306</b>	<b>7,625</b>
Elimination of IT costs due to converged IT Systems (e.g. programming, maintenance and license fees)	(30,621)	(18,847)	(8,479)	(15,972)	(13,788)	(21,012)	(15,053)	(21,964)	(16,833)	2,164	6,574	5,991
Purchasing power will result in volume discounts for inventory and third party contractors	(4,688)	(6,823)	(3,750)	(4,813)	(4,320)	(4,320)	(4,320)	(4,320)	(368)	(2,503)	570	(493)
Rationalization of fleet and equipment across the three Regions	(3,942)	(10,509)	-	(35)	(900)	(1,165)	(900)	(900)	(3,042)	(9,344)	900	865
Elimination of duplicated programming costs due to regulatory compliance or changes in regulation (e.g. CIS programming for billing changes)	(1,300)	(550)	(500)	(300)	(1,600)	(550)	(500)	(300)	300	0	-	-
Reduction of labour costs from the elimination of future hires and best practice adoption of work methods	(1,679)	(1,098)	(1,169)	(1,237)	(1,957)	(2,220)	(2,431)	(2,499)	277	1,122	1,262	1,262
<b>Transition Costs (Capital):</b>	<b>42,119</b>	<b>34,055</b>	<b>11,858</b>	<b>13,369</b>	<b>15,193</b>	<b>4,789</b>	<b>-</b>	<b>-</b>	<b>26,925</b>	<b>29,266</b>	<b>11,858</b>	<b>13,369</b>
CIS consolidation	14,905	9,190	698	4,072	9,110	2,045	-	-	5,795	7,145	698	4,072
ERP consolidation	11,214	12,461	(160)	1,500	2,017	-	-	-	9,196	12,461	(160)	1,500
GIS/OIS consolidation	1,719	1,342	3,534	3,445	2,188	2,230	-	-	(469)	(889)	3,534	3,445
IT system migration and integration	5,047	3,777	2,973	3,604	1,434	514	-	-	3,613	3,263	2,973	3,604
Facilities renovations	6,034	4,945	98	150	-	-	-	-	6,034	4,945	98	150
Non-IT system and service consolidation	3,201	2,340	4,715	597	445	-	-	-	2,756	2,340	4,715	597

**CCC-6**

**Reference: Exhibit 2, Tab 1, Schedule 1, p. 6**

**The forecast ISD for the Goreway TS CCRA True-up is Q2/Q3 2021. What is the current expected ISD for the project? What factors might lead to a later ISD – beyond the test year? The evidence states that as the full 10 years of peak data will not be available until after the August 2020 anniversary date no formal review between Alectra Utilities and HONI can be completed, and therefore a review of any other options is not available at this time. Do Alectra and HONI intend to consider other options at some point? If so, please explain.**

**Response:**

- 1 Please see Alectra Utilities' response to BRZ-Staff-21.

**CCC-7**

**Reference: Exhibit 4, Tab 1, Schedule 1, Attachment 3**

**The forecast ISD for the Goreway Road Widening Project is December 31, 2021. What is the current expected ISD for the project? What factors might lead to a later ISD – beyond the test year?**

**Response:**

- 1 Please see Alectra Utilities' response to BRZ-Staff-24.

**CCC-8**

**Reference: Exhibit 2, Tab 1, Schedule 1, p. 14**

**The forecast ISD for the Rutherford Road Widening Project is Q3 2021. What is the current expected ISD for the project? What factors might lead to a later ISD – one beyond the test year?**

**Response:**

- 1 Alectra Utilities is scheduled to begin construction work on the Rutherford Road Widening project
- 2 in March 2021, and is expected to be completed by December 2021. Based on this timing, the
- 3 only factor that could lead to a later in-service date would be changes driven by York Region
- 4 Transportation Services. Alectra Utilities has bi-weekly meetings with York Region staff where
- 5 many items are discussed, including any changes to existing projects which may result in scope
- 6 changes that increase costs. Alectra Utilities has received no indication from York Region that the
- 7 last phase of the Rutherford project will not proceed in 2021.

**CCC-9**

**Reference: Exhibit 4, Tab 1, Schedule 1, Attachment 3**

**With respect to the Goreway Road Widening Project please provide the detailed analysis used to conclude that Option 3 is the most cost-effective and technically viable option.**

**Response:**

- 1 Please see Alectra Utilities' response to SEC-9.