

2-PWU-1

Reference: Exhibit 1, Tab 1, Schedule 4, Page 3 of 4, lines 21-28

In the reference, it is stated that:

Alectra Utilities has two Road Authority projects scheduled to be in-service in 2021: the Goreway Road Widening project in the Brampton RZ; and the Rutherford Road Widening project in the PowerStream RZ. Road Authority investments are non-discretionary and are required to be initiated and completed in accordance with the direction from the Road Authorities. Alectra Utilities is required to remove, relocate, or reconstruct distribution system assets to accommodate projects conducted by road authorities (as defined under the Public Service Works on Highways Act, or "PSWHA"). Costs associated with the projects are dependent on the size, type and complexity of the project, and are divided between the parties as specified in the PSWHA (emphasis added).

- a) Please provide or indicate in the evidence the provisions of the PSWHA that specifies the cost sharing policy applicable to Road Authority projects.

Response:

- a) The cost sharing policy that applies to Road Authority projects follows the cost share arrangement as per the Public Service Works on Highway Act ("PSWHA"). Specifically, the Act states that the cost of labour shall be apportioned equally between the road authority and the operating corporation. Please refer to s. 2(2) of the Act¹, which is also reproduced, below.

Apportionment of costs of taking up

(2) The road authority and the utility company may agree upon the apportionment of the cost of labour employed in such taking up, removal or change, but, subject to section 3, in default of agreement such cost shall be apportioned equally between the road authority and the utility company, and all other costs of the work shall be borne by the utility company. R.S.O. 1990, c. P.49, s. 2 (2); 2020, c. 12, s. 86 (7).

In this Act,

"cost of labour" means,

(a) the actual wages paid to all workers up to and including the supervisors for their time actually spent on the work and in travelling to and from the work, and the cost of food, lodging and transportation for such workers where necessary for the proper carrying out of the work,

(b) the cost to the utility company of contributions related to such wages in respect of workplace safety and insurance premiums, vacation pay, employment insurance, pension or insurance benefits and other similar benefits,

(c) the cost of using mechanical labour-saving equipment in the work,

(d) necessary transportation charges for equipment used in the work, and

(e) the cost of explosives; ("coût de la main-d'oeuvre")

¹ <https://www.ontario.ca/laws/statute/90p49>

2-PWU-2

Reference: Exhibit 2, Tab 1, Schedule 1, Page 6 of 18 (Goreway TS CCRA True-up)

In the reference it is stated that:

Additional capital contributions may be required at a true-up point if an economic shortfall is calculated (i.e., if the actual/forecast load has decreased). Conversely, a refund may be paid at the final true-up point if an economic surplus is calculated (i.e., if the actual/forecast load has increased).

a) Which variance account/sub account is used to record variances in capital contribution arising from variances in actual/forecast load?

Response:

- 1 a) Alectra Utilities does not record variances in capital contributions arising from changes in the
- 2 actual and forecast load related to Connection and Cost Recovery Agreement ("CCRA")
- 3 true-up payments, in a variance account or sub account. The CCRA true-up is determined
- 4 and settled directly with Hydro One Networks Inc. ("HONI") through a formal CCRA true-up
- 5 review process. Please also see Alectra Utilities' response to BRZ-Staff-21.

2-PWU-3

Reference: Exhibit 2, Tab 1, Schedule 1, Page 7 of 18 (Goreway TS CCRA True-up – Project Options)

The reference indicates that:

The CCRA is a legally binding contract between Alectra Utilities and HONI. Alectra Utilities must fulfil the obligations of the contract, which includes payment of true-up settlements. As the full ten 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.

a) Please provide update on whether a formal review has commenced since this Application was filed.

Response:

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

2-PWU-4

Reference: Exhibit 2, Tab 1, Schedule 1, Page 8 of 18 (Goreway Road Widening project)

...the option to underground the distribution system was significantly higher cost and therefore it was determined to be uneconomical, relative to relocating the overhead system.

a) Did Alectra undertake analysis of the cost-benefit of undergrounding relative to relocating the overhead system? If so what is the cost differential that would result if the overhead system was undergrounded?

Response:

- 1 a) Please see Alectra Utilities' response to SEC-9 c) and SEC-9 d).

2-PWU-5

Reference:

- a) **Alectra's evidence indicates that the projects for which ICM funding is requested are non-discretionary. Please describe in general the adverse consequences of deferring other projects on Alectra and customers in the event that the Board does not approve the request.**

Response:

1 a) It is difficult for Alectra Utilities to speculate as to the particular impacts on its investment plans
2 and customers without knowing the specifics of any decision that the OEB may make in this
3 proceeding. Generally, however, in the event the Board does not approve the requests for
4 ICM funding, Alectra Utilities expects that it would further reduce the capital investments
5 contemplated in and continue to fall behind in its efforts to implement its DSP, thereby
6 increasing the risk that Alectra Utilities will not be able to meet the service quality and reliability
7 expectations of its customers in the years ahead.

8
9 More specifically, as a result of the OEB's decision in EB-2019-0018, Alectra Utilities has
10 already reduced its system renewal and system service investments that were otherwise
11 contemplated in its DSP by approximately \$33MM per year. With those reductions, Alectra
12 Utilities is continuing to fall behind in its efforts to address its growing backlog of deteriorated
13 assets, specifically deteriorated underground cables and overhead assets including
14 poles. This was the "snowplow effect" explained in that proceeding. For 2020, Alectra Utilities
15 has experienced lower customer driven investments in system access and repurposed
16 available funding into urgently needed system renewal investments that enable Alectra
17 Utilities to maintain customer reliability at historical levels during the COVID-19 global
18 pandemic. For 2021 and onward, Alectra Utilities has also had to defer a substantial portion
19 of planned system expansion investments, the risk of which (i.e. being unable to meet
20 customers' expected connection dates due to the need to expand the system reactively at a
21 higher cost) was also explained in the DSP. In this context, if Alectra Utilities does not receive
22 the ICM funding it has requested in the current application, it will have to defer the next tranche
23 of otherwise planned investments, which includes urgently required investments in system

1 protection equipment, switching and automation assets, as well as defer other station
2 renewals.

3
4 On October 22, 2020, the Ontario Government introduced the *Ontario Rebuilding and*
5 *Recovery Act, 2020* ("Bill 222"). Bill 222 aims to accelerate the planning, design and
6 construction process for major projects which include public transit and roads. Bill 222
7 proposes to amend, among other legislation, the *Building Transit Faster Act, 2020* and the
8 *Public Service Works on Highway Act* in order to accelerate road widening and transit projects
9 already under consideration and to facilitate additional projects that are expected to be
10 introduced over the 2021 to 2024 planning period. Should system access work requirements
11 (i.e., transit and road work which is outside of the utility's control) accelerate, the increased
12 pressure on Alectra Utilities to further reallocate available funds from system renewal and
13 system service will further contribute to the aforementioned "snowplow effect".

3-PWU-1

Reference: Exhibit 3, Tab 1, Schedule 5, Page 2 of 2, Table 37 (Calculation of PCI)

a) Please update Table 37 with any OEB published updates for stretch factor assignment for 2021 and inflation factor for 2021.

Response:

- 1 a) Alectra Utilities has a stretch factor of 0.3% for 2021 IRM filers based on the most recent
- 2 PEG report, issued on August 31, 2020. This is consistent with the stretch factor of 0.3%
- 3 used in the Application. The industry specific inflation factor for 2021 has not yet been
- 4 updated by the OEB; Alectra Utilities has used the inflation factor for 2020 IRM filers as a
- 5 proxy for 2021, and will update the inflation factor once the information is available.