

1.0-VECC-1

Reference: Exhibit 1, Tab 1, Schedule 4, page 2

a) Please provide a table showing all ICM projects for which Alectra has sought approval since December 8, 2016.

Please provide:

- i. the date of the application seeking funding, the expected in-service of the project;
- ii. the actual in-service date of the project;
- iii. the total ICM funding sought;
- iv. the total project costs sought, the actual funding approved and the actual cost of the project when put into service; and,
- v. The approved rate rider and its effective dates.

Response:

- 1 a) Table 1 below, includes the OEB-approved ICM projects from Alectra Utilities' 2018 EDR Application (EB-2017-0024) filed July 7,
2 2017; 2019 EDR Application (EB-2018-0016) filed June 7, 2018; and 2021 EDR Application (EB-2020-0002) filed August 17, 2020.
3 The OEB approved all three ICM projects requested in Alectra Utilities' 2021 rate application. The table includes:
- 4 • The application filing date;
 - 5 • The expected and actual energization or in-service date;
 - 6 • The total ICM funding sought and approved;
 - 7 • The total project cost sought and approved; and
 - 8 • The actual project cost.

1 **Table 1 – Alectra Utilities’ OEB-Approved ICM Projects (\$MM)**

2

| Approved ICM Projects | Application Date | Expected Energ. Date | Energized Date | Project Costs | | | Funding | |
|------------------------------|------------------|----------------------|----------------|-----------------------|------------------------|----------------------|---------------------|----------------------|
| | | | | Applied Project Costs | Approved Project Costs | Actual Project Costs | Applied ICM Funding | Approved ICM Funding |
| Leaking Transformer - 2018 | July 7, 2017 | Q4 2018 | Dec 2018 | 8.4 | 8.4 | 7.0 | 0.7 | 0.7 |
| York MS - Civil Construction | July 7, 2017 | Q4 2018 | Dec 2018 | 3.3 | 2.2 | 2.5 | 0.3 | 0.2 |
| Road Authority YRRT - 2018 | July 7, 2017 | Q4 2018 | Dec 2018 | 11.2 | 11.2 | 15.9 | 0.8 | 0.8 |
| Pleasant TS CCRA True Up | July 7, 2017 | Q4 2018 | Dec 2018 | 6.8 | 6.8 | 6.8 | 0.7 | 0.7 |
| Leaking Transformer - 2019 | June 7, 2018 | Q4 2019 | Dec 2019 | 7.5 | 7.5 | 4.5 | 0.6 | 0.6 |
| Road Authority YRRT - 2019 | June 7, 2018 | Q4 2019 | Dec 2019 | 13.3 | 13.3 | 25.4 | 0.9 | 0.9 |
| Bathurst Road Widening | June 7, 2018 | Q4 2019 | Dec 2019 | 5.5 | 5.5 | 2.8 | 0.4 | 0.4 |
| Goreway TS CCRA True Up | Aug 17, 2020 | Q2/Q3 2021 | Dec 2021 | 5.7 | 5.7 | 5.6 | 0.5 | 0.5 |
| Goreway Road Widening | Aug 17, 2020 | Q4 2021 | Dec 2021 | 2.1 | 2.1 | 2.4 | 0.2 | 0.2 |
| Rutherford Road Widening | Aug 17, 2020 | Q3 2021 | Dec 2021 | 2.9 | 2.9 | 3.1 | 0.2 | 0.2 |

3

4 Tables 2 to 4, below, provide the approved rate riders and effective date of the riders for the approved ICM projects in Table 1.

5 The ICM riders approved in the 2018 rate application were effective May 1, 2018. The ICM riders approved in the 2019 rate application

6 were effective March 1, 2019. The ICM riders approved in the 2021 rate application were effective January 1, 2021.

1 **Table 2 – ICM Riders Brampton RZ**

| Brampton RZ | | 2021 ICM Riders | | 2018 ICM Riders | |
|---------------------------------|------|------------------|-----------------------|------------------|-----------------------|
| Rate Class | Unit | Fixed Rate Rider | Volumetric Rate Rider | Fixed Rate Rider | Volumetric Rate Rider |
| Residential | kWh | 0.22 | 0.0000 | 0.23 | 0.0000 |
| General Services < 50kWh | kWh | 0.24 | 0.0002 | 0.24 | 0.0002 |
| General Service 50 to 699 kW | kW | 1.18 | 0.0268 | 1.21 | 0.0273 |
| General Service 700 to 4,999 kW | kW | 10.66 | 0.0311 | 10.89 | 0.0317 |
| Large Use | kW | 44.35 | 0.0235 | 45.33 | 0.0240 |
| Unmetered Scattered Load | kWh | 0.01 | 0.0002 | 0.01 | 0.0002 |
| Street Lighting | kW | 0.02 | 0.1087 | 0.02 | 0.1112 |
| Embedded Distributor | kWh | 39.20 | 0.0000 | 40.07 | 0.0000 |
| Distributed Generation | kWh | 0.98 | 0.0000 | 1.00 | 0.0000 |

2

3 **Table 3 – ICM Riders PowerStream RZ**

| PowerStream RZ | | 2021 ICM Riders | | 2019 ICM Riders | | 2018 ICM Riders | |
|--------------------------------|------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|
| Rate Class | Unit | Fixed Rate Rider | Volumetric Rate Rider | Fixed Rate Rider | Volumetric Rate Rider | Fixed Rate Rider | Volumetric Rate Rider |
| Residential | kWh | 0.03 | 0.0000 | 0.18 | 0.0000 | 0.11 | 0.0000 |
| General Services < 50kWh | kWh | 0.03 | 0.0000 | 0.19 | 0.0001 | 0.12 | 0.0001 |
| General Service 50 to 4,999 kW | kW | 0.14 | 0.0042 | 0.95 | 0.0282 | 0.57 | 0.0168 |
| Large Use | kW | 6.12 | 0.0023 | 40.77 | 0.0151 | 24.34 | 0.0090 |
| Unmetered Scattered Load | kWh | 0.01 | 0.0000 | 0.06 | 0.0001 | 0.03 | 0.0001 |
| Sentinel Lighting | kW | 0.00 | 0.0099 | 0.03 | 0.0663 | 0.02 | 0.0396 |
| Street Lighting | kW | 0.00 | 0.0064 | 0.01 | 0.0424 | 0.00 | 0.0253 |

4

5 **Table 3 – ICM Riders Enersource RZ**

| Enersource RZ | | 2019 ICM Riders | | 2018 ICM Riders | |
|---------------------------------|------|------------------|-----------------------|------------------|-----------------------|
| Rate Class | Unit | Fixed Rate Rider | Volumetric Rate Rider | Fixed Rate Rider | Volumetric Rate Rider |
| Residential | kWh | 0.12 | 0.0000 | 0.16 | 0.0000 |
| General Services < 50kWh | kWh | 0.21 | 0.0001 | 0.29 | 0.0001 |
| General Service 50 to 499 kW | kW | 0.38 | 0.0226 | 0.51 | 0.0308 |
| General Service 500 to 4,999 kW | kW | 8.54 | 0.0116 | 11.65 | 0.0158 |
| Large Use | kW | 67.35 | 0.0144 | 91.89 | 0.0197 |
| Unmetered Scattered Load | kWh | 0.04 | 0.0001 | 0.06 | 0.0001 |
| Street Lighting | kW | 0.01 | 0.0564 | 0.01 | 0.0770 |

1
2 Table 5 below, provides the list of ICM projects that were not approved in Alectra Utilities' 2018 and 2019 rate applications.

3 **Table 5 – Alectra Utilities' ICM Project Not Approved**

| ICM Projects Not Approved | Application Date | Expected Energ. Date | Energization Date | Applied Project Costs | Applied ICM Funding | Actual Project Costs |
|---|------------------|----------------------|-------------------|-----------------------|---------------------|----------------------|
| Road Widening Project - QEW (Evans to Cawthra) | July 7, 2017 | Q4 2018 | In progress | 1.3 | 0.1 | 1.7 |
| Overhead Rebuild - Lake/John | July 7, 2017 | Q4 2018 | Mar 2020 | 0.9 | 0.1 | 0.3 |
| Overhead Rebuild - Church | July 7, 2017 | Q4 2018 | Dec 2019 | 1.0 | 0.1 | 1.6 |
| Cable Replacement - Credit Woodland Crt/Wiltshire | July 7, 2017 | Q4 2018 | Aug 2019 | 1.5 | 0.1 | 1.6 |
| Cable Replacement - Glen Erin & Montevideo (Section 1) | July 7, 2017 | Q4 2018 | Sep 2018 | 2.0 | 0.2 | 1.1 |
| Cable Replacement - Tenth Line Main Feeder | July 7, 2017 | Q4 2018 | Aug 2018 | 1.1 | 0.1 | 1.0 |
| Cable Replacement - Folkway & Erin Mills Main Feeder | July 7, 2017 | Q4 2018 | In progress | 1.0 | 0.1 | 1.1 |
| Cable Replacement - Glen Erin & Battleford | July 7, 2017 | Q4 2018 | Nov 2018 | 2.1 | 0.2 | 1.4 |
| Cable Replacement - Walmart Cables | July 7, 2017 | Q4 2018 | July 2019 | 1.5 | 0.1 | 0.9 |
| Station Switchgear Replacement 8th Line MS323 | July 7, 2017 | Q4 2018 | In progress | 1.4 | 0.1 | 1.5 |
| Rear Lot Supply Remediation - Royal Orchard - North | July 7, 2017 | Q4 2018 | Deferred | 1.7 | 0.1 | 0 |
| Cable Replacement – (M49) - Steeles and Fairway Heights | July 7, 2017 | Q4 2018 | Nov 2020 | 1.8 | 0.1 | 4.1 |

4

| | | | | | | |
|---|--------------|---------|-------------|-----|-----|-----|
| Cable Replacement – (V08) - Steeles Ave and New Westminster | July 7, 2017 | Q4 2018 | Oct 2019 | 2.6 | 0.2 | 4.5 |
| Planned Circuit Breaker Replacement - Richmond Hill TS#1 | July 7, 2017 | Q4 2018 | In progress | 1.2 | 0.1 | 1.8 |
| Rebuild 27.6 kV pole line on Warden Ave into 4 ccts from 16th Ave to Major Mack | July 7, 2017 | Q4 2018 | July 2019 | 1.4 | 0.1 | 1.9 |
| Mill Street MS835 TX Upgrade - Tottenham | July 7, 2017 | Q4 2018 | Oct 2019 | 1.3 | 0.1 | 1.8 |
| Build double ccts 27.6kV pole line on 19th Ave between Leslie St and Bayview Ave | July 7, 2017 | Q4 2018 | Dec 2020 | 1.2 | 0.1 | 1.5 |
| Double Circuit existing 23M21 Circuit from Bayfield & Livingstone to Little Lake MS | July 7, 2017 | Q4 2018 | Dec 2018 | 1.3 | 0.1 | 2.8 |
| Rometown | June 7, 2018 | Q4 2019 | Nov 2020 | 3.2 | 0.3 | 0.5 |
| Barrie TS Upgrade- Metering and Feeder Relocation | June 7, 2018 | Q4 2019 | Feb 2021 | 2.1 | 0.2 | 1.3 |

1.0-VECC-2

Reference: Exhibit 1, Tab 1, Schedule 4, page 3

“The DSP identified failures of underground direct buried cable and cable accessories as a leading contributor to the declining reliability. A key objective of renewal investments in the DSP was to maintain historical reliability levels across the system.

“As the OEB did not ultimately approve incremental capital funding in the 2020 rate application” Alectra Utilities reduced its planned capital expenditures over the 2020-2024 period following the OEB’s decision. Alectra Utilities completed a comprehensive review of its capital investment plan to identify reductions and deferrals in order to align the level of investment with the funding available in rates”

- a) Given the promised efficiencies as part of the various utility amalgamations why were some of these savings not directed toward maintaining the underground plant and reliability of the distribution system as required by the Applicant’s Licence?**

- b) Specifically explain why the “*funding available in rates*” has not increased due to the promised amalgamation efficiencies.**

Response:

- 1 a) and b)
2 On March 26, 2015, the OEB issued the *Report of the Board - Rate-making Associated with*
3 *Distributor Consolidation* (the “MAADs Policy”). In the MAADs Policy, the OEB extended the
4 rebasing deferral period from five years to a period up to ten years following the closing of a
5 consolidation transaction. The purpose of the rebasing deferral period is to enable consolidated
6 distributors to fully realize the anticipated efficiency gains from the transaction and retain the
7 achieved savings for a period of time to help offset transaction and transition/integration costs, as
8 well as to encourage distributors to consolidate.¹ Specifically, the OEB stated at p. 5, in regard

¹ MAADs Policy, p. 5-7.

1 to the policy of allowing a deferred rebasing period, that *“its purpose...is to allow the net savings*
2 *of a consolidation to accrue to a distributor’s shareholder(s) for an extended period. The OEB*
3 *recognized that providing a reasonable opportunity to use savings to at least offset the costs of a*
4 *MAADs transaction is an important factor in a utility’s consideration of the merits of a given*
5 *consolidation initiative.”*

6
7 The MAADs Policy also clarifies, at p. 7-10, that the availability of capital funding is not a function
8 of synergy savings. Under the MAADs Policy, the deferral period and the retention of savings are
9 independent of future capital expenditures funded by the ICM. With or without the ICM, the
10 savings are retained by the utility, for the purposes stated above, over the deferral period. On this
11 basis, the MAADs Policy remains intact whereby the merged utility retains the benefit of the
12 synergies for the deferral period to offset the costs of the MAADs transaction and satisfies
13 incremental capital needs through the ICM.

1.0-VECC-3

Reference: Exhibit 1, Tab 1, Schedule 4, pages 4-5

“Since the 2020 DSP was prepared, system reliability has worsened due to several factors including deteriorated distribution equipment and the increased impact of adverse weather events and storms”

- a) Please explain how the reliability of underground plant is impacted by adverse weather events and storms.**

Response:

- 1 a) Adverse Weather events indirectly impact Alectra Utilities underground distribution system
2 reliability:
3
4 1) Alectra Utilities must replace or repair equipment damage caused by storms which
5 increase expenditure on reactive renewal and repair costs. Increased spending on
6 reactive work decreases the amount of available funding for planned work. This constrains
7 Alectra Utilities from increasing investment in underground cable renewal, leading to a
8 higher volume of deteriorated cables in the system susceptible to failure.
9
10 2) Storms producing substantial rain and flooding increase the moisture in the soil which is
11 absorbed by direct buried cables, degrading the insulation.
12
13 3) As described in Exhibit 3, Tab 1, Schedule 4, page 4-5, fault current stresses the feeders
14 and distribution cables which accelerates the deterioration of the distribution equipment in
15 the greater vicinity of the fault. Faults stemming from adverse weather events include wire
16 down events, lightning strikes or overhead equipment failures. Since Alectra Utilities’
17 distribution system has a mix of overhead and underground, issues on the overhead
18 system can impact underground infrastructure.

2.0-VECC-4

Reference: Exhibit 2, Tab 1, Schedule 1

- a) Please provide the actual return on equity for Alectra for the years 2017 through 2021.
- b) Please provide the actual distribution revenues of the Utility for the years 2017 through 2021.
- c) Please provide the actual OM&A spending for each year 2017 through 2021.

Response:

1 Alectra Utilities’ actual ROE, distribution revenues and OM&A provided in response to parts a) to
2 c) are based on the Reporting and Record Keeping Requirements (“RRR”) filing for each
3 respective year. Since Alectra Utilities’ amalgamation with Guelph Hydro took effect January 1,
4 2019, the reported values for 2017 and 2018 are based on the RRR submissions of Alectra
5 Utilities and Guelph Hydro. The information provided in Tables 1 to 3 also reconcile to Alectra
6 Utilities’ Scorecard and the OEB’s electricity distributor yearbooks on the OEB’s website¹.

7 a) Alectra Utilities’ 2017 to 2021 achieved ROE is provided in Table 1, below.

8 **Table 1 – 2017 to 2021 ROE**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------|-------|-------|-------|-------|-------|
| Achieved ROE | 8.49% | 7.69% | 7.21% | 4.80% | 6.18% |

9

10 b) Alectra Utilities’ 2017 to 2021 actual distribution revenue is provided in Table 2, below.

11 **Table 2 – 2017 to 2021 actual distribution revenue (\$MM)**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------|-------|-------|-------|-------|-------|
| Distribution Revenue | 500.0 | 564.9 | 558.7 | 567.1 | 584.1 |

12

13 c) Alectra Utilities’ 2017 to 2021 actual OM&A is provided in Table 3, below.

14 **Table 3 – 2017 to 2021 actual OM&A (\$MM)**

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|-------|-------|-------|-------|-------|
| OM&A | 248.7 | 252.2 | 267.8 | 277.1 | 273.4 |

15

¹ The 2021 Electricity utility scorecards and 2021 Electricity distributor yearbooks have not been published at the time of this submission.

2.0-VECC-5

Reference: Exhibit 2, Tab 1, Schedule 1, page 8

“The total proposed investment over the two-year period will avoid approximately 300 cable failure related outages in the PowerStream RZ, where each outage would impact 330 customers for approximately two hours per outage.”

a) Please show the derivation of the above made claim.

Response:

1 a) As provided in Exhibit 3, Tab 1, Schedule 4, page 11, the estimate of avoided outages is
2 based on engineering judgement using asset condition, reliability, historical comparators,
3 clustering of failures, number of failures and probability of failure. The estimate of avoided
4 outages is capped to five years from completion of the investment, and assumes no benefit
5 in the year of execution, to provide a conservative estimate. The avoided outage for each
6 proposed ICM project is included in the business cases provided on pages 12-41 of Exhibit 3,
7 Tab 1 Schedule 4, which sum to approximately 300 outages.

8
9 The impact to the number of customers is derived from the 2021 year end reliability data for
10 the PowerStream Rate Zone. It is calculated by dividing the number of customers interruptions
11 by the number of cable and accessory failures, resulting in the number of customers impacted
12 per outage of approximately 330.

2.0-VECC-6

Reference: Exhibit 2, Tab 1, Schedule 1

Table 5 – Capital Expenditures by Category PowerStream RZ (\$MM)

| Category | Actual 2017 | Actual 2018 | Actual 2019 | Actual 2020 | Actual 2021 | Forecast 2022 | Budget 2023 | Budget 2024 |
|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|
| System Access | \$36.7 | \$42.0 | \$37.7 | \$28.8 | \$28.1 | \$30.3 | \$26.5 | \$25.8 |
| System Service | \$29.9 | \$12.0 | \$9.8 | \$11.7 | \$9.1 | \$9.7 | \$11.9 | \$10.5 |
| System Renewal | \$39.4 | \$38.1 | \$39.6 | \$48.0 | \$47.4 | \$48.9 | \$65.5 | \$68.0 |
| General Plant | \$6.6 | \$8.4 | \$7.9 | \$11.2 | \$10.8 | \$15.3 | \$16.1 | \$14.7 |
| Total | \$112.6 | \$100.5 | \$95.0 | \$99.7 | \$95.4 | \$104.2 | \$120.0 | \$119.0 |

Table 12 – Capital Expenditures by Category Enersource RZ (\$MM)

| Category | Actual 2017 | Actual 2018 | Actual 2019 | Actual 2020 | Actual 2021 | Forecast 2022 | Budget 2023 | Budget 2024 |
|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|------------------------|------------------------|
| System Access | \$6.6 | \$9.1 | \$7.5 | \$8.0 | \$11.9 | \$11.3 | \$14.5 | \$15.4 |
| System Service | \$4.3 | \$2.6 | \$1.4 | \$3.5 | \$7.2 | \$2.7 | \$6.8 | \$2.2 |
| System Renewal | \$43.9 | \$41.6 | \$35.2 | \$32.6 | \$28.2 | \$23.6 | \$32.3 | \$32.3 |
| General Plant | \$4.8 | \$6.1 | \$5.7 | \$8.2 | \$7.9 | \$11.1 | \$11.7 | \$10.7 |
| Total | \$59.6 | \$59.4 | \$49.8 | \$52.3 | \$55.2 | \$48.7 | \$65.3 | \$60.6 |

- a) Please update Table 5 & 12 to show the budget forecast for that year that was provided in each ICM proceeding since amalgamation in 2016.
- b) Do Tables 5 & 12 show gross or net capital expenditures (i.e., with or without capital contributions)?
- c) Please provide the capital contributions for Tables 5 & 12.
- d) Are capital contributions solely attributable to the System Access Category?

Response:

1 a) Alectra Utilities was amalgamated in 2017. Tables filed in each ICM proceeding since
2 amalgamation are shown below.

3

4 **PowerStream RZ**

5 **Table 1 – Budget/Forecast in EB-2017-0024 (\$MM)**

| Category | COS 2017 | Forecast 2017 | DSP 2018 | Forecast 2018 | Forecast 2019 | Forecast 2020 |
|-----------------|---------------------|--------------------------|---------------------|--------------------------|--------------------------|--------------------------|
| System Access | \$32.0 | \$32.0 | \$29.6 | \$32.2 | \$30.5 | \$30.7 |
| System Renewal | \$41.8 | \$41.8 | \$51.7 | \$45.3 | \$43.3 | \$49.3 |
| System Service | \$31.0 | \$31.0 | \$30.4 | \$20.5 | \$24.4 | \$14.7 |
| General Plant | \$10.9 | \$17.5 | \$13.9 | \$11.7 | \$5.9 | \$15.6 |
| Total | \$115.8 | \$122.4 | \$125.5 | \$109.8 | \$104.2 | \$110.2 |

6

7 **Table 2 – Budget/Forecast in EB-2018-0016 (\$MM)**

| Category | Forecast 2018 | Budget 2019 | Budget 2020 | Budget 2021 | Budget 2022 |
|-----------------|--------------------------|------------------------|------------------------|------------------------|------------------------|
| System Access | \$43.0 | \$38.5 | \$30.2 | \$33.8 | \$25.5 |
| System Renewal | \$31.9 | \$38.0 | \$43.0 | \$41.7 | \$41.9 |
| System Service | \$11.5 | \$17.0 | \$18.7 | \$20.7 | \$42.8 |
| General Plant | \$6.6 | \$8.5 | \$9.9 | \$11.0 | \$8.7 |
| Total | \$93.0 | \$102.1 | \$101.8 | \$107.1 | \$118.9 |

8

9 **Table 3 – Budget/Forecast in EB-2020-0002 (\$MM)**

| Category | Forecast 2020 | Budget 2021 |
|-----------------|--------------------------|------------------------|
| System Access | \$27.0 | \$28.7 |
| System Service | \$14.8 | \$9.0 |
| System Renewal | \$42.2 | \$50.2 |
| General Plant | \$11.6 | \$13.8 |
| Total | \$95.6 | \$101.8 |

10

1 **Enersource RZ**

2

3

Table 4 – Budget/Forecast in EB-2017-0024 (\$MM)

| Category | Forecast 2017 | Forecast 2018 | Forecast 2019 | Forecast 2020 | Forecast 2021 | Forecast 2022 |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| System Access | \$8.1 | \$11.7 | \$13.8 | \$13.8 | \$12.8 | \$10.8 |
| System Renewal | \$37.4 | \$40.9 | \$42.1 | \$41.5 | \$40.2 | \$36.9 |
| System Service | \$11.1 | \$13.4 | \$13.4 | \$13.7 | \$13.5 | \$14.0 |
| General Plant | \$6.8 | \$6.7 | \$7.6 | \$8.4 | \$6.8 | \$5.9 |
| Total | \$63.4 | \$72.7 | \$76.9 | \$77.5 | \$73.2 | \$67.6 |

4

5

Table 5 – Budget/Forecast in EB-2018-0016 (\$MM)

| Category | Forecast 2018 | Budget 2019 | Budget 2020 | Budget 2021 | Budget 2022 |
|-----------------|--------------------------|------------------------|------------------------|------------------------|------------------------|
| System Access | \$7.4 | \$13.8 | \$13.8 | \$12.7 | \$10.8 |
| System Renewal | \$35.3 | \$40.9 | \$34.6 | \$35.2 | \$35.7 |
| System Service | \$8.0 | \$13.4 | \$13.7 | \$13.5 | \$14.0 |
| General Plant | \$4.8 | \$6.2 | \$7.2 | \$8.0 | \$6.3 |
| Total | \$55.5 | \$74.3 | \$69.3 | \$69.4 | \$66.8 |

6

7

Table 6 – Budget/Forecast in EB-2020-0002 (\$MM)

| Category | Forecast 2020 | Budget 2021 |
|-----------------|--------------------------|------------------------|
| System Access | \$8.3 | \$8.9 |
| System Service | \$2.8 | \$1.8 |
| System Renewal | \$32.1 | \$26.2 |
| General Plant | \$8.5 | \$8.5 |
| Total | \$51.7 | \$45.5 |

8

9

b) Tables 5 & 12 show Net Capital expenditures.

10

11

c) Capital Contributions for Tables 5 & 12 are shown below

1 **Table 7 – Capital Contributions – PowerStream and Enersource RZs (\$MM)**

| Tables 5 & 12 Contribution | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2022 | 2023 | 2024 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| PowerStream RZ | \$44.1 | \$40.7 | \$15.2 | \$41.3 | \$27.6 | \$38.0 | \$37.1 | \$20.0 | \$18.4 |
| Enersource RZ | \$0.0 | \$9.0 | \$13.3 | \$17.2 | \$22.0 | \$49.0 | \$22.1 | \$21.1 | \$20.5 |

2

3 d) Capital Contributions are attributable to the System Access category in most cases. For the

4 PowerStream RZ, Contributions for System Access is 96% of all contributions. For the

5 Enersource RZ, Contributions for System Access is 98% of all contributions.

2.0-VECC-7

Reference: Exhibit 2, Tab 1, Schedule 1

a) Please update Table 10 and Table 17 to show the ICM Monthly Bill Impacts percentage increase of distribution rates (rather than just on total bill).

Response:

1 a) Please see below for a restatement of Table 10 and Table 17, showing the ICM monthly bill
2 impacts as a percentage of the distribution charge:
3

4 **Table 1 – ICM Monthly Bill Impact PRZ (Table 10 Restated)**

| Rate Class | Unit | kWh | kW | ICM Monthly Rate Rider | % Increase, Distribution |
|---------------------------------|------|-----------|-------|------------------------|--------------------------|
| Residential | kWh | 750 | | \$0.16 | 0.53% |
| General Service Less Than 50 kW | kWh | 2,000 | | \$0.37 | 0.50% |
| General Service 50 To 4,999 kW | kW | 80,000 | 250 | \$6.90 | 0.51% |
| Large Use | kW | 2,800,000 | 7,350 | \$130.70 | 0.49% |
| Unmetered Scattered Load | kWh | 150 | | \$0.05 | 0.39% |
| Sentinel Lighting | kW | 180 | 1 | \$0.08 | 0.48% |
| Street Lighting | kW | 280 | 1 | \$0.05 | 0.55% |

7 **Table 2 – ICM Monthly Bill Impact ERZ (Table 17 Restated)**

| Rate Class | Unit | kWh | kW | ICM Monthly Rate Rider | % Increase, Distribution |
|---------------------------------|------|-----------|-------|------------------------|--------------------------|
| Residential | kWh | 750 | | \$0.13 | 0.49% |
| General Service Less Than 50 kW | kWh | 2,000 | | \$0.44 | 0.56% |
| General Service 50 To 499 kW | kW | 100,000 | 230 | \$6.14 | 0.45% |
| General Service 500 To 4,999 kW | kW | 400,000 | 2,250 | \$38.23 | 0.46% |
| Large Use | kW | 3,000,000 | 5,000 | \$153.85 | 0.47% |
| Unmetered Scattered Load | kWh | 300 | | \$0.08 | 0.49% |
| Street Lighting | kW | 33 | 0.1 | \$0.02 | 0.73% |

8

2.0-VECC-8

Reference: Exhibit 2, Tab 4, page 38

“The cost of implementing the 2020 DSP materially exceeds the capital funding available in Alectra Utilities’ base distribution rates. The utility’s base rates will support an average annual capital expenditure of approximately \$236MM, whereas the DSP contemplates an annual average capital expenditure of approximately \$291MM.”

Table 18 – Comparison of DSP to Actuals/Adjusted Capital Plan (\$MM)

| Capital Expenditures | Actual 2020 | Actual 2021 | Forecast 2022 | Budget 2023 | Budget 2024 | Total |
|------------------------------------|--------------------|--------------------|----------------------|--------------------|--------------------|------------------|
| DSP | \$282.9 | \$280.2 | \$288.3 | \$295.8 | \$309.3 | \$1,456.5 |
| Actual/Forecast, before ICM | \$256.1 | \$261.9 | \$259.3 | \$262.4 | \$266.6 | \$1,306.3 |
| Total Reduction, before ICM | (\$26.8) | (\$18.3) | (\$29.0) | (\$33.4) | (\$42.7) | (\$150.2) |
| Proposed ICM Investment | \$0.0 | \$0.0 | \$0.0 | \$25.4 | \$26.9 | \$52.3 |
| Total Net Reduction | (\$26.8) | (\$18.3) | (\$29.0) | (\$8.0) | (\$15.8) | (\$97.9) |

- a) If Alectra’s existing rates do not sustain the long-term capital budget required for safe and reliable service then why is the Utility not seeking to rebase its rates?
- b) Is the purpose of Table 18 to show that Alectra believes it will be underfunding its capital needs by \$97.9 million over the 2020 – 24 period?

Response:

- 1 a) In *The Report of the Board: Rate Making Associated with Distributor Consolidation* (the
- 2 “MAADs Policy”), the OEB clearly identified the concerns of distributors regarding
- 3 consolidations; it states that if distributors could “[include] on-going capital investments into
- 4 rate base during the deferred rebasing period, they may be more willing to consider
- 5 consolidation”. Further, in the MAADs Policy, the OEB stated that distributors had identified
- 6 that “...few, if any, distributors would be able to operate over a deferred rebasing period
- 7 without incorporating normal and expected capital expenditures into rate base.”¹

¹ EB_2014-0138, p. 8

1 In its MAADs Application proceeding (EB-2016-0025), Alectra Utilities specified that it had
2 ongoing capital funding needs in all of its rate zones and that it anticipated confirming that
3 need annually. On that basis, it would file ICM applications for the rate zones for which such
4 funding was required. The capital needs for Alectra Utilities were not unanticipated.

5
6 Alectra Utilities believes that early termination of the rebasing deferral period approved by the
7 OEB in EB-2016-0025 (“MAADs Decision”) would be inconsistent with that approval. Further,
8 it would be inconsistent with the OEB’s policies on distribution consolidations as set out in the
9 *Handbook to Electricity Distributor and Transmitter Consolidations* (“MAADs Handbook”). The
10 MAADs Handbook affirms the OEB’s policy of “*providing consolidating distributors with the*
11 *ability to finance capital investments during the deferral period without being required to*
12 *rebase earlier than planned*” (MAADs Handbook, p. 17, emphasis added).

13
14 b) As identified in Exhibit 3, Tab 1, Schedule 1, p.2, this ICM application presents actual capital
15 expenditures for 2020 and 2021, a forecast for 2022, and budget for 2023 and 2024. The
16 purpose of Table 18 is to provide a comparison of the actual, forecast and budget amounts
17 over the 2020 to 2024 period to the capital expenditures included in Alectra Utilities’ DSP filed
18 in the 2020 application (EB-2019-0018).

2.0-VECC-9

Reference: Exhibit 2, Tab 1, Schedule 1

a) In addition to the adoption of Asset Analytics what other methodological changes were introduced as part of the “Adjusted Capital Plan”.

Response:

- 1 a) In addition to the Asset Analytics platform, Alectra Utilities staff have more granular
- 2 information available which is collected in a systematic way. This includes better
- 3 visualizations of multiple data sources on one map. The latter is enabled by the Asset
- 4 Analytics platform.

2.0-VECC-10

Reference: Exhibit 2, Tab 1, Schedule 1

“Alectra Utilities seeks OEB approval for the need for, and prudence of, the investment in 2023 and 2024. Further, Alectra Utilities seeks OEB approval of the 2023 ICM rate riders, effective January 1, 2023.

Alectra Utilities proposes that approval of the 2024 rate riders for the proposed ICM projects be determined in Alectra Utilities’ 2024 Price Cap IR application”

- a) Please explain why it is better to calculate the 2024 rate rider as part of the 2024 IR proceeding rather than as part of this proceeding and then to have that rider made effective in 2024? Specifically - what variables on the rate rider are subject to change subsequent to the Board’s determinations in this proceeding?**

Response:

- 1 a) As provided in Exhibit 2, Tab 1, Schedule 1, pp.19-20, Alectra Utilities was guided by the
2 OEB’s treatment of ACM requests as part of a cost of service application, specifically, that
3 rate riders for qualifying ICM projects will be determined in the subsequent Price Cap IR
4 application for the year in which the capital investment will come into service.
5
6 The calculation of the proposed 2023 ICM rate riders on Tab 11 of the ICM Models
7 (Attachments 3 and 7) uses the latest (i.e., 2021) billing determinants data from Alectra
8 Utilities’ 2021 annual RRR filing. For the calculation of the proposed 2024 ICM rate riders,
9 Alectra Utilities will rely on 2022 billing determinant data that will be filed as part of its 2022
10 annual RRR submission.

3.0-VECC-11

Reference: Exhibit 3, Tab 1, Schedule 2

Table 21 – UG Cable Renewal Investments (\$MM)

| Investment | Actual 2018 | Actual 2019 | Actual 2020 | Actual 2021 | Forecast 2022 | Total |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|----------------|
| Cable Renewal – Replacement | \$37.2 | \$31.2 | \$35.4 | \$25.3 | \$23.8 | \$152.9 |
| Cable Renewal – Injection | \$3.6 | \$4.9 | \$11.5 | \$13.7 | \$16.6 | \$50.3 |
| Emerging Underground Projects | \$2.3 | \$5.9 | \$8.0 | \$10.1 | \$6.9 | \$32.9 |
| Total | \$43.1 | \$42.0 | \$54.9 | \$49.1 | \$47.3 | \$236.1 |

- a) **Given the evidence and proposals of this application to address declining reliability of underground cable, what accounts for the declining investment in cable renewal replacement over the 2018 to 2022 period? Specifically address why this area of investment was not prioritized over general plant investments.**

Response:

- 1 a) Please see Alectra Utilities’ response to 1-Staff-17 and SEC-14.

3.0-VECC-12

Reference: Exhibit 3, page 5

“As provided in Section 2.3.2 of the DSP Filing Requirements, Alectra Utilities set a quantitative measure to maintain the number of customer hours of interruption due to defective equipment to no more than 455,651 hours per year, based on a five year historical average. Despite Alectra Utilities' effort to reverse the increasing trend of defective equipment failure, for each year since filing the DSP, Alectra Utilities has experienced increasing customer hours of interruption due to defective equipment and failed to meet the DSP target for each year.”

- a) How has the failure to meet the DSP reliability targets for defective equipment impacted management and employee incentive benefits?**
- b) How will the proposed new projects impact Alectra's ability to meet its DSP targets**
- c) Please provide the targets that are expected to be met in each year 2022 through 2026 and explain how meeting (or not) these targets impacts salary incentives.**

Response:

- 1 a) Reliability, measured through Controllable SAIDI, is a portion of the overall incentive
2 measure. Controllable SAIDI targets includes hours of interruption caused by scheduled
3 outages, tree contacts and interruptions resulting from human element and defective
4 equipment.
5
- 6 b) Alectra Utilities has established plans to implement and complete the proposed ICM projects
7 in 2023 and 2024. Because reliability is a lagging indicator, the reliability benefits from these
8 underground renewal projects are projected to result in reduced cable failures starting in 2024
9 and 2025.
10
- 11 c) Alectra Utilities establishes corporate reliability targets which contribute to the corporate
12 scorecard annually based on the most recent average of Controllable SAIDI. The 2022

- 1 reliability target for controllable SAIDI as part of the 2022 corporate scorecard is set as 40.73
- 2 minutes.

3.0-VECC-13

Reference: Exhibit 3, Tab 1, Schedule 4

a) What accounts for the lack of similar underground plant deterioration occurring in the PowerStream and Enersource rate zones as compared to the Brampton, Horizon and Guelph rate zones?

Response:

- 1 a) Underground plant deterioration affects all areas similarly, however the rate of asset
- 2 degradation differs in each rate zone. The underground cables in the Brampton and Guelph
- 3 Hydro RZs are generally a newer vintage and feature more of the TRXLPE type of cable.
- 4 While the Horizon Utilities RZ accounts for the 3rd highest amount of Cable & Accessories
- 5 Reliability impact (Exhibit 3, Tab 1, Schedule 2, page 5, Figure 4), the accessories, and not
- 6 the cables themselves have much more of an impact as compared to other rate zones.

3.0-VECC-14

Reference: Exhibit 3, Attachment – Project Listings

- a) Please provide the actual material project listings for the years 2019 through 2021 and the forecast 2022 schedule.**

Response:

- 1 a) Please see Alectra Utilities' response to 1-Staff-5.