

September 15, 2022

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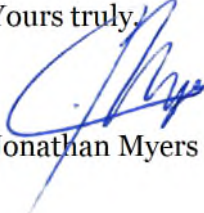
Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: Alectra Utilities Corporation - 2023 Incremental Capital Module (ICM) Rate Application (EB-2022-0013) - Applicant Reply Submission

We are legal counsel to Alectra Utilities Corporation (“Alectra Utilities”), which is the applicant in the above-referenced proceeding. On behalf of Alectra Utilities and pursuant to Procedural Order No. 1, please find enclosed the applicant’s Reply Submission.

Yours truly,



Jonathan Myers

cc: Natalie Yeates, Alectra Utilities
Charles Keizer, Torys LLP
All Parties

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Alectra Utilities Corporation to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2023.

REPLY SUBMISSION

ALECTRA UTILITIES CORPORATION

EB-2022-0013

September 15, 2022

1 **A. INTRODUCTION**

2 Alectra Utilities Corporation (“Alectra Utilities” or the “Applicant”) filed an application with the
3 Ontario Energy Board (“OEB” or the “Board”) on May 16, 2022, under section 78 of the *Ontario*
4 *Energy Board Act, 1998*, seeking approval for Incremental Capital Module (“ICM”) funding for its
5 PowerStream and Enersource rate zones (“RZs”) to be effective January 1, 2023 (the
6 “Application”). The Application was prepared in accordance with applicable OEB policies, filing
7 requirements and guidance. The requested ICM funding will be used to improve reliability in
8 neighbourhoods within these RZs where significant outages are likely to occur due to failures of
9 underground cable. Alectra Utilities will perform urgently needed repairs of deteriorating
10 underground direct-buried cables through silicone injection where feasible, and replacements of
11 deteriorating underground direct-buried cables where repair is not feasible.

12 This is Alectra Utilities’ reply submission in this matter. For the reasons that follow, Alectra Utilities
13 submits that the Application should be approved as filed.

1 **B. OVERVIEW**

2 All of Alectra Utilities' RZs are on Price Cap IR for the purpose of setting 2023 rates. In accordance
3 with OEB policy relating to ICM funding for consolidating distributors, Alectra Utilities has
4 requested approval for the proposed ICM investments in 2023 and 2024 for the PowerStream
5 and Enersource RZs. Further, Alectra Utilities has requested approval of the 2023 ICM rate riders,
6 effective January 1, 2023. As described in Exhibit 2, Tab 1, Schedule 1, Alectra Utilities has also
7 proposed that the calculation of the 2024 ICM rate riders be determined in Alectra Utilities' 2024
8 Price Cap IR application.

9 Alectra Utilities has met the ICM requirements for each of these RZs, as such requirements are
10 set out in the OEB's *Filing Requirements for Electricity Distribution Rate Applications*, dated May
11 24, 2022 (the "Chapter 3 Filing Requirements"); *Handbook to Electricity Distributor and*
12 *Transmitter Consolidations*, dated January 19, 2016 (the "MAADs Handbook"); *Handbook for*
13 *Utility Rate Applications*, dated October 13, 2016 (the "Rate Handbook"); *Report of the Board –*
14 *New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, dated
15 September 18, 2014 (the "ACM Report"); *Report of the Board – New Policy Options for the*
16 *Funding of Capital Investments: Supplemental Report*, dated January 22, 2016 (the
17 "Supplemental Report"); and Letter re: *Incremental Capital Modules During Extended Deferred*
18 *Rebasing Periods*, dated February 10, 2022 (the "ICM Policy Update Letter").

19 Alectra Utilities has capital investment needs for the PowerStream and Enersource RZs that are
20 not funded through existing distribution rates. Alectra Utilities must urgently invest to address
21 worsening reliability due to deteriorated underground direct-buried cable and related equipment.
22 Alectra Utilities has used data analytics to identify neighbourhoods where significant outages are
23 likely to occur due to failures of underground cable, and to address these assets on a focused,
24 localized basis. Based on its analysis of recent underground cable failures and asset condition
25 assessment, Alectra Utilities has identified the localized hotspots with the highest probability of
26 imminent failure.

27 Specifically, using its Asset Analytics Platform and engineering assessments, Alectra Utilities
28 identified 78 projects to address hotspots for cable failures which need renewal over 2023 and
29 2024. Through engineering assessments, 52 of these projects were identified as high priority
30 projects – 20 in the Enersource RZ and 32 in the PowerStream RZ. When considered alongside
31 its wide range of other business needs, Alectra Utilities determined that it is only able to address

1 the 24 highest priority underground cable renewal projects through funding from base rates.¹
2 While addressing those highest priority projects represents a significant investment for improving
3 reliability, it is not sufficient to address the urgent need for renewal of underground direct-buried
4 cable in the neighbourhoods in question. Moreover, to address additional high priority projects
5 without additional funding would materially impair Alectra Utilities' ability to meet other essential
6 business needs. Alectra Utilities has therefore identified incremental underground cable renewal
7 investments in 28 neighbourhoods in the PowerStream and Enersource RZs for 2023 and 2024.
8 These projects have been identified for ICM funding because asset conditions, reliability and
9 quality of service in these areas point to an urgent need for renewal, and a delay in renewing
10 these assets beyond 2024 would give rise to unacceptable reliability impacts for customers and
11 materially higher renewal costs in future years.

12 In each of the 28 neighbourhoods, Alectra Utilities will implement the cable renewal strategy
13 (cable injection or cable replacement) that delivers the best value for customers. To ensure the
14 ICM investment is the most cost-effective option for customers, Alectra Utilities will leverage cable
15 injection in neighbourhoods where it is feasible to do so based on the extent to which cable
16 conditions have deteriorated. Approximately 46% of the proposed ICM projects will address
17 deteriorated cables in the affected neighbourhoods using cable injection technology, which
18 extends the life of existing cable at one-sixth the cost of replacement.

19 Alectra Utilities engaged Innovative Research Group ("Innovative") to seek customer input on the
20 proposed ICM investments in the PowerStream and Enersource RZs. The ICM customer
21 engagement survey focused on customer preferences as between specific investment options
22 and outcomes to address the challenges posed by deteriorating underground cable. As set out in
23 Innovative's April 2022 report on customer engagement for the 2022 ICM Application (the
24 "Innovative Report"),² customers want Alectra Utilities to invest more in renewing deteriorated
25 underground cable. In both RZs, a majority of customers across all rate classes support an
26 increase in investment in both strategies, and customers consistently prefer a more rapid pace of

¹ Exhibit 2-1-1, p. 9.

² Exhibit 4-1-1, Attachment 11.

1 expenditure on these projects. Alectra Utilities incorporated customer preferences when
2 identifying the projects proposed for ICM funding in this application.

3 For the PowerStream RZ, the incremental revenue requirement associated with the 2023 ICM
4 funding request of \$16.6MM is \$1.2MM.³ The total monthly bill impact for a typical residential
5 customer in the PowerStream RZ from the proposed ICM rate rider is \$0.16 per month or 0.13%.⁴
6 For the Enersource RZ, the incremental revenue requirement associated with the ICM funding
7 request of \$8.7MM is \$0.7MM.⁵ The total monthly bill impact for a typical residential customer in
8 the Enersource RZ from the proposed ICM rate rider is \$0.13 per month or 0.10%.⁶

9 Based on their submissions, OEB staff supports the application subject to one adjustment. PWU,
10 DRC and SBUA are also supportive of the application and ED takes no position. SEC, VECC,
11 AMPCO, CCC and CCMBC oppose the application. Alectra Utilities considers and addresses the
12 submissions of the parties in the sections that follow.

13 **C. OEB POLICY**

14 The OEB's ICM policy, as set out in the ACM Report and the Supplemental Report (together
15 hereinafter referred to as the "ICM Report"), was established to address the treatment of a
16 distributor's capital investment needs that arise during a Price Cap IR rate-setting plan and which
17 are incremental to a materiality threshold.

18 The *Chapter 3 Filing Requirements* specify that the amount of ICM funding requested must be
19 incremental to the distributor's capital requirements within the context of its financial capacities
20 underpinned by existing rates, and that the request must satisfy the eligibility criteria of materiality,
21 need and prudence.⁷ These 'standard' ICM eligibility criteria⁸ are discussed below.

22 Further, on February 10, 2022, the OEB issued the ICM Policy Update Letter, which establishes
23 certain modified or additional criteria as part of an update to the OEB's ICM policy insofar as it
24 applies to consolidating utilities in years six to ten of their rebasing deferral period. For Alectra
25 Utilities, this represents the 2022 to 2026 years of its rebasing deferral period. Alectra Utilities is

³ Exhibit 2, Tab 1, Schedule 1, pp. 7-10, Table 7 and Table 8.

⁴ Exhibit 2, Tab 1, Schedule 1, p. 12, Table 10.

⁵ Exhibit 2, Tab 1, Schedule 1, pp. 15-17, Table 14 and Table 15.

⁶ Exhibit 2, Tab 1, Schedule 1, p. 19, Table 17.

⁷ *Chapter 3 Filing Requirements*, Section 3.3.2, pp. 25-26.

⁸ See Section 4.1.5, ACM Report

1 currently in year 6 of its deferral period. Pursuant to the ICM Policy Letter, to enhance regulatory
2 efficiency and further incent distributor consolidation, the OEB has provided additional flexibility
3 for distributors that are beyond the fifth year of their deferred rebasing period by permitting them
4 to apply for ICM funding for annual capital programs during years six to ten of their deferral period
5 if they demonstrate:

- 6 • An urgent need for such additional funding that is based on new information that has arisen
7 since the utility's most recent rebasing application related to the management of risk
8 associated with asset condition, reliability and quality of service and public safety;
- 9 • History of good utility practice in capital planning, capital program management and asset
10 maintenance;
- 11 • How the ICM investment addresses customer needs and preferences and delivers
12 benefits to customers; and
- 13 • Exhaustion of other available options to manage its costs within the envelope provided by
14 the existing price cap or another applicable formula.

15 Alectra Utilities submits that the Application is consistent with the OEB's current policy in relation
16 to the availability of, and basis for, ICM funding for consolidating distributors. Alectra Utilities has
17 satisfied the relevant standard ICM requirements as well as the additional or modified
18 requirements established in the ICM Policy Update Letter. The following sections address
19 submissions from parties in respect of four aspects of the OEB's ICM policy.

20 **1. Relationship to Prior M-Factor Application**

21 Notwithstanding existing OEB ICM policy, SEC asserts that this ICM Application is substantially
22 the same as Alectra Utilities' M-Factor application and that the ICM Application should be rejected
23 for the same reasons.⁹ Similar submissions are made by AMPCO¹⁰, CCC¹¹ and CCMBC¹². In
24 essence, these parties argue that because Alectra Utilities has sought capital funding incremental
25 to that funded through its IRM rates and the funding request relates to assets included in the DSP,

⁹ SEC Submission, pp. 2-3.

¹⁰ AMPCO Submission, p. 4.

¹¹ CCC Submission, p. 3.

¹² CCMBC, p. 14.

1 it is effectively the same as the M-Factor application, and because the M-Factor application was
2 rejected so too should the current application. These assertions are flawed and incorrect. First,
3 all ICM applications, by definition, are driven by the need for capital incremental to that funded by
4 IRM rates. Second, there is no prohibition on Alectra Utilities applying for incremental capital
5 funding in relation to projects of a kind that formed part of the DSP that was filed at the time of
6 the M-Factor application. Third, these parties ignore the ICM Policy Update Letter. This ICM
7 Application is properly constituted in accordance with the OEB's ICM policies. In this respect, it
8 is notable that OEB staff takes no issue with the form of the Application, its two-year duration, or
9 eligibility of the proposed ICM projects.¹³

10 **2. Multi-Year ICM**

11 SEC points to Alectra Utilities' request for multi-year ICM relief to assert that the OEB should
12 reject the current application on the basis that by seeking multi-year ICM funding it is akin to the
13 M-Factor Application.¹⁴ In addition, SEC and CCC argue that multi-year ICM funding should only
14 be available on an exceptional basis for large multi-year projects¹⁵. These arguments have no
15 merit. As part of the M-Factor decision, the OEB noted that there is no prohibition against multi-
16 year ICM funding and invited Alectra Utilities to consider filing a multi-year ICM application if it
17 seeks further ICM funding.¹⁶ While the OEB in that decision referenced a prior instance where it
18 had approved a multi-year ICM, the OEB did not suggest that the circumstances in that prior
19 instance would be the only circumstances where multi-year ICM funding would be available. As
20 such, the provision for multi-year ICM should be considered on a case-by-case basis. There is a
21 clear basis for multi-year treatment given the manner in which the capital work must be
22 undertaken. In the company's business cases for multi-year projects, the relevant projects are
23 divided into two phases for coordination of work and to minimize disruption to the affected
24 neighbourhood. Based on the scope of a project and configuration of the distribution system in
25 the area, executing a project in two stages will result in the least amount of disruption to
26 customers.¹⁷

27 Furthermore, in an effort to characterize the current ICM request as being equivalent to the M-
28 Factor application, SEC has ignored a key consideration, which is Alectra Utilities' proposed

¹³ See OEB Staff Submission, p. 2.

¹⁴ SEC Submission, p. 3.

¹⁵ SEC Submission, p. 3; CCC Submission, p. 5.

¹⁶ OEB, Partial Decision and Order (EB-2019-0018), January 30, 2020, p. 28.

¹⁷ Exhibit 3-1-4, pp. 13-14, 24.

1 treatment of the 2024 rate riders. As noted by Alectra Utilities, the company proposes that
2 approval of the 2024 rate riders be determined in Alectra Utilities' 2024 Price Cap IR application.¹⁸
3 In this regard, Alectra Utilities is guided by the OEB's treatment of ACM requests as part of cost
4 of service applications. In particular:

- 5 • Cost recovery (i.e., rate riders) for qualifying ACM projects is determined in the
6 subsequent Price Cap IR application for the year in which the capital investment will come
7 into service;
- 8 • Any approvals provided for an ACM in a cost of service application are subject to the
9 distributor passing the means test to receive its funding during the IR term;
- 10 • A distributor must provide the relevant project's updated cost projections, confirmation that
11 the project(s) are on schedule to be completed as planned, and an updated ACM/ICM
12 module in Excel format; and
- 13 • If the updated cost projections are greater than the pre-approved amount by 30% or more,
14 the distributor must treat the project as a new ICM project and re-file the business case
15 and other relevant material in the applicable IR year.

16 Alectra Utilities proposes to apply the above guidance when seeking approval of its 2024 ICM
17 rate riders for the cable renewal investments. Specifically, Alectra Utilities proposes to provide an
18 updated ICM model as part of its 2024 IRM application to update for, among other things, any
19 changes to Alectra Utilities' 2024 forecasted capital budget, if applicable.

20 In effect, Alectra Utilities' multi-year proposal enables the OEB to make a determination regarding
21 need, materiality and prudence in the current proceeding while providing the opportunity for
22 further consideration based on the ACM guidelines as part of the 2024 IRM application if required.
23 This in no way reflects the M-Factor application and is a proposal that is both efficient and effective
24 from a regulatory perspective and reflective of the manner in which the capital work must be
25 undertaken. Accordingly, the OEB should approve this proposed approach.

26 **3. Availability of Synergy Savings**

27 CCC believes that the Application should be denied since Alectra Utilities chose a 10-year
28 deferred rebasing period, during which the company is permitted to keep synergy savings but

¹⁸ Exhibit 2-1-1, p. 19.

1 continues to seek incremental funding for typical annual capital programs.¹⁹ Similar arguments
2 were raised by SEC and VECC.²⁰ These submissions are without merit and reflect an incorrect
3 understanding of the OEB's policies on deferred rebasing and synergy savings.

4 The OEB extended the rebasing deferral period from five years to a period up to ten years
5 following the closing of a consolidation transaction. The purpose of the rebasing deferral period
6 is to enable consolidated distributors to fully realize the anticipated efficiency gains from the
7 transaction and retain the achieved savings for a period of time to help offset transaction and
8 transition/integration costs, as well as to encourage distributors to consolidate.²¹ The OEB, in its
9 *Report of the Board – Rate-making Associated with Distributor Consolidation* (the “MAADs
10 Policy”) also clarifies that the availability of capital funding is not a function of synergy savings.²²
11 Under the MAADs Policy, the deferral period and the retention of savings are independent of
12 future capital expenditures funded by the ICM.²³

13 In addition, the ICM Policy Update Letter states:

14 "To further enhance the efficiency of the regulatory process and to provide a further
15 incentive for distributors considering consolidation, the OEB is updating the existing ICM
16 policy for responding to capital investment needs of electricity distributors that select an
17 extended deferred rebasing period (beyond five years) under the OEB's current MAADs
18 policy. Specifically, the OEB is providing additional flexibility for these electricity
19 distributors to apply for incremental capital funding for an annual capital program during
20 the extended rebasing period (i.e., years six to ten of their deferral period)."

21 This updated ICM policy confirms the availability of ICM funding for distributors that are in the
22 later years of their deferred rebasing periods. The updated policy does not suggest that a
23 consolidating distributor must use its synergy savings to fund its incremental capital needs,
24 contrary to established policy, nor would this be consistent with the OEB's stated objective of
25 further encouraging consolidations.

¹⁹ CCC Submission, p. 4.

²⁰ See SEC Submission, p. 3, and VECC Submission, p. 7.

²¹ MAADs Handbook, pp. 8-9.

²² OEB, *Report of the Board – Rate-Making Associated with Distributor Consolidation*, EB-2014-0138, March 26, 2015.

²³ See Interrogatory Response 1-VECC-2

1 **4. Availability of ICM for Underground Renewal Investments**

2 SEC and CCMBC argue that, because the requested funding is for cable replacement and
3 injection, this is not an appropriate ICM application.²⁴ Similarly, CCC generally believes that
4 underground renewal investments should be considered part of a typical annual capital program
5 and that these types of investments under the OEB's policies should not qualify for ICM
6 treatment.²⁵ These submissions are wholly inconsistent with the OEB's ICM policy. The OEB's
7 ICM Policy Update Letter specifically addresses incremental capital funding for an "annual capital
8 program". There is nothing in the OEB's ICM policy that prohibits incremental funding for cable
9 replacement or cable injection work based upon the nature of these types of work. It is notable
10 in this regard that OEB staff, in its submissions, states that "(t)he ACM report indicates that
11 incremental capital funding is for discrete projects and not for ongoing capital programs. However,
12 the February 2022 ICM Update indicates that additional flexibility is available to qualifying
13 electricity distributors to apply for incremental capital funding for an annual capital program during
14 an extended rebasing period. As a result, OEB staff does not oppose Alectra Utilities' requests
15 in this application based on the discrete project criterion".²⁶

16 Alectra Utilities' ICM application is consistent with the OEB's ICM policy, inclusive of both the
17 standard ICM policy applicable to all distributors and the modified ICM policy applicable to
18 qualifying distributors as set out in the ICM Policy Update Letter and the more expansive criteria
19 set out therein. Those modifications to the OEB's ICM policy were not in place at the time of the
20 company's M-Factor application. As such, comparisons with the M-Factor application and the
21 OEB's findings in respect of that application are not appropriate. The current application must
22 instead be considered on the basis of the standard ICM criteria together with the modified ICM
23 criteria for consolidating distributors, and the company's satisfaction of those criteria which reflect
24 the OEB's current ICM policy in respect of the Application.

25 **D. STANDARD ICM CRITERIA**

26 As noted in Part C, above, the *Chapter 3 Filing Requirements* specify that the amount requested
27 for an ICM claim must satisfy the standard eligibility criteria of materiality, need and prudence.
28 These aspects, and the corresponding submissions from parties, are addressed below.

²⁴ SEC Submission, p. 2; CCMBC Submission, p. 14.

²⁵ CCC Submission, pp. 4-5.

²⁶ OEB Staff Submission, p. 12.

1 **1. Materiality**

2 Under the OEB’s policies, there are two considerations in respect of materiality for an ICM
3 request. First is whether an ICM application meets the applicable materiality threshold. Second
4 is whether an ICM application meets the applicable project-specific materiality test.

5 **(a) Materiality Threshold**

6 In accordance with OEB policy, Alectra Utilities is required to apply the ICM “materiality threshold
7 formula”, which defines the level of capital expenditures that it should be able to manage within
8 its current rates. This test provides that any incremental capital amounts approved for recovery
9 must (i) fit within the total eligible incremental capital amount, and (ii) clearly have a significant
10 influence on the operation of the distributor.²⁷

11 **(i) Eligible Incremental Capital Amount**

12 The means for determining the Board-defined materiality threshold was updated in the
13 Supplemental Report, as set out in section 3.3.2.2 of the *Chapter 3 Filing Requirements*, and is
14 reproduced in the Application.²⁸ For each of the Enersource RZ and the PowerStream RZ, Alectra
15 Utilities has appropriately calculated the materiality threshold and the corresponding eligible
16 incremental capital amount (i.e., the maximum amount eligible for recovery through ICM) in
17 accordance with the ICM Report. Based on those calculations, the company determined as
18 follows:

- 19 • PowerStream RZ has a maximum eligible incremental capital amount of \$22.1MM for
20 2023.²⁹ The proposal to recover \$16.6MM³⁰ through the ICM in respect of the
21 PowerStream RZ is therefore within the range acceptable to the Board; and
- 22 • Enersource RZ has a maximum eligible incremental capital amount of \$13.2MM for
23 2023.³¹ The proposal to recover \$8.7MM³² through the ICM in respect of the Enersource
24 RZ is therefore within the range acceptable to the Board.

²⁷ ACM Report, p. 17.

²⁸ Exhibit 2, Tab 1, Schedule 1, p. 6; Exhibit 2, Tab 1, Schedule 1, p. 14.

²⁹ Exhibit 2, Tab 1, Schedule 1, Table 6, p. 7.

³⁰ Exhibit 2, Tab 3, Schedule 1, Table 7, p. 7.

³¹ Exhibit 2, Tab 1, Schedule 1, Table 13, p. 15.

³² Exhibit 2, Tab 1, Schedule 1, Table 14, p. 15.

1 OEB staff in its submissions accepts that Alectra Utilities, in respect of each RZ, has appropriately
2 calculated the materiality threshold and the maximum eligible incremental capital amount, and
3 that for each of 2023 and 2024 in each RZ the company has met the materiality threshold
4 criteria.³³ The PWU agrees.³⁴ While OEB staff comments on the impacts of inflation on the
5 materiality threshold calculation, ultimately OEB staff concludes that there would be no material
6 impact on the funding sought for either RZ for 2023 but that there could be impacts on the
7 requested 2024 funding.³⁵ Those comments do not detract from OEB staff's submission that
8 Alectra Utilities has appropriately calculated the relevant amounts for both 2023 and 2024.
9 Regarding OEB staff's comments on the impacts of inflation for the requested 2024 funding,
10 Alectra Utilities takes no position other than to comment that in its view amendments to ICM policy
11 should be considered through a policy review process rather than as part of this proceeding. With
12 the exception of SEC, no intervenor has questioned the level of the maximum eligible incremental
13 capital that should be applied.³⁶

14 SEC asserts that the maximum eligible incremental capital should at least be reduced by an
15 amount equal to the difference between the average level of actual spending and the average of
16 its forecast spending, which is \$6.38 million per year for the PowerStream RZ and \$4.63 million
17 per year for the Enersource RZ.³⁷

18 SEC's submissions in this regard should be rejected. Not only are SEC's submissions contrary
19 to the ACM Report and established OEB policy, but they also fail to consider that Alectra Utilities'
20 capital planning process is based on a data-driven Asset Management Framework through which
21 Alectra Utilities prioritizes projects based on the value they provide to the entire distribution
22 system and not just a single rate zone. As identified in Section 5.2.1.3 of Alectra Utilities' DSP,
23 filed in its 2020 EDR Application (EB-2019-0018), Alectra Utilities developed a set of Asset
24 Management Principles specifically to guide its asset management and investment planning
25 processes. These principles reflect the outcomes – financial, customer, operational, regulatory
26 and organizational – that Alectra Utilities expects to realize from implementation of its capital
27 plans. By applying these outcome-based principles to its asset management and investment
28 planning processes, Alectra Utilities develops capital investment plans that address a set of well-

³³ OEB Staff Submission, p. 7.

³⁴ PWU Submission, pp. 4-5.

³⁵ OEB Staff Submission, pp. 4-7.

³⁶ VECC makes

³⁷ SEC Submission, p. 7.

1 defined, priority needs that are aligned with the desired outcomes. Alectra Utilities' capital
2 investment plan is not a simple arbitrary "average of historical actuals".

3 In justifying its position on the variance between forecast and actual capital expenditures related
4 to 2018 and 2019, SEC fails to take into account that based on the OEB's Decision in each of the
5 applicable ICM proceedings, Alectra would have had to reassess its capital requirements (i.e.,
6 reductions and/or deferrals) to account for the denial of ICM projects in those applications, which
7 would account for the variance.

8 Moreover, SEC is selective in its analysis and completely ignores the ICM application made by
9 Alectra Utilities in EB-2020-0002. With respect to forecast capital in that proceeding, Alectra
10 Utilities' actual expenditures for 2020 and 2021 exceeded the forecast capital for both the
11 Enersource RZ and the PowerStream RZ. This is particularly relevant since it reflects both the
12 planning parameters of the current DSP and it was made in the context of an ICM application.³⁸

13 **(ii) Significant Influence on Operations**

14 As noted above, the materiality test requires that consideration be given to whether the
15 incremental capital amounts have a significant influence on the operation of the distributor.

16 Alectra Utilities submits that the investments will have a significant impact on its operations. For
17 the PowerStream RZ, the total proposed investment over the two-year period will avoid
18 approximately 300 cable failure related outages, where each outage would impact 330 customers
19 for approximately two hours per outage. Further, Alectra Utilities has forecast that the combined
20 proposed ICM investment in both RZs will avoid future cable renewal costs of approximately
21 \$180MM, largely attributable to injecting cable now that would otherwise need to be replaced in
22 the future as a result of missing the cable injection feasibility window.³⁹ Likewise, for the
23 Enersource RZ, the total proposed investment over the two-year period will avoid approximately
24 150 cable failure related outages, where each outage would impact 530 customers for
25 approximately one hour per outage.⁴⁰

³⁸ See also Alectra Utilities' response to 2.0-VECC-6; Exhibit 2-1-1, Table 5, p. 7; and Exhibit 2-1-1, Table 12, p. 14.

³⁹ Exhibit 2-1-1, p. 8.

⁴⁰ Exhibit 2-1-1, p. 16.

1 As submitted by OEB staff, the significant influence test should be balanced with consideration to
2 the other materiality tests as well as the other ICM criteria, in particular the need for the
3 programs.⁴¹

4 **(b) Project Specific Materiality Test**

5 The second consideration in respect of materiality for an ICM request is whether an ICM
6 application meets the applicable project-specific materiality test. The project-specific materiality
7 test provides that (i) minor expenditures, in comparison to the overall capital budget, should be
8 considered ineligible for ICM treatment, and (ii) that a certain degree of project expenditure over
9 and above the OEB-defined threshold calculation is expected to be absorbed within the total
10 capital budget.⁴² A project-specific materiality threshold has not been defined by the Board. In
11 Alectra Utilities' 2018 EDR Decision on p. 15, the OEB stated: "*Amending the ICM policy to include*
12 *a mathematical materiality calculation for this second test should only be done through a policy*
13 *review.*" Consistent with this, OEB staff in its submission states that "(t)he ACM Report does not
14 define a metric threshold to compare the project cost to the overall capital".⁴³

15 Alectra Utilities' overall capital budget for all RZs is \$287.8MM in 2023 and \$293.5MM in 2024.
16 The proposed 2023 and 2024 ICM cable renewal investments in the PowerStream and
17 Enersource RZs, which total \$25.3MM and \$26.9MM for 2023 and 2024, respectively, are
18 significant relative to the overall capital budget. Alectra Utilities has assessed project-specific
19 materiality in the context of the OEB's ICM Policy Update Letter. Alectra Utilities is eligible to
20 request ICM funding for an annual capital program, subject to the requirements identified
21 therein.⁴⁴ This is consistent with the approach taken by OEB staff, who agree that the proposed
22 amounts are significant in comparison to Alectra Utilities' capital budget.⁴⁵

23 Notwithstanding the foregoing, CCMBC takes the position that Alectra Utilities has not shown that
24 the projects are not minor expenditures in comparison to its annual budget. CCMBC bases this
25 view on a calculation of how much each of the 28 projects represents relative to the overall capital
26 budget. CCMBC's approach is incorrect. As noted, the OEB's ICM Policy Update Letter is the
27 correct basis to consider this aspect of materiality and with investments amounting to 8.8% and

⁴¹ OEB Staff Submission, p. 11

⁴² ACM Report, p. 17.

⁴³ OEB Staff Submission, p. 7.

⁴⁴ These requirements have been outlined on pp.1-2 of Exhibit 2, Tab 1, Schedule 1.

⁴⁵ OEB Staff Submission, p. 7.

1 9.2% of Alectra Utilities' 2023 and 2024 overall capital budget, Alectra Utilities' investment are
2 appropriately material.

3 **2. Need**

4 With regard to need, based on the ACM Report a distributor must satisfy the OEB that (i) it passes
5 the Means Test, (ii) the incremental capital amounts being requested are based on discrete
6 projects and directly related to the claimed driver, and (iii) the amounts are clearly outside of the
7 base upon which the distributor's rates were derived.⁴⁶ The foregoing is subject to the
8 modifications set out in the ICM Policy Update Letter.

9 **(a) Means Test**

10 Under the Means Test, if a distributor's regulated return on equity ("ROE"), as most recently
11 calculated for purposes of section 2.1.5.6 of the Reporting and Record Keeping Requirements
12 ("RRR"), exceeds 300 basis points above the deemed ROE embedded in the distributor's rates,
13 funding for any incremental capital project will not be allowed.⁴⁷ Alectra Utilities' 2021 annual
14 RRRs were filed for Alectra Utilities as a whole, not individually by RZ. Alectra Utilities' 2021 ROE
15 was calculated to be 6.18%, which is 277 basis points below the deemed ROE for Alectra Utilities
16 of 8.95%.⁴⁸ Alectra Utilities has demonstrated that, based on its 2021 RRR filing, it has satisfied
17 the Means Test. OEB staff in its submissions agrees that Alectra Utilities passes the Means Test
18 and no party challenged the Application on this basis.⁴⁹

19 **(b) Discrete Project**

20 The ICM Policy Update Letter impacts the standard requirement that ICM funding be for discrete
21 projects. As a result of the ICM Policy Update Letter, additional flexibility is available to qualifying
22 distributors to apply for incremental capital funding for annual capital programs during an
23 extended rebasing deferral period. Accordingly, the discrete project criterion is negated by the
24 OEB's modified ICM policy for distributors that have consolidated and that are in the later years

⁴⁶ ACM Report, p. 17.

⁴⁷ ACM Report, p. 15.

⁴⁸ Exhibit 2-1-1, p. 16.

⁴⁹ OEB Staff Submission, pp. 11-12.

1 of their deferred rebasing periods. This is consistent with the submissions from OEB staff on this
2 aspect of the standard ICM criteria.⁵⁰

3 **(c) Outside of Base Rates**

4 The need is clearly outside of the basis upon which Alectra Utilities' rates were derived. The pace
5 of cable failures has intensified, impacting neighbourhoods at a rate even greater than what was
6 contemplated in the DSP filed in the 2020 EDR application EB-2019-0018. As discussed further
7 below, in 2020, Alectra Utilities implemented an Asset Analytics Platform to evolve the existing
8 condition-based asset management practice towards predictive analytics, reliability-driven
9 maintenance and machine learning. Using enhanced analytics to consider the most recent
10 reliability events together with up-to-date asset condition information, Alectra Utilities identified
11 localized emerging issues where it would have an opportunity to remedy the situation before
12 larger cascading problems occur. Unfortunately, Alectra Utilities cannot fund all the necessary
13 renewals to address all the neighbourhoods identified through analytics. Consequently, the
14 company continues to experience increases in customer hours of interruption due to XLPE cable
15 failures.

16 OEB staff, in its submissions, agrees that the ICM amounts for both RZs are largely outside of
17 base rates, citing \$18.9MM in cable renewal investment included in PowerStream's 2017 cost of
18 service application and \$3.0MM in underground distribution system sustainment included in
19 Enersource's 2013 cost of service application.⁵¹ Although OEB staff's reference to the amounts
20 included in the pre-filed evidence for each utility is accurate, the OEB ultimately approved
21 \$12.7MM for cable replacement/injection for PowerStream for 2017.⁵² Alectra Utilities submits
22 however, that OEB Staff's conclusion is accurate in that the amount of cable renewal investment
23 in both RZs is outside of base rates.

24 Without additional investment in underground renewal, Alectra Utilities forecasts that one in four
25 neighbourhoods in its service area will be serviced by deteriorated underground cables by 2025.
26 The significant deterioration rate of underground cable in Mississauga, Vaughan and Markham
27 was illustrated in Figures 6 through 8 of Exhibit 3-1-2, p. 7-9.

⁵⁰ OEB Staff Submission, p. 12.

⁵¹ OEB Staff Submission, pp. 12-13.

⁵² OEB, Decision and Order (EB-2015-0003), August 4, 2016, p. 17.

1 **3. Prudence**

2 A distributor needs to establish that the incremental capital amount it proposes to incur is prudent.
3 To satisfy the “prudence test”, a distributor must demonstrate that its decision to incur the
4 incremental capital amount represents the most cost-effective option (though not necessarily the
5 least initial cost option) for its customers.⁵³ Neither OEB staff nor any party takes specific issue
6 with the prudence of Alectra Utilities’ proposed incremental capital amounts for underground cable
7 renewal.

8 In delineating the investments to be undertaken, Alectra Utilities employed rigorous analytical
9 methods. Alectra Utilities examined the increasing hours of interruption due to failing direct-buried
10 XLPE cable by overlaying maps of recent XLPE cable failures and cable asset condition for the
11 Enersource and PowerStream RZs, where most of the cable failures are occurring. Alectra
12 Utilities leveraged its Asset Analytics Platform to identify the projects for ICM funding by
13 overlaying reliability and cable condition maps to identify emerging hotspots and to complete a
14 full engineering assessment of the remediation needs. The engineering assessment of cable
15 failures was completed utilizing the most recent reliability results as of year-end 2021. This
16 assessment identified 78 projects that will address hotspots for cable failures in need of renewal
17 over the 2023 to 2024 time period. Based on the engineering assessment, Alectra Utilities
18 identified 20 high priority projects in the Enersource RZ and 32 high priority projects in the
19 PowerStream RZ on the verge of cascading failures with an urgent need for renewal. Of these
20 52 projects, base funding was sufficient to address 24 cable renewal projects. Alectra Utilities is
21 requesting ICM funding for the next 28 high priority cable renewal projects in need of urgent cable
22 renewal in these two RZs.

23 Alectra Utilities considered various options to address the growing reliability issues due to
24 underground cable failures. In each neighbourhood, Alectra Utilities will implement the cable
25 renewal strategy that delivers the best value for customers. To ensure the ICM investment is the
26 most cost-effective option for customers, Alectra Utilities will leverage cable injection in
27 neighbourhoods where it is feasible to do so (cables that are in very poor condition and too far
28 deteriorated are not considered for injection). Renewal through injection extends the life of the
29 existing cable at one-sixth the cost of replacement and provides environmental benefits by reusing
30 the existing cable.

⁵³ ACM Report, p. 17; Filing Requirements, section 3.3.2.

1 The cable renewal projects address the worst areas throughout Alectra Utilities' entire service
2 area and include 13 cable injection projects and 15 projects for cable replacement. With respect
3 to the proposed cable replacement projects, Alectra Utilities will replace the existing deteriorated
4 and failing cable in 15 neighbourhoods with new cable installed in protective conduit that will
5 provide reliable service for the next 55 years. New cable will eliminate the increasing impact of
6 outages from failing cable and reduce the need for reactive and emergency replacement which is
7 more costly and disruptive to the customers in the area. With respect to the proposed cable
8 injection projects, Alectra Utilities will achieve two objectives: i) prevent further cable failure
9 outages; and ii) reduce the need for higher future costs to replace the cable.

10 To demonstrate the prudence of each eligible capital project, Alectra Utilities has provided a
11 business case summary that identifies: the project specific reliability along with the types of
12 customers impacted; the cost; and maps highlighting the scope of the work and the
13 condition/reliability of the affected assets. Alectra Utilities has identified that implementation of the
14 proposed ICM cable renewal projects will mitigate approximately 250,000 customer hours of
15 interruption and avoid approximately \$180MM in future capital renewal costs, by injecting cable
16 now, rather than replacing cable later.

17 **E. MODIFIED ICM CRITERIA FOR ONGOING PROGRAMS**

18 As noted in the discussion on OEB policy under Part C, above, the OEB's ICM Policy Update
19 Letter modified the OEB's ICM policy insofar as it applies to consolidating utilities in years six to
20 ten of their rebasing deferral period, such as Alectra Utilities. Consequently, further to the
21 standard ICM requirements discussed in Part D, above, there are four aspects that Alectra Utilities
22 must demonstrate to support its ICM requests. The submissions of parties on these aspects, are
23 addressed below.

24 **1. Urgent Need**

25 Alectra Utilities has demonstrated, based on new information that has arisen, that it has an urgent
26 need for the requested ICM funding and that the need is related to the management of risk
27 associated with asset condition, reliability and quality of service and public safety.

28 As detailed in Exhibit 3, Tab 1, Schedule 2, proactive investment to address deteriorated direct-
29 buried underground distribution cable remains urgently needed to prudently address reliability
30 risks in specific neighbourhoods. Delaying these investments further will result in a greater risk of

1 extended outages for affected customers, as well as increasingly reactive and significantly less
2 cost-effective capital expenditures. Many communities in Alectra Utilities' service area, specifically
3 Mississauga, Vaughan, Richmond Hill, Aurora and Markham, experienced exponential growth
4 and development between the 1960s and 1990s. This exponential growth occurred at a time when
5 the electrical industry introduced cross-linked polyethylene (XLPE) underground cables. Alectra
6 Utilities has 3,793 km of direct-buried XLPE cable in service that has deteriorated, is failing and
7 is no longer reliable. This substantial amount of deteriorated direct-buried cable represents 95%
8 of all in-service poor and very poor cable in Alectra Utilities' service territory.

9 Alectra Utilities must urgently invest to reverse the trend of worsening reliability, especially in
10 localized hotspots where the cable is failing at an increasing rate. While Alectra Utilities has been
11 investing in these assets for multiple years, the ongoing deterioration of this equipment is
12 outpacing the level of investment supported by Alectra Utilities' base rates. This results in a
13 growing volume of underground assets being replaced reactively through reactive capital or
14 emerging underground renewal. The current level of planned underground cable renewal
15 investment, while significant, is insufficient to maintain the reliability of the distribution system,
16 especially in the growing number of neighbourhoods supplied by deteriorated and unreliable
17 underground cable. While the DSP contemplated that cable failures were a growing risk and set
18 out plans for addressing that growing risk, the pace at which cable failures have intensified in
19 existing or new emerging neighbourhoods is greater than what was contemplated in the DSP. If
20 the company does not increase the pace of planned underground cable renewal, it forecasts that
21 one out of every four neighbourhoods in its service territory will be served by deteriorated and
22 unreliable cables by 2025.

23 The adverse impact from the passage of time is a further reason that Alectra Utilities must urgently
24 invest to avoid further deterioration. Over time, exposure and corrosion break down the insulating
25 properties of underground direct-buried cables, which leads to cable failures and service
26 interruptions. Once the cable starts deteriorating, Alectra Utilities has a limited period of time in
27 which it can implement the lower cost, innovative cable injection process to replenish the
28 insulating properties of the cable and extend its service life. However, if the cable is found to have
29 deteriorated beyond the point that rehabilitation through injection is feasible, Alectra Utilities must
30 instead urgently replace the cable before failures cascade into more considerable faults and
31 increasing numbers of customers become impacted by service outages and interruptions.
32 Therefore, there is an urgency to address cables that have started deteriorating by using cable
33 injection as a cost-effective option to extend service life before this option is no longer available,

1 and there is an urgency to address cables for which injection is no longer feasible because those
2 cables have deteriorated so significantly that they need replacement before significant failures
3 and service outages occur.

4 OEB staff, in its submissions, refers to the new asset condition and defective equipment outage
5 information that Alectra Utilities has provided and to the recently implemented Asset Analytics
6 Platform which identifies localized cable hot spots. Based on this information, OEB staff agrees
7 that there is an urgent need to address the increasing number of cable failures.⁵⁴ The PWU also
8 references the Asset Analytics Platform which identified areas in urgent need of renewal. In
9 addition, the PWU acknowledges the urgency of the need for ICM funding to avoid adding more
10 costs to ratepayers by missing the window to perform lower cost cable injections and to minimize
11 the need to divert amounts from the proactive cable renewal budget to more costly reactive
12 projects.⁵⁵

13 SEC, VECC and AMPCO do not believe there is an urgent need.⁵⁶ For the reasons that follow,
14 Alectra Utilities submits that there is no justifiable basis for their position. These intervenors argue
15 that the need is not urgent because Alectra Utilities reduced its expenditure levels for cable
16 replacement following the OEB's denial of funding in its M-Factor Decision and Alectra increased
17 expenditures to General Plant investments mainly for IT needs. This assertion, however, is an
18 overgeneralization. It fails to appreciate the planning principles that underpin the capital plan -
19 competing needs must be satisfied to operate the utility and to effectively serve all customers and
20 not just those customers in specific neighbourhoods. The incorrect premise relied on by the
21 intervenors is that expenditures on IT under the General Plant expenditure category are a lower
22 priority to cable replacement. This is a restrictive view of need and urgency and does not reflect
23 appropriate planning where each investment serves its own function and affects the utility and its
24 customers differently. Competing investments can only be considered and assessed through a
25 properly integrated planning process and not conjecture as stated by the intervenors.

26 As noted above, Alectra Utilities developed a set of Asset Management Principles specifically to
27 guide its asset management and investment planning processes. These principles reflect the
28 outcomes – financial, customer, operational, regulatory and organizational – that Alectra Utilities
29 expects to realize from implementation of its capital plans. With respect to the planning process,

⁵⁴ OEB Staff Submission, p. 15.

⁵⁵ PWU Submission, pp. 2-3.

⁵⁶ See SEC Submission, p. 4-5, VECC Submission, p. 4-7, and AMPCO Submission, p. 2-3.

1 AMPCO incorrectly states that although Alectra Utilities uses its Copperleaf C55 program to
2 optimize its yearly budget, the identification of ICM projects is completed before projects are
3 submitted for optimization, as only projects funded in rates are optimized. In the same manner
4 AMPCO also incorrectly asserts that priorities derived from the Asset Analytics Platform analysis
5 should be included in Alectra Utilities' annual project optimization so that C55 optimizes a portfolio
6 with the greatest value and that without this overall project optimization and analysis, the OEB
7 should not approve the ICM.

8 Rather, as provided in Alectra Utilities' DSP⁵⁷, Alectra Utilities' investment portfolio optimization
9 process is an iterative process that makes use of the capital investment portfolio optimization
10 capability of CopperLeaf C55 together with reviews by the Capital Investment Steering Committee
11 and feedback from customer engagement. Each potential capital investment is based on a
12 business case, which is evaluated using the Copperleaf Value Framework. For cable renewal
13 projects, Alectra Utilities leverages its Asset Analytics Platform to identify projects that will address
14 cables in need of renewal. Alectra Utilities employs reliability and cable condition maps to identify
15 emerging hotspots and completes a full engineering assessment of the remediation needs. These
16 projects are then entered and scored in CopperLeaf based on Alectra Utilities' value framework
17 for optimization as part of the capital portfolio. The proposed ICM projects are then identified and
18 included in customer engagement. Based on feedback from customers, the company selects the
19 proposed ICM investments. Alectra Utilities has provided project scores for both base and ICM
20 cable renewal projects. This scoring occurs as part of CopperLeaf and therefore as part of the
21 optimization process.⁵⁸

22 CCMBBC similarly stated that it does not appear that Alectra Utilities compared cable renewal
23 projects against other projects. However, this is incorrect. In addition to what is noted above, as
24 identified in the Guidehouse report,⁵⁹ information for all ongoing and proposed capital projects
25 resides in a common repository within the Copperleaf C55 capital management system. The use
26 of a single system to enter and track information relating to project costs and benefits is a critical
27 feature of Alectra Utilities' capital planning process, as the assumptions and methods used to

⁵⁷ See EB-2019-0018, Exhibit 4, Tab 1, Schedule 1, Section 5.4.1, p. 334.

⁵⁸ AMPCO also noted that there are project value scores for ICM projects that are higher than the value scores for the base cable renewal projects. However, as noted by Alectra Utilities in response to Interrogatory AMPCO 18, the project 'value' provided represents the entire value of the project including future years, which impacts the scoring for multi-year projects. This results in some ICM projects having a higher 'value' score than the base projects as they will be completed over a 2-year period.

⁵⁹ Exhibit 4, Tab 1, Schedule 1, Attachment 12.

1 determine project value and need are consistently applied, thereby avoiding potential biases
2 associated with processes based on arbitrary or inconsistent project evaluation methods.
3 Copperleaf's C55 suite of investment planning modules is used by Alectra Utilities to manage
4 capital projects and to produce an optimized investment portfolio over five years.

5 In the DSP, Alectra Utilities proposed to progressively increase the level of investment in its
6 deteriorating underground cables from a five-year historical (2015-2019) average of \$39.4MM per
7 year to \$48MM in 2020, \$61MM in 2021, \$68MM in 2022, \$74MM in 2023 and \$81MM in 2024.⁶⁰
8 Alectra Utilities' decision to defer or reduce capital investment was necessary to align with the
9 level of investment supported by funding in base rates. Prior to deferring needed investment in
10 underground renewal, Alectra Utilities first took steps to defer or reduce capital investment in
11 areas that would not expose Alectra Utilities and its customers to unacceptable safety risks and
12 potential non-compliance related to its requirement to service customers.⁶¹

13 Intervenors suggest that Alectra Utilities should/could direct the majority of its capital budget to
14 underground cable renewal. A utility has a portfolio of distribution and non-distribution assets that
15 it must manage/maintain. Each capital investment priority in its capital plan is identified through a
16 comprehensive asset management and planning process that was reviewed and validated by an
17 independent third-party assurance review.

18 Alectra Utilities balances many needs through its investment planning process. However, its
19 ability to satisfy those needs does have a funding limitation. It does not mean that investments
20 falling outside the funding limit are not important or lack urgency. Urgency is not a uniform
21 concept. Instead, it is fact specific. Clearly for those customers in the neighbourhoods affected by
22 deteriorating cable, the cable renewal investment has the urgency of avoiding cascading failures
23 and to aid in the use of injection over replacement. However, there are also important needs for
24 General Plant investments. General Plant investments are the connective tissue that enables the
25 utility to operate effectively and efficiently and to deliver the capital and operating initiatives that
26 benefit many, if not all, of Alectra Utilities customers.

27 The increase in IT investments is spread over eight categories that include investments in
28 customer experience applications and processes; enhancements to systems to enable business
29 optimization; and investments in ongoing IT infrastructure to support efficient business operations

⁶⁰ Response to Interrogatory 1-Staff-17 a).

⁶¹ Exhibit E, Tab 3, Schedule 1, p. 5

1 and communications. Various intervenors and OEB staff have discounted the importance of
2 investments in customer experience. However, as set out below in response to OEB staff's
3 submission, these investments are based on sound investment planning and are prudent and
4 reasonable investments. The remaining IT investments are of critical operational importance and
5 extend across areas of security, planning and execution. Key facets of the other categories
6 include the following:

- 7 • *Business Process Optimization* - The primary driver is additional system functionality to
8 accommodate security standards as processes to optimize integrated systems. System
9 upgrade costs are to address the need for improved system security and to prevent any
10 application vulnerability.
- 11 • *Operational technology ("OT")*- OT enables the monitoring, control and operation of the
12 distribution networks and includes investments in Alectra Utilities' Outage Management
13 System ("OMS), Supervisory Control and Data Acquisition ("SCADA"), and Geographical
14 Information System ("GIS") systems. Field SCADA-enabled assets must be supported by
15 operational software and hardware, including the backbone servers associated with the
16 OMS and SCADA systems.
- 17 • *Enhancements to Utility investment portfolio planning system (Copperleaf)* - Further
18 enhancements to Copperleaf to integrate project management, data analytics, grid
19 modernization and work program delivery systems to share information in real-time to
20 plan, monitor and report on work completion. The driver is driven to evolve from condition-
21 based asset management to predictive asset management practices. Additional system
22 modules including the Enterprise Asset Management, combined with the Asset Analytics
23 Platform, enables management of asset Lifecycle processes to maximize asset utilization,
24 risk minimization and pacing of renewal of assets investments.
- 25 • *IT Client Computing, Server and Network* - Investment is required to replace aging, out
26 of warranty and end-of-life end user computing devices. This includes IT Hardware used
27 to manage field crews and respond to outages, which are critical to operational outcomes
28 and reliability. With the COVID requirement to move staff to a laptop standard, upgrades
29 to network infrastructure are needed to ensure sufficient network bandwidth and network
30 security.

- 1 • *Grid Modernization* – Investments will be made in data modelling, data analytics and
2 business intelligence. By implementing data analytics initiatives, existing capacity and
3 asset utilization, the efficiencies of cyclical vegetation management and impacts reliability
4 performance can be better evaluated. Grid modernization also includes data programs to
5 use of predictive maintenance to reduce the cost by switching to condition-based
6 maintenance.
- 7 • *Workforce Management (“WFM”) System* - The WFM solution will digitize job scheduling,
8 resource crew allocations, and work crew dispatch replacing activities workflow processes
9 that are primarily manual, labour-intensive, and paper based.
- 10 • *Security* - Investments in OT Threat Detection and Enterprise System Access were
11 necessary to protect employee and customer information as well as to align with the
12 requirements of the Ontario Cyber Security Framework.

13 Based upon Alectra Utilities’ integrated planning process, these investments benefit all customers
14 and require completion. This, however, does not diminish the urgency of cable replacement
15 investments where that urgency is dictated by worsening reliability in localized hotspots where
16 the cable is failing at an increasing rate.

17 **2. History of Good Utility Practices**

18 Alectra Utilities has demonstrated that it has a history of good utility practice in respect of capital
19 planning, capital program management and asset maintenance. No party other than OEB staff
20 has taken issue with Alectra Utilities’ practices in respect of these aspects.

21 As described above, Alectra Utilities’ capital planning process is based on a data-driven Asset
22 Management Framework through which Alectra Utilities prioritizes projects based on the value
23 they provide to the entire distribution system and not just to a single rate zone. Alectra Utilities
24 also employs an investment portfolio optimization process that includes the ICM projects in an
25 iterative process that makes use of the capital investment portfolio optimization capability of
26 CopperLeaf C55 together with reviews by the Capital Investment Steering Committee and
27 feedback from customer engagement.

28 As described in Exhibit 3-1-1, Alectra Utilities prudently manages its capital investments within its
29 approved rates funding envelope. Within that funding envelope, the company continually

1 balances expenditures based on identified business and system needs and the priorities and
2 preferences of its customers. To this end, Alectra Utilities reviews its capital plan on an annual
3 basis to address evolving needs and priorities. In the Application, Alectra Utilities presented its
4 actual capital expenditures for 2020-2021, a forecast for 2022 and its planned capital
5 expenditures for 2023-2024. In March 2022, Alectra Utilities adjusted its 2022-2024 capital
6 investment plans to account for the impact of supply chain challenges on costs, as well as the
7 effect of inflation. In April 2022, based on customer feedback, Alectra Utilities incorporated the
8 proposed ICM investments into its Adjusted Capital Plan. Alectra Utilities' practices in respect of
9 capital planning, capital program management and asset maintenance are robust, data-driven,
10 outcomes-based, informed by customer input and make use of leading technologies.

11 OEB staff, in its submissions, argues that Alectra Utilities' total requested incremental capital of
12 \$52.3M should be reduced by \$9.5M due to the company prioritizing certain investments over
13 cable renewal. More particularly, they state that "it appears to OEB staff that investing in customer
14 experience applications and processes was not a project with priority for capital allocation
15 compared to cable renewal . . . As such, OEB staff submits that Alectra Utilities has fallen short
16 of demonstrating good utility capital planning practices and has not shown that it exhausted all
17 other means to manage its costs within its envelope".⁶² To support its argument, OEB staff points
18 to Alectra Utilities' recent customer engagement survey which found reliability to be a higher
19 priority for customers than customer experience/customer service.

20 For the reasons that follow, the OEB should reject OEB staff's consideration of what is a higher
21 priority investment. OEB staff's approach is an oversimplification that is lacking in analysis as
22 compared to Alectra Utilities' comprehensive, data-driven and iterative capital planning and
23 prioritization process. Furthermore, the OEB should reject the assertions that Alectra Utilities has
24 failed to demonstrate good capital planning processes or that it has not exhausted all other means
25 to manage its costs within its envelope.

26 Essentially, OEB staff has looked at the ranking of customer priorities from the Innovative Report
27 and found reliability to be the highest ranked. OEB staff argues that Alectra Utilities fell short of
28 demonstrating good planning and that the ICM projects should have been prioritized over the
29 Customer Experience Project on the basis that underground renewal is aimed at improving
30 reliability, as opposed to the implementation of Customer Experience applications and processes

⁶² OEB Staff Submission, p. 18.

1 which are aimed at improving customer service/experience, helping customers manage electricity
2 consumption and enabling customer choice (ranked 4th, 5th and 7th, respectively). This
3 oversimplification fails to appreciate the need for a utility to appropriately balance competing
4 needs and priorities across all aspects of its business. Using OEB staff's logic, capital spending
5 should be prioritized to address all investments aimed at improving reliability before addressing
6 any investments aimed at reducing prices, and only after those are fully addressed should it then
7 consider investments aimed at improved safety and then customer service, for example. Such
8 an approach fails to consider relative values arising from risk and cost and would not reflect
9 appropriate planning principles.

10 OEB staff's submissions also ignore the importance of implementing Customer Experience
11 applications and processes for Alectra Utilities' customers. Based on research Alectra Utilities
12 conducted in late 2019 to understand the customer experience, the company identified this
13 initiative as being urgently needed to address matters that were identified by its customers as
14 requiring improvement. These include improving energy management insights, self-service
15 options, outage communications and communications for new customers; eliminating disjointed
16 customer interfaces; and delivering added value to commercial and industrial customers.

17 As customer expectations evolve and innovative technologies are introduced, it is critical for
18 utilities to adapt and provide the relevant tools and information required to make energy
19 transactions and choices easy and simple. Implementation of the Customer Experience
20 applications and processes will enable the much-needed digital transformation to allow for a "one-
21 window" unified and personal solution for all customer interactions. It will provide customers with
22 expanded self-service options (including functionality for customers to choose their electricity
23 price plan), increase options for electronic billing, deliver improved power outage notifications,
24 and bring forward new insights and analytics to inform better energy decisions. This initiative
25 brings forward Green Button functionality, enabling residential and business customers, or their
26 authorized third-party, to download demand, consumption and bill data.⁶³ With the anticipated
27 increase in electrification, customers require the tools needed to manage their electricity costs
28 from EV charging and/or fleet electrification.

29 As discussed in Exhibit 3-1-3, Alectra Utilities engaged Innovative to undertake customer
30 engagement to seek input on the proposed ICM investments, as well as on customer needs and

⁶³ See responses to Interrogatories SBUA-3 and SBUA-4.

1 priorities more broadly. Although reliability and price remain the top two outcomes for customers,
2 when asked to rate 7 potential priorities, these were followed by safety and customer service. In
3 fact, between 65% and 71% of surveyed customers rated 'providing quality customer service' as
4 an important priority. Even the lowest of the 7 rated priorities (enabling customer choice to access
5 new electricity services) is considered extremely important to about four-in-ten customers.
6 Moreover, as noted above, of the 7 rated priorities for customers, 'providing quality customer
7 service', 'helping customers manage electricity consumption' and 'enabling customer choice to
8 access new electricity services' are all priorities that will be addressed through implementation of
9 the Customer Experience applications and processes. Furthermore, it is important to note that,
10 among residential customers, those who qualify for financial assistance through LEAP identify
11 'helping customers manage electricity consumption' as their second highest priority (behind
12 price).⁶⁴

13 As part of the broader engagement on customer needs and priorities, customers were asked to
14 identify their top priority reliability outcomes. As indicated in the Innovative Report, residential and
15 GS<50kW business customers identify reducing restoration time and reducing the number of
16 outages during extreme weather events as their top priority reliability outcomes, followed by
17 improving communication during outages for residential customers and improving power quality
18 for GS<50kW customers.⁶⁵ This is significant because, as noted above, improved delivery of
19 power outage communications is one of the objectives to be met by implementation of the
20 Customer Experience applications and processes. This aspect of the initiative includes providing
21 customers with proactive notifications on pending and current power outages and restorations
22 using a notification path of the customer's choice and with personalized messaging based on the
23 customer and the situation.⁶⁶ Accordingly, it is the company's view that implementation of the
24 Customer Experience applications and processes reflects identified priority customer needs and
25 preferences, and that timely execution will enable Alectra Utilities to optimize the operation of its
26 assets and related processes to enhance the customer experience across its service area.

27 Based on the foregoing, it is Alectra Utilities' submission that its total requested incremental
28 capital should not be reduced by the \$9.5M as argued by OEB staff. The Customer Experience
29 applications and processes initiative has been appropriately prioritized relative to the proposed

⁶⁴ Innovative, Customer Engagement Report, Exhibit 4-1-1, Attachment 11, p. 7.

⁶⁵ Exhibit 4-1-1, Appendix 11, p. 9.

⁶⁶ As an example of the significance of such enhanced outage communications, the May 21, 2022 storm impacted 297,650 Alectra Utilities' customers and resulted in 1,515,747 customer hours of interruption (1-Staff-17).

1 ICM projects because it reflects identified customer needs and preferences and will provide
2 customers with the information and tools they require to manage their consumption, make
3 informed choices on new technologies and improve their interactions with the utility, all of which
4 have been identified through Alectra Utilities' capital planning and prioritization processes as
5 important priorities for customers.

6 **3. Customer Needs**

7 Alectra Utilities has appropriately demonstrated that the proposed ICM investments address
8 customer needs and preferences and deliver benefits to customers. OEB staff in its submissions
9 comments that the ICM/ACM directly addresses customer needs as the cable renewal program
10 will improve the two most important customer outcomes of reliability and reasonable distribution
11 rates.⁶⁷ No party has raised any concerns regarding whether the proposed ICM investments
12 address customer needs and preferences or deliver benefits to customers.

13 The OEB's Rate Handbook advises that "customer engagement is expected to inform the
14 development of utility plans, and utilities are expected to demonstrate in their proposals how
15 customer expectations have been integrated into their plans, including the trade-offs between
16 outcomes and costs".⁶⁸ To assist it in meeting this expectation, Alectra Utilities engaged
17 Innovative to undertake a customer engagement process in early 2022 seeking input on two
18 topics: a broad engagement on customer needs and outcome priorities for future system
19 investments (the "Needs and Outcomes Engagement"), and a focused engagement on potential
20 near-term investments to renew underground cable in the PowerStream and Enersource RZs (the
21 "ICM Engagement"). The Needs and Outcomes Engagement was conducted alongside the ICM
22 Engagement for efficiency. In this research, Innovative engaged with customers in all RZs to
23 assess their views on the needs and outcomes they want Alectra Utilities to prioritize in its long-
24 term plans.⁶⁹ Innovative assessed customer preferences through an online workbook
25 administered to representative samples of customers in each rate class and rate zone, where
26 applicable.

27 The ICM Engagement provided detailed information on the different potential approaches to
28 addressing deteriorated underground cable in the distribution system. Customers were presented

⁶⁷ OEB Staff Submission, pp. 15-16.

⁶⁸ Handbook to Utility Rate Applications, October 13, 2016, p.11

⁶⁹ See Exhibit 1-1-4, p. 9, Exhibit 3-1-3, and Exhibit 4-1-1, Attachment 11.

1 with the trade-offs between bill impacts, reliability outcomes, and volume of cable injected or
2 replaced under four different scenarios, including a “status quo” approach that would maintain the
3 level of investment that would be funded within base rates. For each option, where applicable,
4 customers were presented with the proposed incremental capital amount over the 2023 and 2024
5 period, as well as the monthly and cumulative bill impact.

6 The results of the ICM Engagement showed that customers want Alectra Utilities to invest more
7 in renewing deteriorated underground cable. Customers in both RZs and in all rate classes
8 indicated that they are prepared to fund an increased level of investment in both cable injection
9 and cable replacement during 2023 and 2024. In both RZs, a majority of customers across all
10 rate classes supported an increase in investment in both strategies. Customers consistently
11 indicated a preference for the highest level of investment. Consistent with the OEB’s
12 expectations, Alectra Utilities incorporated customer preferences when identifying the projects
13 proposed for ICM funding in this Application.⁷⁰

14 **4. Exhaustion of Other Means**

15 Alectra Utilities has appropriately demonstrated that it has exhausted other available options to
16 manage its costs within the envelope provided by the existing price cap formula.

17 OEB staff links its submissions on this modified ICM criterion with its submissions on the ‘History
18 of Good Utility Practices’ criterion. Those submissions are addressed under the corresponding
19 heading in Part E, section 2, above.

20 CCMBC and CCC argue that Alectra Utilities has not exhausted other available options to manage
21 its costs within the envelope provided by the existing IRM price cap formula.

22 CCMBC argues that a distributor should fund its highest priority projects with its own base funds
23 to ensure that they proceed and seek approval from the OEB for ICM funding of lower priority
24 projects because of uncertainty of the OEB decision. CCMBC asserts that Alectra Utilities has not
25 shown that projects it is funding through base rates are of greater priority than the projects
26 proposed for ICM funding by ratepayers. Similar to the point made under Part E, section 2 in
27 response to OEB staff and prioritization generally above, CCMBC is also oversimplifying the
28 planning process and fails to appreciate the need for a utility to appropriately balance competing

⁷⁰ See Exhibit 3-1-3 and Exhibit 4-1-1, Attachment 11, pp. 7-10.

1 needs and priorities across all aspects of its business. CCMBC’s assertions should not be
2 accepted by the OEB as such an approach fails to consider relative values arising from risk and
3 cost and would not reflect appropriate planning principles employed by Alectra Utilities.

4 CCC argues that Alectra Utilities has not exhausted available options because of deferred
5 investment in underground system renewal and increased spending in the General Plant category
6 through IT investments. In response, Alectra Utilities relies on its submissions set out in Part E,
7 section 1 in relation to urgent need.

8 **F. OTHER ISSUES**

9 Several parties made submissions on issues or provided other comments unrelated to the OEB’s
10 ICM policy or to any of the standard or modified criteria for ICM. These are considered below.

11 **1. No Update to DSP**

12 In summarizing the requests being made in the application, VECC incorrectly states that “Alectra
13 undertook an update to its existing Distribution System Plan”.⁷¹ To clarify, Alectra Utilities did not
14 undertake an update to its Distribution System Plan.⁷² As indicated in Exhibit 1-1-4, Alectra
15 Utilities filed a five-year DSP as part of its 2020 rate application (EB-2019-0018), which described
16 the company’s capital investment plans for the 2020-2024 planning period. As stated in the
17 Assurance Review, Guidehouse assessed the processes and analytical methods that Alectra
18 Utilities used in developing the DSP that was filed in EB-2019-0018. Guidehouse also evaluated
19 Alectra Utilities’ actual capital investments from 2020 and 2021, along with its forecast
20 investments for 2022 and its adjusted five-year capital investment plan for the years 2023 and
21 2024.⁷³ The adjusted five-year capital investment plan is in reference to the April 2022 update to
22 the company’s 2022-2024 capital investments.⁷⁴

23 **2. DERs and DER Reporting**

24 The focus of DRC’s submissions is on distributed energy resources (DERs), including the extent
25 to which the Application considers and supports DERs, as well as on reporting and policy matters

⁷¹ VECC Submission, para 5.

⁷² Alectra Utilities provided this same clarification in response to SEC-11.

⁷³ Exhibit 4-1-1, Attachment 12, p. 1.

⁷⁴ Exhibit 3-1-1, p. 2.

1 in relation to DERs. DRC indicates its overall support for the Application, based on its view that
2 Alectra Utilities has demonstrated that it has appropriately considered the impact of the
3 Application on its ability to support the increased adoption of DERs, and that the proposed ICM
4 funding for underground renewal represents the most reasonable, long-term approach in terms
5 of supporting the wider adoption of DERs within Alectra Utilities' service area.⁷⁵

6 DRC makes various comments and recommendations relating to generic policy matters, including
7 with respect to (a) the general need for utilities to update their assumptions related to climate and
8 developing technologies,⁷⁶ (b) adopting practices that ensure decisions require and make use of
9 updated information,⁷⁷ and (c) requirements for future ICM applications to include consideration
10 of impacts on transition to DERs.⁷⁸ In Alectra Utilities' view, the current ICM proceeding is not an
11 appropriate forum for the OEB to consider such generic policy matters or potential changes to
12 ICM filing requirements for general application across the sector.

13 With respect to Alectra Utilities in particular, DRC has requested that the OEB require Alectra
14 Utilities to "transparently track, monitor and periodically report any impact (positive or negative)
15 of the ICM on DERs, including customer costs, operations, reliability, load, and productivity".⁷⁹
16 Alectra Utilities disagrees with DRC's submissions in respect of the need for the OEB to require
17 tracking, monitoring and reporting specifically in relation to the impact of the ICM on DERs. First,
18 it is not clear from DRC's submissions what exactly it is seeking to have Alectra Utilities track,
19 monitor or report, or how and when it expects this to be done. Second, as such tracking,
20 monitoring and reporting are not required under the OEB's policy framework for ICM, it is Alectra
21 Utilities' view that if the OEB is inclined to consider the need, value and practicality of such
22 additional requirements that this should be done on a generic basis in relation to the OEB's ICM
23 policies for all utilities and should not be imposed on a one-off basis specifically for Alectra Utilities.
24 Third, Alectra Utilities notes that the impact of the investments supported by the proposed ICM
25 funding has already been described in this Application and so the value of additional reporting
26 would be unclear. As indicated in response to DRC-1, the proposed investments will address the

⁷⁵ DRC Submission, paras 24 and 30.

⁷⁶ DRC Submission, para 14.

⁷⁷ DRC Submission, para 23.

⁷⁸ DRC Submission, para 33.

⁷⁹ DRC Submission, paras 9, 22 and 33.

1 significant risk of failure associated with particular underground assets, thereby enhancing
2 reliability and supporting the increased penetration of DERs in the affected areas.

3 **3. Electrification**

4 ED indicates that the focus of its intervention is on electrification, specifically whether the
5 investments enabled by the requested ICM funding are consistent with load growth associated
6 with electrification. Despite that focus, ED indicates in its submissions that it takes no position on
7 that issue or on the overall ICM request because Alectra Utilities is currently undertaking an
8 electrification study and, in ED's view, the issue of electrification is best addressed in a future
9 proceeding.⁸⁰ Alectra Utilities agrees that the issue of electrification is best addressed in a future
10 proceeding, but on a generic basis to the extent it raises issues of policy. In addition, Alectra
11 Utilities notes that its pending electrification study will not impact the current and urgent need for
12 the proposed ICM investments, and that the renewal of underground cable will generally assist in
13 meeting the anticipated increase in demand from increased electrification.

14 **4. Small Business Impacts**

15 The focus of SBUA's submissions is on the impacts of the proposed ICM-funded investments on
16 small businesses during project execution. SBUA indicates its overall support for the Application
17 on the basis that there is an urgent need for Alectra Utilities to undertake the underground cable
18 renewal projects in the PowerStream RZ and the Enersource RZ.⁸¹ While not mentioned by
19 SBUA, Alectra Utilities notes that small business customers in both affected rates zones indicated
20 that they are prepared to fund an increased level of investment in both cable injection and cable
21 replacement, and that they prefer the highest level among the investment options presented.⁸²

22 Notwithstanding its support for the Application, SBUA argues that the OEB in approving the
23 Application should do so on the condition that Alectra Utilities implements a range of measures
24 to mitigate the impacts on small business customers from execution of the ICM-funded projects.
25 More particularly, SBUA requests that Alectra Utilities be required to (a) implement email and
26 mobile alert systems, (b) provide backup generators to businesses that do not have them, (c)
27 educate small business customers on measures they can take before and after outages to protect

⁸⁰ ED Submission, p. 1.

⁸¹ SBUA Submission, para 1.

⁸² Exhibit 3-1-3, Tables 24 and 27.

1 their equipment, as well as (d) implement a program to compensate small businesses for losses
2 arising from service interruptions.⁸³ For the following reasons, Alectra Utilities disagrees with
3 SBUA's submissions in respect of the need for the OEB to make approval conditional on
4 implementing measures to mitigate the impacts of project execution on small business customers.

5 First, to clarify, while cable injection and replacement projects can last 3-5 months, customers are
6 not without power during this entire period. For cable injection projects, most of the time is spent
7 on preparation for the actual injection, and for cable replacement projects most of the time is spent
8 on civil work. Customers are not without power during these periods. With planned work, Alectra
9 Utilities mitigates the impact of the scheduled outage required to renew the infrastructure safely
10 and efficiently by providing customer notices and, where possible, transfers to alternative
11 supplies.⁸⁴ Through planned renewals, Alectra Utilities avoids unplanned outages due to failures
12 which impact the larger area.

13 Second, Alectra Utilities already employs prudent and established processes to minimize impacts
14 on customers, including small business customers, during cable injection and replacement
15 projects where there is potential for outages of up to 8 hours. As part of these processes, affected
16 customers are notified 1-2 weeks in advance of work commencing, outage dates and times are
17 coordinated with customers to minimize impacts to their operations, and customers are provided
18 with a contact at Alectra Utilities for additional support or to have issues resolved.⁸⁵

19 Third, Alectra Utilities notes that while it provides impacted customers with a contact at Alectra
20 Utilities for additional support, it is incumbent upon individual customers, including small business
21 customers, to ensure they understand the impacts from loss of supply on their own unique
22 equipment, products and services. Moreover, if a customer feels they are particularly vulnerable
23 to risks of equipment damage or product loss due to supply interruption, it may be prudent for that
24 customer to mitigate their risk by investing in appropriate back-up generation, insurance solutions
25 if available and/or alternative arrangements that meet their unique needs. Doing so is part of
26 owning and operating a business, large or small. While Alectra Utilities takes reasonable steps
27 to minimize impacts and communicate planned outages with customers, no customers are
28 guaranteed uninterrupted service, and providing back-up generation and compensation is beyond
29 the scope of the utility's responsibility. Moreover, SBUA has not considered how the costs of

⁸³ SBUA Submission, para 2.

⁸⁴ See responses to SBUA-1(b) and SBUA-2(b).

⁸⁵ See responses to SBUA-1 and SBUA-2.

1 providing such back-up generation and compensation for small business customers would be
2 borne. Either they would need to be borne by the same small business customers that require
3 these resources (in which case it provides no net benefit) or else these costs would need to be
4 borne by the utility or other classes of consumers (which would be unfair and inappropriate).

5 **G. REVENUE REQUIREMENT AND BILL IMPACTS**

6 Alectra Utilities submits that the revenue requirement and bill impacts associated with the
7 Application, as summarized below, are reasonable. No parties have raised any concerns about
8 the revenue requirement or bill impacts.

9 PowerStream RZ

10 For the PowerStream RZ, the 2023 incremental revenue requirement associated with the ICM
11 funding request of \$16.6MM is \$1.2MM.⁸⁶ This revenue requirement has been allocated to rate
12 classes based on the current allocation of revenue for the PowerStream RZ using Tab 7 (Revenue
13 Proportions) of the ICM Model.⁸⁷ The resulting ICM rate riders for the PowerStream RZ are
14 presented in Table 9 of the pre-filed evidence.⁸⁸ The total 2023 monthly bill impact for a typical
15 residential customer from the proposed ICM rate rider, as presented in Table 10 of the pre-filed
16 evidence, is \$0.16 per month. The bill impacts resulting from the ICM rate riders in the
17 PowerStream RZ, which are derived by comparison to the total before HST and the Ontario
18 Electricity Rebate (OER), range from 0.03% for the Large Use to 0.20% for the Sentinel Light
19 classes.⁸⁹

20 Enersource RZ

21 For the Enersource RZ, the 2023 incremental revenue requirement associated with the ICM
22 funding request of \$8.7MM is \$0.7MM.⁹⁰ This revenue requirement has been allocated to rate
23 classes based on the current allocation of revenue for the Enersource RZ using Tab 7 (Revenue
24 Proportions) of the ICM Model.⁹¹ The resulting ICM rate riders for the Enersource RZ are

⁸⁶ Exhibit 2, Tab 1, Schedule 1, pp. 7,10.

⁸⁷ Exhibit 4, Tab 1, Schedule 1, Attachment 3.

⁸⁸ Exhibit 2, Tab 1, Schedule 1, p. 11.

⁸⁹ Exhibit 2, Tab 1, Schedule 1, p. 12.

⁹⁰ Exhibit 2, Tab 1, Schedule 1, p. 15,17.

⁹¹ Exhibit 4, Tab 1, Schedule 1, Attachment 7.

1 presented in Table 16 of the pre-filed evidence.⁹² The total monthly bill impact for a typical
2 residential customer from the proposed ICM rate rider, as presented in Table 17 of the pre-filed
3 evidence, is \$0.13 per month. The bill impacts resulting from the ICM rate riders in the Enersource
4 RZ, which are derived by comparison to the total bill excluding HST and OER, range from 0.04%
5 for the General Service 50 to 499 kW and Large Use classes to 0.28% for Street Lighting.⁹³
6 All of which is respectfully submitted this 15th day of September 2022.

ALECTRA UTILITIES CORPORATION

Original signed by

Natalie Yeates

Director, Regulatory Affairs and Reporting

⁹² Exhibit 2, Tab 1, Schedule 1, p. 18.

⁹³ Exhibit 2, Tab 1, Schedule 1, p. 19.