

October 18, 2022

VIA RESS

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4
Email: Boardsec@oeb.ca

Dear Ms. Marconi;

Re: EB-2022-0013 – Alectra Utilities Corporation (“Alectra Utilities”) 2023 Incremental Capital Module (“ICM”) Rate Application – Alectra Utilities’ Panel Information Request Responses

Alectra Utilities Corporation (“Alectra”) is the Applicant in the above-referenced proceeding. In accordance with the Ontario Energy Board’s (the “Board”) Procedural Order No. 2, please find enclosed the applicant’s responses to the Panel’s information request.

The responses are being filed electronically through the Board’s RESS system.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours truly,



Natalie Yeates
Director, Regulatory Affairs and Reporting
natalie.yeates@alectrautilities.com

cc: Charles Keizer, Torys LLP
All Parties

Panel Information Request-1

Topic: Emerging Underground Projects

Reference 1: Exhibit 3, Tab 1, Schedule 2, p. 12 and 13.

Reference 2: SEC-10

Preamble:

In reference (1), Alectra Utilities refers to the term “Emerging Underground Projects” and Table 21 provides the actuals spent from 2018 to 2021 and a forecast for 2022 for:

- Cable Renewal – Replacement
- Cable Renewal – Injection
- Emerging Underground Project for all rate zones.

Reference (2) asked Alectra Utilities to provide a disaggregation for the same period and categories for each of its rate zones.

- a. Please explain what the term “Emerging Underground Project” means in this context.
- b. Please explain how Emerging Underground Projects relate to the Cable Replacement and Cable Injection Program in the Enersource and PowerStream rates zones.
- c. Are there Emerging Underground Projects included in the Cable Replacement and Cable Injection Program that are included in the 2023 ICM request for funding and budgeted for 2024?

Response:

- 1 a) As provided in Exhibit 3, Tab 1, Schedule 2, p. 12, Alectra Utilities has invested in cable
2 renewal, including addressing an increasing volume of emerging hotspots of cable failures
3 through investments in Emerging Underground Projects. Capital projects that are captured
4 under Emerging Underground Projects include smaller unanticipated capital underground
5 renewal work, identified during the budget year, which introduce a significant risk, imminent
6 failure or hazard that requires immediate resolution, and could not be deferred into the next
7 budget year. Alectra Utilities allocates budget for these unanticipated underground capital
8 work through the investments in Emerging Underground Projects. Setting budget and
9 preparing for such unanticipated urgent work enables Alectra Utilities to ensure that funding
10 and resources for larger planned underground renewal work such as Cable Replacement and
11 Cable Injection, can proceed without interruption or deferral.
- 12 Capital projects that are captured under Emerging Underground Projects differ from planned
13 Cable Renewal and Cable Injection projects in that Emerging Underground Projects are

1 smaller in scope, unplanned and unanticipated. Where planned underground renewal work
2 such as Cable Replacement and Cable Injection are scoped for entire neighbourhoods and
3 require at least one year in advance to plan, attain permits, provide customer notice and
4 procure materials, capital work in Emerging Underground Projects include renewal of
5 replacement of assets on just one street or one cable segment or specific switchgear unit that
6 requires urgent replacement due to imminent failure or safety hazard. Urgently addressing
7 these emerging issues early through Emerging Underground Projects before major outages
8 occur, enables Alectra Utilities to limit the outages and equipment damage to surrounding
9 streets and assets in the greater neighbourhood area. Once the urgent unanticipated issue
10 is remediated through Emerging Underground Projects, Alectra Utilities monitors the area and
11 if required, will incorporate the greater neighbourhoods for consideration of renewal or
12 replacement under the Cable Replacement or Cable Injection projects in future years.

- 13
14 b) Alectra Utilities' Underground Cable Renewal Program includes: Cable Replacement projects,
15 Cable Injection projects and Underground Emerging projects.

16
17 Underground Emerging Projects occur in all rate zones, including the Enersource and
18 PowerStream Rate Zones. In the context of Cable Replacement and Cable Injection, it is
19 through the Underground Emerging projects that emerging reliability hotspots often become
20 flagged. For example, an individual cable section may be replaced under an Emerging
21 Underground project, but the review of that incident may lead to a larger scale project to target
22 the area within the vicinity of that replaced asset. Conversely, an area with planned Cable
23 Replacement or Cable Injection in future years may trigger an Emerging project in the current
24 year if a large increase in outages is observed in a concentrated area during the current year.

- 25
26 c) The incremental 2023 and 2024 Cable Replacement and Cable Injection projects requested
27 for ICM funding are planned capital projects and do not include Emerging Underground
28 Projects.

Panel Information Request-2

Topic: Proposed Cable Program Funded Through Base Rates and ICM Rate Riders

Reference 1: SEC-10, Table 1

Reference 2: Staff-2 c), Table 1 – UG Cable Renewal Investments by RZ 2017-2021

Reference 3: Staff-20, Attachment 2, UG Capital Budgets 2020-2024

Preamble:

Alectra Utilities to reconcile the three tables referenced in evidence that include actuals for 2021 and 2022 year-to-date actuals and budgeted.

a. Please complete the following table.

PowerStream-Rate Zone	Actual	Actual	Actual	Actual	Actual	Actual & Budgeted	Forecast	Forecast
Funded through distribution rates	2017	2018	2019	2020	2021	2022	2023	2024
Cable Replacement								
Cable Injection								
Emerging Underground Projects								
Total								
Funded through ICM rate riders								
Cable Replacement								
Cable Injection								
Emerging Underground Projects								
Total								
Enersource - Rate Zone	Actual	Actual	Actual	Actual	Actual	Actual & Budgeted	Forecast	Forecast
Funded through distribution rates	2017	2018	2019	2020	2021	2022	2023	2024
Cable Replacement								
Cable Injection								
Emerging Underground Projects								
Total								
Funded through ICM rate riders								
Cable Replacement								
Cable Injection								
Emerging Underground Projects								

Response:

- 1 Alectra Utilities has reconciled the three tables. The tables were provided in response to
- 2 interrogatories that requested information on underground renewal spending for specific and
- 3 different time periods. The information provided is summarized below:

- 1 • Ref 1: In SEC-10, Table 1, Alectra Utilities provided 2018 to 2021 actuals and the Q1 2022
2 forecast for cable replacement, cable injection and emerging UG projects in the PRZ.
- 3 • Ref 2: In Staff-2 c), Table 1, Alectra Utilities provided the total actual UG cable renewal
4 spending (which included cable injection, cable replacement and emerging UG projects)
5 for 2017 to 2021 for the PowerStream and Enersource rate zones. However, the total
6 provided was not broken down into the 3 categories.
- 7 • Ref 3: In Staff-20, Attachment 2, Alectra Utilities provided 2020 and 2021 actuals, Q1 2022
8 forecast and 2023 and 2024 forecast for cable replacement and cable injection only. This
9 table did not include amounts for emerging UG projects.

10
11 Alectra Utilities compared the values provided for 2018 to 2021 actuals in reference 1 and 2 and
12 can confirm that the values are consistent. As the values in reference 3 exclude emerging UG
13 projects, the difference is the values for emerging UG projects.

14
15 Alectra Utilities has identified that the Q1 2022 forecast (sum of the data for the 5 rate zones)
16 included in reference 1 (SEC-10) was understated by \$0.4MM. The Q1 2022 forecast included
17 for cable replacement and cable injection in response to Staff-20 (reference 3) is correct. Revised
18 tables for SEC-10, are provided below. The values for 2018 to 2021 actuals are unchanged.

19
20 **Table 1 – UG Cable Renewal Investments PRZ**

PRZ	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Q1 2022 Fcst	Total
Cable Replacement	\$ 9.9	\$ 6.7	\$ 11.9	\$ 6.3	\$ 9.5	\$ 44.3
Cable Injection	\$ 3.6	\$ 3.8	\$ 7.9	\$ 7.4	\$ 9.7	\$ 32.4
Emerging Underground Projects	\$ -	\$ 1.9	\$ 1.9	\$ 3.0	\$ 2.3	\$ 9.1
Total	\$ 13.5	\$ 12.4	\$ 21.7	\$ 16.7	\$ 21.5	\$ 85.8

21
22 **Table 2 – UG Cable Renewal Investments HRZ**

HRZ	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Q1 2022 Fcst	Total
Cable Replacement	\$ 6.6	\$ 7.5	\$ 5.8	\$ 3.8	\$ 5.8	\$ 29.5
Cable Injection	\$ -	\$ 0.2	\$ 0.1	\$ 0.7	\$ 1.0	\$ 1.9
Emerging Underground Projects	\$ 2.3	\$ 1.6	\$ 3.6	\$ 3.1	\$ 3.5	\$ 14.1
Total	\$ 8.9	\$ 9.3	\$ 9.6	\$ 7.5	\$ 10.3	\$ 45.5

1 **Table 3 – UG Cable Renewal Investments ERZ**

ERZ	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Q1 2022 Fcst	Total
Cable Replacement	\$ 16.1	\$ 13.8	\$ 15.2	\$ 9.7	\$ 7.6	\$ 62.4
Cable Injection	\$ -	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.7	\$ 1.8
Emerging Underground Projects	\$ -	\$ 0.7	\$ 1.0	\$ 2.8	\$ -	\$ 4.5
Total	\$ 16.1	\$ 14.5	\$ 16.2	\$ 12.6	\$ 9.3	\$ 68.6

3 **Table 4 – UG Cable Renewal Investments BRZ**

BRZ	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Q1 2022 Fcst	Total
Cable Replacement	\$ 4.0	\$ 1.7	\$ 0.9	\$ 4.4	\$ 1.0	\$ 12.1
Cable Injection	\$ -	\$ 1.0	\$ 3.5	\$ 5.6	\$ 4.1	\$ 14.2
Emerging Underground Projects	\$ -	\$ 1.6	\$ 1.5	\$ 1.0	\$ 0.7	\$ 4.8
Total	\$ 4.0	\$ 4.3	\$ 5.9	\$ 11.0	\$ 5.8	\$ 31.0

5 **Table 5 – UG Cable Renewal Investments GRZ**

GRZ	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Q1 2022 Fcst	Total
Cable Replacement	\$ 0.6	\$ 1.4	\$ 1.6	\$ 1.0	\$ -	\$ 4.7
Cable Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Emerging Underground Projects	\$ -	\$ 0.1	\$ -	\$ 0.2	\$ 0.4	\$ 0.7
Total	\$ 0.6	\$ 1.5	\$ 1.6	\$ 1.3	\$ 0.4	\$ 5.4

7
8 Alectra Utilities has completed the table requested by the Panel, below. The table includes 2017
9 to 2021 actuals and the Q1 2022 forecast for cable replacement, cable injection and emerging
10 underground projects for the PowerStream and Enersource rate zones. ICM funding was not
11 approved for these types of projects over the 2017 to 2022 period. The table also includes a
12 forecast for 2023 and 2024. For these 2 years, Alectra Utilities has identified the portion of the
13 total forecast amount that has been requested for ICM funding in this application. Specifically,
14 Alectra Utilities is requesting approval of ICM funding in the PowerStream rate zone (ICM capital:
15 \$16.6MM in 2023 and \$18.2MM in 2024) and the Enersource rate zone (ICM capital: \$8.7MM in
16 2023 and \$8.7MM in 2024) for cable injection and cable replacement projects. The ICM amounts
17 requested are outside of the basis upon which Alectra Utilities' rates were derived¹.

¹ Alectra's Reply Submission, September 15, 2022, p.15

1 **Table 6 – UG cable renewal investments (\$MM)**

PowerStream-Rate Zone	Actual	Actual	Actual	Actual	Actual	Actual & Budgeted²	Forecast	Forecast
Funded through distribution rates	2017	2018	2019	2020	2021	2022	2023	2024
Cable Replacement	\$ 8.3	\$ 9.9	\$ 6.7	\$ 11.9	\$ 6.3	\$ 9.5	\$ 7.4	\$ 8.7
Cable Injection	\$ 3.7	\$ 3.6	\$ 3.8	\$ 7.9	\$ 7.4	\$ 9.7	\$ 8.8	\$ 8.3
Emerging Underground Projects	\$ -	\$ -	\$ 1.9	\$ 1.9	\$ 3.0	\$ 2.3	\$ 1.4	\$ 1.1
Total	\$ 12.0	\$ 13.5	\$ 12.4	\$ 21.7	\$ 16.7	\$ 21.5	\$ 17.6	\$ 18.1
Funded through ICM rate riders								
Cable Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10.7	\$ 8.8
Cable Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.9	\$ 9.4
Emerging Underground Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16.6	\$ 18.2

Enersource-Rate Zone³	Actual	Actual	Actual	Actual	Actual	Actual & Budgeted	Forecast	Forecast
Funded through distribution rates	2017	2018	2019	2020	2021	2022	2023	2024
Cable Replacement	\$ 18.7	\$ 16.1	\$ 13.8	\$ 15.2	\$ 9.7	\$ 7.6	\$ 5.1	\$ 5.3
Cable Injection	\$ -	\$ -	\$ 0.0	\$ 0.0	\$ 0.0	\$ 1.7	\$ 1.6	\$ 1.7
Emerging Underground Projects	\$ -	\$ -	\$ 0.7	\$ 1.0	\$ 2.8	\$ -	\$ 1.1	\$ 1.1
Total	\$ 18.7	\$ 16.1	\$ 14.5	\$ 16.2	\$ 12.6	\$ 9.3	\$ 7.8	\$ 8.1
Funded through ICM rate riders								
Cable Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.8	\$ 5.2
Cable Injection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.9	\$ 3.5
Emerging Underground Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8.7	\$ 8.7

2

² The amounts in this column are the Q1 2022 forecast

³ Information regarding capital expenditures for 2017 and 2018 for the ERZ was based on the capital reporting practices of the legacy utility. For the ERZ, other underground asset renewal (e.g., cable, switchgear, civil structures, reactive replacements) was tracked under 'cable replacement'. Alectra Utilities harmonized its capital reporting practices in 2019 with the development of the Alectra Distribution System Plan and separately tracks each category of underground asset renewal expenditure. For 2019 onwards, the reporting of underground asset renewal investments in the ERZ was aligned with Alectra's practices.