



PUBLIC INTEREST ADVOCACY CENTRE  
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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September 13, 2023

VIA E-MAIL

Ms. Nancy Marconi  
Registrar (registrar@oeb.ca)  
Ontario Energy Board  
Toronto, ON

Dear Ms. Marconi:

**Re: EB-2023-0004 –ALECTRA UTILITIES CORPORATION (“ALECTRA”) INCREMENTAL CAPITAL  
MODULE (“ICM”) APPLICATION FOR 2024 ELECTRICITY DISTRIBUTION  
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)**

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Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

Mark Garner  
Consultants for VECC/PIAC

Email copy:

Natalie Yeates, Director, Regulatory Affairs and Reporting, Alectra Utilities  
[natalie.yeates@alecrautilities.com](mailto:natalie.yeates@alecrautilities.com)

**REQUESTOR NAME**  
**TO:**  
**DATE:**  
**CASE NO:**  
**APPLICATION NAME**

**VECC**  
**Alectra Utilities**  
**September 13, 2023**  
**EB-2023-0004**  
**2024 ICM Application**

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**EXHIBIT 1**

**VECC-1**

Reference: Exhibit 3, Tab 1, Schedule 1, pages 7-

EB-2022-0013 Decision with Reasons November 17, 2022

In its Decision EB-2022-0013 the Board made the following findings:

*The availability of ICMs for merged utilities for typical capital programs in their sixth to tenth year of deferral of rebasing is an exception to a fundamental tenet of the OEB's MAADs policy. In particular, the policy provided that in a deferral period, monetary efficiencies arising from a merger would be retained by the merged entity and cost of service rebasing would be foregone during the deferral period. (EB-2022-0013 Decision and Order, November 17, 2022, page 27)*

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*While the OEB finds overall that Alectra Utilities meets the ICM funding criterion of demonstrating a history of good utility practice in capital planning, capital program management and asset maintenance, it also finds that Alectra Utilities' capital planning and execution could be improved going forward. This finding is based on Alectra Utilities' prioritization of general plant capital planning, in particular the prioritization of its customer experience capital expenditures planning ahead of its cable renewal program, a criticism raised by OEB staff as noted earlier in this Decision. (Ibid, page 21)*

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*Further, the OEB is not convinced that Alectra Utilities provided sufficient evidence to justify its prioritizing of some general plant projects in base rates over its cable replacement program. (ibid page 21)*

- a) Please explain how Alectra has addressed the Board's concerns with respect to the reprioritization of general plant capital projects in its 2024 ICM proposal.
- b) Please provide the total Alectra General Plant category of spending for the years 2019 through 2024 (forecast) and broken down into the three categories of: IT/Software; Vehicles, Building related, Other (please specify)

### **1.0-VECC-2**

Reference: Exhibit 1, Tab 1,

- a) Please provide the actual OM&A by category (Appendix 2-JA format) spending for each year 2019 through 2022 and the forecast amounts for 2023 and 2024
- b) Please provide the 2018 through 2022 Executive Compensation showing base earnings, incentive total and perquisites.

### **1.0-VECC -3**

Reference: Exhibit 2, Tab 1, Schedule 1, pages 12-

- a) Please provide the actual return on equity for Alectra for the years 2019 through 2022.
- b) Please provide the actual distribution revenues of the Utility for the years 2019 through 2023 (forecast).

## **EXHIBIT 2**

### **2.0-VECC -4**

Reference: Exhibit 2, Tab 2, Schedule 1, Table 10, page 17

- a) Please update Table 10 and Table 17 to show the ICM Monthly Bill Impacts percentage increase of distribution rates (in addition to total bill as shown in Table 10).

## Exhibit 3

### 3.0-VECC-5

Reference: EB-2022-0013 Exhibit 3, Tab 1, Schedule 4, page 8 Table 28  
Exhibit 3, Tab 1. Schedule 4, page 8, Table 22

**Table 28 – ICM Projects PRZ and ERZ (\$MM)**

Project #	Project Name	2023	2024
151329	Cable Replacement – Raymerville Drive Area in Markham (M21)	\$1.5	\$1.6
151381	Cable Injection – Cairns Drive of Markham (M21)	\$1.7	\$1.9
151367	Cable Injection – McNaughton Road Area of Vaughan (V26)		\$1.9
151403	Cable Replacement - Montevideo & Battleford Area in Mississauga (Area 46)	\$1.4	
151407	Cable Replacement – Glen Erin & Burnhamthorpe of Mississauga (Area 25)	\$2.2	\$2.3
151431	Cable Injection – Glen Erin Dr & Bell Harbour Dr in Mississauga (Area 39)	\$0.9	
151432	Cable Injection – Edwards Boulevard Area in Mississauga (Area 43 & 51)		\$1.3
151435	Cable Injection – Derry Road & Ninth Line (Area 56)	\$1.0	\$1.1
151436	Cable Injection – Winston Churchill & The Collegeway (Area 58 & 59)	\$1.0	\$1.1
151456	Cable Injection – Sovereign Court Area in Vaughan (V50)		\$1.6
151459	Cable Injection – Creditstone Road Area in Vaughan (V24)		\$2.1
151461	Cable Injection - Jacob Keffer Parkway Area in Vaughan (V17)	\$1.6	
151517	Cable Injection - 8th Line & Highway 11 Area in Bradford (BR5)		\$1.3
151520	Cable Injection – Willow Farm Lane of Aurora (A09)	\$1.1	
151889	Cable Replacement – Tomken Trail in Mississauga (Area 36)		\$2.0
151895	Cable Replacement – Main Feeder Cable on Cantay Road (Area 44)	\$0.9	
151901	Cable Replacement – Hemus Square in Mississauga (Area 16)	\$0.7	
151902	Cable Replacement – Dixie Road & Winding Trail (Area 19)	\$0.6	
151903	Cable Replacement – South Millway Area in Mississauga (Area 25)		\$1.0
151912	Cable Replacement - Ashbridge Traffic Circle Area in Vaughan (V51)	\$2.6	
151913	Cable Replacement – Cochrane Drive & Scolberg in Markham (M44)	\$2.5	\$2.5
151914	Cable Replacement – Aviva Park Area of Vaughan (V38)	\$2.4	
151935	Cable Replacement - Larkin Ave Area of Markham (M15)		\$1.8
152373	Cable Replacement - St. Joan of Arc Area of Vaughan (V28)		\$1.6
152375	Cable Replacement – Hammond Drive Area in Aurora (A09)		\$1.3
152379	Cable Replacement – Batson Drive in Aurora (A10)	\$1.7	
152386	Cable Injection - Kersey Crescent Area in Richmond Hill (R23)	\$1.5	
152387	Cable Injection – Rainbridge Ave (V51)		\$0.6
<b>Total Proposed ICM Investment</b>		<b>\$25.3</b>	<b>\$27.0</b>

*“The five proposed ICM projects in the Enersource RZ consist of four of the 2023 ICM projects and one 2024 ICM project from the 2023 ICM application.” (Exhibit 1, Tab 1, Schedule 4, page 1 of 10)*

- a) Please update Table 28 from EB-2022-0013 (shown above) to add:
- 1) A column showing the 2023 completed projects and their final costs;
  - 2) A column to show the proposed 2024 (EB-2023-0004) costs for projects identified in the EB-2022-0013 Table 28 and as now shown in Table 22; and,

3) Rows to show any additional projects that were not identified in EB-2022-0013.

- b) Please explain any significant variance in project costs (i.e., above 10%).
- c) Please explain why the 2024 ICM proposal is \$1.9 million lower than the EB-2022-0013 ACM proposal for 2024 UG projects.
- d) Please identify which project is the 2023 ICM carryover project noted in the quote above.

### 3.0-VECC-6

Reference: EB-2022-0013, Exhibit 3, Tab 1, Schedule 2, page 13, Table 21  
Exhibit 3, Tab 1, Schedule 2/, page 11 Table 21 Schedule 4  
pages 5-7

**Table 21 – UG Cable Renewal Investments (\$MM) – EB-2022-0013**

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

**Table 21 – UG Cable Renewal Investments (\$MM) EB-2023-0004**

Investment	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Forecast 2023	Total
Cable Renewal – Replacement	\$37.2	\$31.2	\$35.4	\$25.3	\$20.1	\$36.1	\$185.3
Cable Renewal – Injection	\$3.6	\$4.9	\$11.5	\$13.7	\$12.8	\$19.1	\$65.6
Emerging Underground Projects	\$2.3	\$5.9	\$8.0	\$10.1	\$6.1	\$6.3	\$38.7
<b>Total</b>	<b>\$43.1</b>	<b>\$42.0</b>	<b>\$54.9</b>	<b>\$49.1</b>	<b>\$39.0</b>	<b>\$61.5</b>	<b>\$289.6</b>

- a) In EB-2022-0013 Alectra projected \$23.8 million in cable renewal and \$16.67 million in cable injection and \$6.9 million in emerging projects (1<sup>st</sup> table). Actual 2022 spending in each of those categories was lower. Please explain the variance of \$8.3 million.
- b) Please provide the number of reactive cable repairs/replacements for each year 2018 through 2023 (to-date). Does the “emerging underground projects” category capture the costs of reactive projects? If not please provide each year's spending on reactive projects.
- c) Please provide a table showing the number of emergency replacement projects and their associated costs for each of the years 2018 through 2023 (to-date)

### **3.0-VECC -7**

Reference: Exhibit 3, Tab 1, Schedule 2, page 13

- a) Is the condition assessment illustrated in Figure 15 (2018 vs 2022) based solely on the age of the cables? If not please explain what additional factors are included in condition assessment.

### **3.0-VECC -8**

Reference: Exhibit 3, Tab 1, Schedule 4, page 8

*“The engineering assessment of cable failures was completed utilizing the most recent reliability results as of year end 2022. The assessment conducted in 2021-2022 was reviewed during the 2022-2023 period. Based on the engineering assessment there was no change to the priority projects identified in this application. Although additional priority projects were identified as part of this review, those projects will be completed in later years.”*

- a) Using the format of Table 22 Please provide the noted “additional priority projects” and provide Alectra’s plan to address these projects prior to rebasing.

### **3.0-VECC -9**

Reference: Exhibit 3, Tab 1,

- a) Will Alectra be seeking a 2025 ICM for UG cable renewal? If so please provide the list of projects and their estimated costs.
- b) If it is Alectra’s intention to continue to seek ICMs past 2024 please provide the annual plan for those projects for the remainder of the rate deferral period.

### **3.0-VECC -10**

Reference: Exhibit 3, Tab 1, Schedule 2, page 12 of 17

*To address the DSP objective to prudently invest in and maintain assets to provide sustainable value through the optimal allocation of resources in response to risks, compliance requirements and performance targets, Alectra Utilities established an asset condition metric to limit the population of underground cable that is in poor or very poor condition to 14% of the cable population. This level represents the health of the cable population at the start of the DSP period.*

- a) Please explain the reasoning behind choosing 14% as a metric (as opposed to 10% or 15% or some other percentage).
- b) What sensitivity analysis has Alectra undertaken around this metric to understand the impact on customer outages (frequency and duration).

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