Ontario Energy Board | Commission de l'énergie de l'Ontario

Ontario

**BY E-MAIL**

January 22, 2026

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ritchie Murray:

**Re: Alectra Utilities Corporation (Alectra Utilities)**
**2027-2031 Custom Rate Application for Electricity Rates and Charges**
**Ontario Energy Board (OEB) File Number: EB-2025-0252**

In accordance with Procedural Order No. 1, please find attached OEB staff interrogatories in the above noted proceeding. Alectra Utilities and all intervenors have been copied on this filing.

Alectra Utilities' responses to interrogatories are due by February 20, 2026.

Any questions relating to this letter should be directed to Narisa Jotiban at Narisa.Jotiban@oeb.ca or at 416-440-7664. The OEB's toll-free number is 1-888-632-6273

Yours truly,

Narisa Jotiban

Digitally signed by Narisa Jotiban
Date: 2026.01.22 16:29:36 -05'00'

Narisa Jotiban
Senior Advisor – Electricity Distribution

cc. All parties to EB-2025-0252

**OEB Staff Interrogatories**

**2027-2031 Custom Rate Application for Electricity Rates and Charges Application**
**Alectra Utilities Corporation (Alectra Utilities)**
**EB-2025-0252**
**January 22, 2026**

Please note, Alectra Utilities is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the Freedom of Information and Protection of Privacy Act), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

## Exhibit 1 – Administration

### 1-Staff-1
### Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please also ensure the models used are the latest available models on the OEB's 2027 Electricity Distributor Rate Applications webpage and incorporate the OEB's decision on the application for 2026 rates (EB-2025-0055).

### 1-Staff-2
### Letters of Comment

Following publication of the Notice of Application, the OEB received more than 85 letters of comment. Section 2.1.6 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has

not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent letters of comment are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

**1-Staff-3**
**Service Territory Population Growth Projection**
**Ref 1: Exhibit 1 / Tab 3 / Schedule 1 / Table 1-3-2 / p. 16 (pdf p. 186)**

**Question(s):**

a) Please provide a source(s) of data from Table 1-3-2 and indicate when the projection data was prepared.

**1-Staff-4**
**Climate Projection**
**Ref 1: Exhibit 1 / Tab 3 / Schedule 1 / p. 19 (pdf p. 186)**

**Question(s):**

a) Reference 1 states that climate projections show that the majority of Alectra Utilities' service territory will experience more damaging high wind events that will increase in severity and intensity. Please provide a source(s) of climate projections to support this statement.

**1-Staff-5**
**Performance Measurement – Custom Scorecard**
**Ref 1: Exhibit 1 / Tab 3 / Schedule 1/ p. 30 (pdf p. 200)**

**Preamble:**
In reference 1, Alectra Utilities presents its proposed Custom Scorecard for the 2027–2031 period. OEB staff notes that while the application includes a list of proposed custom metrics and associated targets, the evidence does not present:

- Any measures Alectra Utilities will undertake to ensure it meets custom scorecard targets; or
- Risks or consequences, including mitigation strategies, if Alectra Utilities is unable to meet these targets.

**Question(s):**

a) Please clarify how Alectra Utilities proposed custom scorecard is linked to its Distribution System Plan (DSP) and Operating, Maintenance and Administration (OM&A) projections.
b) Please explain how maintaining fleet availability at ≥90% contributes to cost control.
c) Please explain why Serious Electrical Incident Index (SEII) and Telephone Calls Answered On Time have not been proposed as custom scorecard measures since the utility has shown persistent underperformance.
d) Please identify the main risks that could prevent Alectra Utilities from meeting the custom scorecard targets and describe how Alectra Utilities plans to mitigate or manage these risks.
e) Please explain how Alectra Utilities will monitor, track, and report performance against the custom scorecard, including any internal accountability mechanisms.

**1-Staff-6**
**Ref 1: Exhibit 1 / Tab 3 / Schedule 1 / p. 30 (pdf Exhibit 1 p. 200)**
**Ref 2: Exhibit 1 / Tab 6 / Schedule 2 / p. 14 (pdf Exhibit 1 p. 1402)**

**Preamble:**
Alectra Utilities set a System Average Interruption Duration Index (SAIDI) target that is materially better compared to its historic SAIDI performance even though its SAIDI performance is materially better than Industry Average.

**Question(s):**

a) Please explain the basis for Alectra Utilities' Figure 1-3-4 SAIDI target (0.74) when Alectra Utilities' 5 Year Average SAIDI was 0.94 and the Industry Average was 1.79.

**1-Staff-7**
**Ref 1: Exhibit 1 / Tab 3 / Schedule 1 / p. 30 (pdf Exhibit 1 p. 200)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.1 Asset Management Framework Overview / pp. 112-113 (pdf Exhibit 2A Part 1 pp. 118-119)**

**Preamble:**
Alectra Utilities appears to be recommending a scorecard measure that targets its ability to track its capital spending in dollar amounts rather than its ability to complete planned work within the forecast cost.

**Question(s):**

a) Please confirm that Cost Control target in Figure 1-3-4 can be achieved if 95%-105% of the planned capital budget is spent, but only a fraction (e.g., 75-85%) of the planned scope of work is completed.
    i. With regards to Cost Control from Figure 1-3-4, please explain why Planned Capital – Actual vs. Planned measured on the basis of percentage of dollars spent (i.e. 100% +/-5%) is a better target for cost control and project execution effectiveness than measuring the scope of work planned vs. scope of work completed?
b) Based on the past 5 years, what scope of work percentage was not completed as planned.
c) Based on the past 5 years, what is the average cost overrun percentage for projects for which 100% of the originally planned scope was completed.

**1-Staff-8**
**Performance Measurement – Scorecards**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / pp. 1-23 (pdf pp. 1389-1411)**

**Question(s):**

a) Please provide an updated scorecard analysis for the years 2020 to 2024 and include an explanation for any metrics where Alectra Utilities consistently did not meet the target.
b) For each scorecard metric that consistently did not meet target, please further explain how Alectra Utilities' current plan to improve performance is grounded in a high probability of success. In your response, identify the actions being taken, the expected outcomes, and how success will be measured.

**1-Staff-9**
**Clearspring's Research and Report**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3**
**Ref 2: Clearspring Energy Advisors (Clearspring) working papers**

**Preamble:**
Clearspring undertook a total cost econometric benchmarking study of Alectra Utilities' distributor costs. This study provides a comparison of the total cost of Alectra Utilities' distribution services to the benchmark costs after adjusting for differences in the specific output levels, input prices, and miscellaneous other business conditions of sampled utilities.

**Question(s):**

a) Are there any corrections, adjustments, clarifications, or other changes to the research or the report that Clearspring wishes to make since the evidence was filed?
b) If so, please provide an updated report and/or working papers and briefly describe the updates.

**1-Staff-10**
**Alectra Utilities Business Conditions**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3**

**Question(s):**

a) Please discuss any special external business conditions that tend to materially increase or reduce the cost of Alectra Utilities' services.
b) How pervasive is bulk metering of multi-family residential establishments in Alectra Utilities' service territory?
c) Does the non-contiguous service territory of Alectra Utilities pose challenges (e.g., higher costs)?

**1-Staff-11**
**Clearspring's Data**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3**
**Ref 2: Clearspring working papers**
**Ref 3: PacifiCorp Fact Sheet as downloaded from:**
**https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/about/PacifiCorp_Fact_Sheet.pdf**

**Preamble:**
OEB staff has questions related to some data series used by Clearspring in its calculations.

**Question(s):**

a) When the Clearspring computer code was modified to export a larger amount of data, approximately 25 cases were noted where the A&G allocator (alloc) was either negative or over 100%. These values for an allocator do not appear plausible. Please confirm if Clearspring observes a similar result and comment.
b) Clearspring has assigned a service territory area value of 90,819 $km^2$ to PacifiCorp. In Pacific Economics Group (PEG)'s recent datasets, an area of 372,695 $km^2$ was assigned to PacifiCorp, which is similar to the area noted on PacifiCorp's website. Clearspring uses area as a scale variable and gives it full translog treatment in its total cost model.

i. Does Clearspring believe its PacifiCorp value is correct?
ii. If the much larger estimate is correct, please test the model using that value and comment on any effect of changing the value on the model parameters and Alectra Utilities' performance.

c) Clearspring uses a variable that estimates the percentage of the utility service territory that is forested.
   i. Please provide additional details on how Clearspring calculates its forestation variable.

**1-Staff-12**
**Scope of Clearspring's Benchmarking Work**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3**
**Ref 2: Clearspring working papers**
**Ref 3: EB-2023-0195 / Exhibit 1B / Tab 3 / Schedule 3 / Appendix A / pp. 25-31 (pdf pp. 359-365)**
**Ref 4: EB-2019-0261 / Exhibit 1 / Tab 1/ Schedule 12 / Attachment A, pp. 26-31 (pdf pp. 382-387)**

**Preamble:**
Clearspring only provides total cost benchmarking. Clearspring provided reliability benchmarking results in its recent custom incentive rate-setting (CIR) evidence for Toronto Hydro-Electric System Limited (Toronto Hydro)'s 2025-2029 CIR application (reference 3) and its evidence in Hydro Ottawa's 2021-2025 CIR application (reference 4).

**Question(s):**
a) Would the incremental cost of OM&A and capital cost benchmarking be fairly modest once total cost benchmarking is underway?
b) Did Clearspring develop OM&A and capital cost benchmarking models for Alectra Utilities? If so, please provide the most credible models developed and the benchmarking results for Alectra Utilities.
c) Did Clearspring undertake any reliability benchmarking for Alectra Utilities? If yes, please present best-model results. If not, why not?
d) Is reliability benchmarking a sensible complement to cost benchmarking? Please explain.

**1-Staff-13**
**Clearspring's Total Cost Model**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 14-15 (pdf pp. 1429-1430)**
**Ref 2: Clearspring Working Papers**
**Ref 3: EB-2021-0110, Custom IR Application (2023-2027) for Hydro One Networks Inc. Transmission and Distribution – Clearspring Energy Advisors and Pacific Economics Group Research Joint Report, June 13, 2022**

**Preamble:**
The variables in the total cost model that Clearspring features are very similar to those in Clearspring's model for the Joint Report in the Hydro One Networks Inc. (HONI) proceeding.

**Question(s):**
a) Why was a rolling average of peak demand used in this model rather than ratcheted peak demand? Which variable received stronger statistical support?
b) Did Clearspring exclude any variables from its featured cost model in this proceeding that its research found to have statistically significant and plausible parameter estimates? If so, please explain why they were excluded from the featured model and provide benchmarking results from a model that includes them.

**1-Staff-14**
**Clearspring's Total Cost Model**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / p. 17 (pdf p. 1432)**
**Ref 2: Clearspring working papers**

**Preamble:**
Cost models with translogged scale variables yield utility-specific estimates of the elasticities of cost with respect to these variables. This can provide checks on whether the output elasticity estimates are reasonable.

**Question(s):**
a) What are the estimated elasticities of total cost with respect to the three scale variables for Alectra Utilities in Clearspring's model?
b) How common was it for these elasticities to be negative for other companies in Clearspring's sample?

**1-Staff-15**
**Clearspring's Urban Congestion Variable**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 14-15 pp. 17-18 (pdf pp. 1432-1433)**
**Ref 2: Clearspring working papers**
**Preamble:**
Clearspring's cost model includes a congested urban (CU) variable that has been made time-variant using data on the number of skyscrapers in cities served by sampled utilities.

**Question(s):**

a) Please confirm that, in Clearspring's sample, the parameter estimate for CU is highly sensitive to the inclusion of just one company (Consolidated Edison of New York). Does that create a disadvantage?
b) Was a CU value calculated for all utilities in the sample? For example, was CU calculated for the following utilities that are included in Clearspring's sample and known to serve cities with skyscrapers topping 100 metres?
    - Atlantic City Electric
    - Puget Sound Energy
    - Consumers Energy
    - Connecticut Power and Light
c) Data for buildings that are at least 100 metres tall are used to adjust a congested urban variable that was calculated with respect to what minimum building height?
d) Did Clearspring consider using lower minimum heights for skyscrapers? If not, why not?
e) For metro areas that include one or more sizable business districts in smaller satellite cities (e.g., the St. Louis area, which includes Clayton, MO), did Clearspring include the satellite business district(s) in its CU calculations?
f) Would the parameter estimate for CU be improved by including data for utilities serving Canadian cities with urban congestion (e.g., Toronto and Calgary)?
g) Do the number of skyscrapers data that Clearspring uses pertain to the same areas as the congested urban data?
h) Why not just use the number of skyscrapers as the CU variable?
i) Does the inclusion of the CU variable in the model improve or worsen the benchmarking score of Alectra Utilities?

**1-Staff-16**
**Clearspring's Distribution Work Variable**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 15, 17 (pdf pp. 1430, 1432)**

**Preamble:**
Clearspring's model includes a Distribution Work variable defined as the share of transmission line length with a rating that exceeds 50 kV.

**Question(s):**

a) Please confirm that this variable does not just reflect whether a utility's subtransmission lines are classified as transmission assets. Relevant counterexamples include the following.
   i. The value is large because the Dx and Tx systems have relatively few lines of subtransmission voltage.
   ii. The value is small because a lot of the power is delivered to the utility on the transmission systems of other utilities.
   iii. The value is large because the utility has sizable transmission capacity to access power supplies in remote areas.

**1-Staff-17**
**Clearspring's Inflation Forecasts**
**Ref 1: Clearspring Working papers**

**Preamble:**
The Clearspring working papers indicate that the forecasts used to escalate Alectra Utilities' salaries and wages and the gross domestic product implicit price index (GDPIPI) are from February 26, 2025.

**Question(s):**

a) Please confirm that the notes on this matter in the file "alectra.prg" (reference 1) with regard to the referenced price forecasts are accurate.
b) Are more recent forecasts available? If so, how do these compare to what was assumed in the study?

**1-Staff-18**
**Clearspring's OM&A Input Prices**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 31, 35 (pdf pp. 1446, 1450)**
**Ref 2: Clearspring Working papers**

**Preamble:**
Clearspring states, "To ascertain Alectra's wage level, we gathered job occupation wage estimates from the 2011 Canadian Census, using wage data reported for Ontario, translated job occupations to match their U.S. counterparts, and then weighted the job occupation wages by the BLS estimates."

**Question(s):**
a) Please show where the support for the values used to construct the wage level for Alectra Utilities in the file "alectra.prg" can be found in the working papers (reference 2). If they have not yet been provided, please provide.
b) Please comment on the methodological consistency of the source used to establish the wage level for Alectra Utilities and US companies.
c) The input price index (IPI) for Alectra Utilities uses the average weekly earnings for the Ontario industrial aggregate from Statistics Canada. Would the analogous fixed weighted index of average hourly earnings for all employees for the Ontario industrial aggregate, excluding unclassified businesses, be more accurate? If no, please explain why not.
d) Does the listing of outside services provided in Clearspring's working papers include all outside services purchased by Alectra Utilities or just those classified as administrative and general expenses in account 5630? If it does not include all outside services, please provide an estimate of the proportion of total OM&A that is used to purchase outside services.
e) Clearspring levelized its OM&A input prices in 2010 and its construction cost index in 2015. Why did Clearspring not use more recent years?
f) Clearspring used the gross domestic product price index to measure the trend in the material and service prices of U.S. utilities. Please confirm that, due to the brisk multifactor productivity growth of the U.S. economy, this index tends to materially understate the growth in U.S. input prices.

**1-Staff-19**
**Clearspring's Sample**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 15-17 (pdf pp. 1430-1432)**
**Ref 2: Clearspring working papers**

**Preamble:**
The sample period for Clearspring's econometric work was the 24 years from 2000 to 2023. Data for 82 companies operating in 2023 were included in Clearspring's sample.

**Question(s):**

a) Why did Clearspring use such a long sample period in its featured research for Alectra Utilities?
b) Were shorter sample periods considered? If so, how did the benchmarking results differ?
c) The sample that PEG is currently using in power distributor cost research contains 91 US utilities. Please explain why each of the following 18 utilities that are included in PEG's power distributor cost research sample are excluded from Clearspring's sample.
    1. Dayton Power and Light Company
    2. Fitchburg Gas and Electric Light Company
    3. Georgia Power Company
    4. Green Mountain Power Corporation
    5. Kansas City Power & Light Company
    6. Kingsport Power Company
    7. Massachusetts Electric Company
    8. MidAmerican Energy Company
    9. Narragansett Electric Company
    10. Northwestern Energy
    11. NSTAR Electric Company
    12. Ohio Power Company
    13. Rochester Gas and Electric Corp
    14. Southwestern Electric Power Company
    15. Superior Water, Light and Power Company
    16. Upper Peninsula Power Company
    17. Westar Energy (KPL)
    18. Wheeling Power Co
d) It initially appears that many, if not most, U.S. utilities that underwent mergers within the sample period have been excluded from Clearspring's sample. Does the exclusion of merged companies from the econometric model improve or

benefit the model's performance in the context of benchmarking Alectra Utilities? Please explain.

**1-Staff-20**
**Clearspring's Asset Price Index**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 8, 34-35 (pdf p. 1423, 1449-1450)**
**Ref 2: Clearspring working papers**

**Preamble:**
Clearspring uses a 50/50 average of the growth in a) the Handy-Whitman summary power distribution construction cost index for the North Atlantic region (HWI) and b) a Canadian implicit capital stock deflator in its total cost research, while stating that it "remain[s] partial to using the Handy-Whitman electric distribution indexes."

**Question(s):**

a) Please provide a new total cost model and benchmarking results using only the HWI.

**1-Staff-21**
**Clearspring's G Factor Rationale**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3, pp. 20-21 (pdf pp. 1435-1436)**
**Ref 2: Denny, Michael, Melvyn A. Fuss, and Leonard Waverman, 1981. "The Measurement and Interpretation of Total Factor Productivity in Regulated Industries, with an Application to Canadian Telecommunications," in Thomas Cowing and Rodney Stevenson, eds., *Productivity Measurement in Regulated Industries*, (Academic Press, New York) pages 172-218.**

**Preamble:**
Clearspring explains the theory behind its G factor design on pages 20-21 of its report (reference 1).

**Question(s):**

a) This derivation does not explain why *an elasticity-weighted* output index should be used in G factor development. Why not instead use the theory discussed in the classic Denny, Fuss, and Waverman paper, which was authored by University of Toronto economists? The authors show the TFP growth is a function of the growth of a cost-elasticity weighted output index.

**1-Staff-22**
**Clearspring's G Factor Research**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 22, 25-26 (pp. 1437, 1440-1441)**
**Ref 2: Clearspring working papers**

**Preamble:**
Clearspring's report contains formulas to adjust the OM&A revenue requirement using information from its total cost model.

**Question(s):**
a) Please explain why a G factor based on cost-elasticity estimates from a *total* cost model makes more sense than one that is based on analogous estimates from an *OM&A* cost model.
b) Please explain the rationale for only using two of the three scale variables in Clearspring's model to calculate the G factor.
c) If the area variable were time-variant, wouldn't its growth likely be as slow or slower than customer growth?

**1-Staff-23**
**Clearspring Input Price Differential**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 2 / Attachment 1-3 / pp. 14-15 (pdf pp. 1429-1430)**
**Ref 2: EB-2023-0195, Partial Decision and Order, November 12, 2024, Schedule A, p. 17 (pdf p. 41)**
**Ref 3: EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022 Schedule A, pp. 5-8 (pdf pp. 18-21)**

**Preamble:**
Alectra Utilities proposes to include a fixed input price differential (IPD) in its OM&A revenue requirement escalator.

**Question(s):**
a) Please confirm that the results from combining the OEB's approved IPI and the IPD that are presented in the report would be similar to those resulting from using an OM&A price index that was constructed using company-specific or industry cost share weights and the same price subindexes as those used in the IPI. Please explain why the IPD approach is being used.
b) Would an IPD have been warranted if Alectra Utilities had proposed to make the capital as well as the OM&A revenue requirement conditional on inflation and

later trued up to actual inflation? Approaches of this nature have recently been approved by the OEB for HONI and Toronto Hydro.

c) Please explain why Alectra Utilities did not propose such an approach?

**1-Staff-24**
**Ratemaking Treatment of Capital**
**Ref 1: Exhibit 1 / Tab 11 / Schedule 2**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1**
**Ref 3: Alberta Utilities Commission, Decision 27388-D01-2023 (October 4, 2023) Appendix 7 (K-bar calculation) pp. 126-128.**
**Ref 4: Lowry, Mark Newton, David Hovde, Rebecca Kavan and Matthew Makos, "Impact of Multiyear Rate Plans on Power Distributor Productivity: Evidence from Alberta,"), *The Electricity Journal*, Volume 36, Issue 5, June 2023.**

**Preamble:**
OEB staff would like to explore alternative approaches to CIR for Alectra Utilities, which would help the panel evaluate Alectra Utilities' proposed capital spending in this proceeding. For example, OEB staff is interested in a K-bar approach, which is a revenue requirement cap wherein the capital portion depends in part on the utility's recent historical gross plant additions (as escalated for construction cost inflation and customer growth) instead of forecasted additions. The revenue requirement for some assets, including many that are especially sensitive to the energy transition, would still be forecasted and/or subject to variance account treatment

**Question(s):**

a) Please provide revenue requirement and rate growth projections for each year of the proposed plan (2027-2031) period that are comparable to the Company's proposal and are consistent with the following assumptions.

   i. Revenue requirement for 2027 as Alectra Utilities proposed.

   ii. Revenue requirement for OM&A expenses net of other operating revenue in years 2028-2031 as proposed.

   iii. Capital-related revenue requirement from 2028 to 2031 calculated as proposed except for an alternative basis for some gross plant additions.

   Gross plant additions for the following asset categories would be based on Company forecasts as Alectra Utilities proposed. Most of these plant additions are especially sensitive to the energy transition. Some of these costs may be eligible for variance account treatment.

- the AMI Renewal Portion of Network Metering
- the Renewable Generation, Customer Initiated Relocations, and Transit Connections portions of Customer Connections
- Capacity (Lines)
- Capacity (Stations)
- Distributed Energy Resources Integration
- the DER Wholesale Market Preparedness, Advanced Distribution Management System, and Planning Tools and Automation portions of Information Technology
- Connection and Cost Recovery Agreements

Gross plant additions for the other asset categories would be set in the K-bar style based on the Company's 2020-2024 actual gross plant additions, escalated for annual inflation and customer growth to the applicable year of the 2028-31 period. The inflation measure for these calculations would be that used for gross plant additions in the Clearspring study. Please apply a reasonable approach regarding the value of disposals or other implementation complications and provide the assumptions you relied upon in your response.

iv. The resultant growth in the Capital-Related Revenue Requirement would be subject to a 0.15% X factor markdown, as Alectra Utilities has proposed.

v. The portions of the capital revenue requirement that are accorded K-bar treatment would not be subject to Alectra Utilities' proposed underspend clawback.

The excel file "Attachment_1-staff-24"[1] illustrates the procedure using *capital expenditure* data because the analogous *gross plant additions* data were not readily available.

b) OEB staff invites comments on this K-bar approach to ratemaking and on alternative applications of the basic K-bar approach (e.g., different asset categories subject to K-bar treatment).

[1] Please note that this version of "Attachment_1-staff-24" contains hard-coded data and does not contain confidential information related to Clearspring Energy Advisor's (Clearspring) datasets and models, which were filed confidentially with the OEB on January 12, 2026. Access to the confidential version of "Attachment_1-staff-24", which contains numbers from Clearspring's confidential datasets and models, will be provided in accordance with Section 6.1 of the OEB's Practice Direction on Confidential Filings.

**1-Staff-25**
**Ratemaking Treatment of Capital**
**Ref 1: Exhibit 1 / Tab 11 / Schedule 1**
**Ref 2: Handbook for Utility Rate Applications, October 13, 2016, pp. 25-28**
**Ref 3: EB-2023-0195, Partial Decision and Order, November 12, 2024, p. 10 (pdf p. 12)**
**Ref 4: EB-2021-0110, Decision on Settlement Proposal and Order on Rates, Revenue Requirement and Charge Determinants, November 29, 2022 Schedule A, pp. 5-8 (pdf pp. 18-21)**

**Preamble:**
CIR treatments of capital are sometimes accompanied by a supplemental capital stretch factor like that featured in references 3 and 4.

**Question(s):**
a) Please comment whether the proposed ratemaking treatment of capital offers much weaker cost containment incentives than the proposed ratemaking treatment of OM&A expenses (reference 1).
b) Please explain how, and to what extent Alectra Utilities' proposed ratemaking treatment of capital results in the capital component of the revenue requirement that aligns with the annual rate adjustment requirements in reference 2.

**1-Staff-26**
**Performance Measurement – Activity and Program-based Benchmarking (APB)**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 3 / p. 1 (pdf p. 1460)**

**Question(s):**
a) Please provide all instances identified in the mapping review that demonstrate differences in GL-to-USoA mappings between consolidated legacy entities. Please include examples of:
    i. Legacy-specific GL accounts mapped to different USoAs across entities;
    ii. Any inter-entity inconsistencies in categorization within the same USoA subcategory;
    iii. Cases where mapping adjustments were made as part of the 2024 review.

**1-Staff-27**
**Performance Measurement - Benchmarking**
**Ref 1: Exhibit 1 / Alectra_Attach 1-4_PEG Benchmarking Forecast Analysis_20251121.xlsx**
**Ref 2: Exhibit 4 / Alectra_Attach 4-1_OEB Appendix 2-JA - Summary of Recoverable OM&A Expenses_20251014**

**Preamble:**
Reference 1 requires entering detailed OM&A data by USoA accounts under the subcategories of Operations, Maintenance, Billing and Collections, Community Relations, Administrative & General (A&G) Expenses, Insurance, and Advertising.

OEB staff notes that not all USoA accounts are required to be included in reference 1. However, for those subcategories where the values should match between reference 1 and reference 2, OEB staff was unable to reconcile the OM&A values in reference 2 with the ones in reference 1 (Model Inputs tab) across all years.

**Question(s):**
a) Please provide the detailed OM&A values by USoA account, by subcategory (Operations, Maintenance, Billing and Collections, Community Relations, A&G Expenses, Insurance, and Advertising), that were used to populate reference 1.
b) Please reconcile the values provided in response to part (a) with the values shown in reference 2 and explain the differences other than the exclusion of certain USoA accounts.

**1-Staff-28**
**Performance Measurement – APB**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 3 / pp. 3-22 (pdf pp. 1462 - 1481)**
**Ref 2: APB_Unit Cost Calculations_OEB-2024_20240929**

**Preamble:**
OEB staff have observed that several APB values filed in evidence differ from the values published in the 2024 APB Report.

**Question(s):**
a) Please provide an updated APB analysis for the years 2020 to 2024, and include an explanation for any significant variances in 2024 unit costs when compared to:
    i. 2023 (explanations for variances that exceed 20%)
    ii. Alectra Utilities' five-year average (explanations for variances that exceed 20%)

iii. the industry average, where applicable (explanations for variances that exceed 25%)

b) Please clarify whether the discrepancies between the APB values in reference 1 and the values published in the 2024 APB dataset in reference 2 are a result of Alectra Utilities' 2024 USoA mapping review, or any other internal reclassification or data revision.

c) For all 10 APB programs, please identify each instance where APB values were updated, adjusted, or restated. For each program, provide:
   i. The original value filed,
   ii. The updated or corrected value,
   iii. The reason for the change (e.g., USoA mapping revision, data correction, re-allocation), and
   iv. Supporting calculations and/or documentation.

**1-Staff-29**
**Framework Initiative Savings**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 4 / pp. 10-23 (pdf pp. 1491-1504)**

**Preamble:**
In Table 1-6-34 from reference 1, OEB staff was unable to reconcile most of the average annual saving amounts with the cumulative savings 2022-2026 amounts. For example, Table 1-6-34 shows that an average annual savings 2022-2026 for locates is $3.2M. OEB staff calculated the cumulative saving 2022-2026 to equal $16M (which is $3.2M x 5 years). However, Table 1-6-34 shows cumulative savings 2022-2026 of $12.9M instead of $16M.

**Question(s):**

a) Please provide supporting calculations that reconcile the amounts in the preamble.
   i. Please also provide a breakdown of savings by capital and OM&A for initiatives that contain both types of costs.

b) Please provide forecast incremental productivity savings (not sustained savings) per year for each initiative listed in reference 1 for the 2027-2031 period.
   i. Please provide a breakdown between capital and OM&A. For OM&A, please provide a further breakdown by OM&A program if possible.
   ii. Please provide and explain assumptions used to derive the forecast incremental productivity savings for each initiative or provide a spreadsheet that shows supporting calculations for each initiative per year.

**1-Staff-30**
**Departmental Productivity Initiatives**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 4 / pp. 23-31 (pdf pp. 1504-1512)**

**Preamble:**
In reference 1 (page 23 or pdf page 1504), Alectra Utilities states that in addition to the projects documented under the Framework, Alectra Utilities' culture of employee empowerment and continuous improvement has led business units to conduct smaller productivity initiatives, which yield qualitative benefits, difficult to quantify benefits, or quantifiable benefits below the materiality threshold established for inclusion in the Framework.

One notable area Alectra Utilities has achieved significant productivity is in technology innovation. Table 1-6-35 (reference 1) shows Departmental Productivity Initiatives centered around technology innovation.

**Question(s):**
a) Please provide estimated incremental productivity savings per year (not sustained savings) for each initiative shown in Table 1-6-35 in reference 1 since the implementation date, if possible.
    i. Have the savings been incorporated into the application? If so, please indicate where.
    ii. Please provide a breakdown of savings by capital and OM&A. For OM&A savings, please provide a further breakdown by OM&A program if possible.
b) Has Alectra Utilities estimated incremental productivity savings (not sustained savings) for the forecast period?
    i. If so, please provide estimated incremental productivity savings from each technology innovation initiative per year.
    ii. Have the savings been incorporated into the application? If so, please indicate where.
    iii. Please provide a breakdown of savings by capital and OM&A. For OM&A savings, please provide a further breakdown by OM&A program if possible.

**1-Staff-31**
**Facilitating Innovation**
**Ref 1: Exhibit 1 / Tab 7 / Schedule 1 / pp. 1-13 (pdf pp. 1514-1526)**

**Question(s):**

a) For the innovation initiatives undertaken or planned by Alectra Utilities for the 2020 to 2031 period, please provide a table detailing initiatives with an annual total cost incurred by Alectra Utilities.
    i. Please provide a breakdown of cost by OM&A and capital.
b) Alectra Utilities states that some of the initiatives in reference 1 increased productivity (e.g., Artificial Intelligence (AI) Solution Deployment and Automated Bill Reconciliation). Has Alectra Utilities quantified productivity savings resulting from these innovation initiatives for the 2020 to 2031 period?
    i. If so, please provide incremental productivity savings achieved and forecast incremental productivity savings per year for each initiative (not sustained savings). Please also provide a breakdown of savings by OM&A and capital. For OM&A savings, please provide a further breakdown by OM&A program if possible.
    ii. Please explain whether these savings have been incorporated into the application. If so, please identify where. If not, why not.

**1-Staff-32**
**New Future Productivity Initiatives and Savings**
**Ref 1: Exhibit 1 / Tab 6 / Schedule 4 / Table 1-6-34, pp. 10-11 (pdf pp. 1491-1492)**

**Preamble:**
Reference 1 states that:

> Alectra Utilities has not prepared a detailed productivity plan for the 2027 to 2031 period capable of closing the funding gap implemented within its proposed rate framework, as the full scope of opportunities available to the utility cannot be known or planned so far in advance in an environment of significant technological change. Alectra Utilities has however begun preliminary assessment of a series of longer-term productivity initiatives which it is hopeful will realize material productivity benefits.

**Question(s):**

a) Please provide a brief description of each new productivity initiative that has been considered but not included in the application or as part of Alectra Utilities' responses to 1-staff-29, 1-staff-30, 1-staff-31.

i. Please provide Alectra Utilities' preliminary forecast of incremental productivity savings (not sustained savings) for each initiative per year for 2027 and 2028 in Please provide a breakdown of savings by capital and OM&A. For OM&A savings, please provide savings by OM&A program if possible.

**1-Staff-33**
**Audited Financial Statements**
**Ref 1: Exhibit 1 / Appendix 1-6 – 2024 Audited Financial Statements / Note 6 / (pdf p.1554)**
**Ref 2: Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
OEB staff has compiled the following table showing the difference of PP&E between reference 1 and reference 2:

| | 2023 | | | 2024 | | |
|---|---|---|---|---|---|---|
| **($M)** | **Cost** | **Accumulated Depreciation** | **Net Book Value** | **Cost** | **Accumulated Depreciation** | **Net Book Value** |
| **Reference 1 (a)** | 5,335 | 1,131 | 4,204 | 5,776 | 1,286 | 4,490 |
| **Reference 2 (b)** | 4,656 | 1,069 | 3,587 | 4,991 | 1,227 | 3,764 |
| **Variance (a-b)** | 679 | 62 | 617 | 785 | 59 | 726 |

**Question(s):**
a) Please reconcile and explain the variances identified in the table above.

**1-Staff-34**
**Audited Financial Statements**
**Ref 1: Exhibit 1 / Appendix 1-6 – 2024 Audited Financial Statements / Note 13 / (pdf p.1563)**
**Ref 2: Exhibit 6 / Attachment 6-5 / 2024 Actuarial Report / Appendix A (pdf p.230)**

**Preamble:**
OEB staff has compiled the following table showing the difference of Benefit Cost recognized in Net Income between reference 1 and reference 2:

| **($M)** | **2023** | **2024** |
|---|---|---|
| **Benefit cost recognized in net income Ref 1 (a)** | 4.0 | 3.0 |
| **Defined benefit cost recognized in income statement Ref 2 (b)** | 4.4 | 4.5 |
| **Variance (b-a)** | 0.4 | 1.5 |

**Question(s):**
a) Please reconcile and explain the variance identified in the table above.

**1-Staff-35**
**MAADs Commitments**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 2 / Table 1-9-3 / p. 1 (pdf p. 1674)**
**Ref 2: Exhibit 1 / Tab 9 / Schedule 4 / pp. 30-31 (pdf pp. 1709-1710)**

**Preamble:**
Alectra Utilities states in reference 1 that ratepayers are expected to experience greater savings in comparison to the status quo from the time of the first anticipated rebasing, ten years following the completion of the consolidation, due to cost savings resulting from synergies.

Reference 2 states that the consolidation has resulted in the total net cash savings (pre-tax) in the 10 years amounting to approximately $340M, with sustained savings of approximately $44.3M per year thereafter. The consolidation has demonstrated that customers are better off than they would have been had the utilities continued to operate as separate entities.

**Question(s):**
a) Please provide a summary table showing distribution bill impacts, by rate zone, for residential and GS<50 kW rate classes with and without total net synergiesfor each of the last ten years (2017-2026).

**1-Staff-36**
**Incremental Resourcing Requirements by Function**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 4 / Table 1-9-9 / pp. 5-10 (pdf pp. 1684, 1689)**

**Question(s):**
a) With regards to Alectra Utilities' explanations on consolidating control rooms and business procedures on page 5 in reference 1. Please explain:
    i. why consolidating control rooms down to one at night proved not to be feasible.
    ii. why the consolidation of business procedures required the addition of Planning & Support System Controller responsibilities which had not been present in one of the legacy utilities.
b) With regards to Alectra Utilities' explanation on the de-centralized customer service model on page 8 in reference 1, please explain further why the union negotiations led to a de-centralized model.
c) Please provide a table which shows a breakdown of the 65 unplanned additions by the utility functions by year as categorized in Table 1-9-9 in reference 1.

**1-Staff-37**
**Payroll Operating Synergy Savings and Transition Costs**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 4 / Table 1-9-7 / p. 2 (pdf p. 1681)**

**Question(s):**

a) Please provide a table in the same format as Table 1-9-7 shown in reference 1 to show payroll operating synergy savings achieved per year through the Guelph merger for the period 2019-2026.
    i. Please also provide explanations to support data presented in the table.
b) Please provide tables in the same format as Table 1-9-7 shown in reference 1 to show:
    i. Payroll operating transition cost per year from the initial merger for the 2017-2026 period.
    ii. Payroll operating transition cost per year from the Guelph merger for the 2019-2026 period.
    ii. For b) (i) and b) (ii), please also provide a further cost breakdown by category, as well as explanations to support data presented in the table.

**1-Staff-38**
**Capital Synergy Savings and Capital Transition Costs for Guelph Merger**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 4 / p. 30 (pdf p. 1709)**
**Ref 2: Exhibit 1 / Tab 9 / Schedule 4 / Table 1-9-18 / p. 29 (pdf p. 1708)**
**Ref 3: Exhibit 1 / Tab 9 / Schedule 4 / Table 1-9-17 / p. 27 (pdf p. 1706)**

**Question(s):**

a) The total capital transition cost of $16M (reference 2) from the Guelph merger is $12.3M higher than the total capital synergy savings of $3.7M (reference 3). Please explain why the capital transition cost is higher than the synergy savings.
b) The total capital transition cost of $16M (reference 2) from the Guelph merger is $12.3M higher than the $6.3M projected in the business case (reference 1). Please explain in detail why the capital transition cost is higher than the transition cost projected in the business case.

**1-Staff-39**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 5 / p.1 (pdf p. 1711)**
**Ref 2: Exhibit 2 / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / p. 372 (pdf Exhibit 2A Part 2, p. 380)**

**Question(s):**

a) Reference 1 states, of the $137.5M in transitional capital investments, "$108.7M ($92.9M from the initial merger + $15.8M from Guelph merger) relate specifically to IT expenditures."
   i. Please provide a table with yearly amounts and details to outline the projects that resulted in the $108.7M expenditure.
   ii. Please create a table similar to table B09 in reference 2, to show separate line items for the transition-related IT expenditures, for each year since the first year of the mergers.
   iii. For the $108.7M, please provide the amounts transferred to fixed assets each year since the mergers, by OEB account.

**1-Staff-40**
**Transition Capital**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 5 / p. 1 (p.1711)**
**Ref 2: Exhibit 2B, Tab-1, Sch-2, Table 2-1-6, 2-1-7, p. 11**
**Ref 3: Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**
**Ref 4: Alectra_Exhibit 2A_OEB Appendix 2-AB-Capital Expenditure Summary_20251121**

**Preamble:**
Per reference 1, Alectra Utilities is seeking approval to include the remaining NBV (i.e. $50.3M) transition-related capital expenditures, which is the remaining NBV of the $137.5M transitional capital investments incurred since the mergers, to the 2027 opening rate base. Please see a breakdown of $135M transitional capital investments below:

| IT expenditures | | Facilities investment | Total |
|---|---|---|---|
| Initial merger | Guelph merger | | |
| $92.9M | $15.8M | $28.8M | $137.5M |

Per reference 2, OEB staff has compiled the following table showing that Alectra Utilities has included this transition cost every year from 2017 ~ 2026 totalling $137.5M:

| $M | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total CapEx (Ref 2) (a)** | 271.5 | 278.5 | 333.6 | 270.4 | 277.5 | 271.1 | 330.6 | 334.9 | 326.7 | 344.7 | |
| **Transition Cost (ref 2) (b)** | 25.1 | 42.1 | 34.1 | 11.5 | 7.4 | 5.5 | 2.1 | 1.6 | 6.1 | 1.9 | 137.5 |
| **Total CapEx less transition costs (a-b)** | 246.4 | 236.4 | 299.5 | 258.9 | 270.1 | 265.6 | 328.5 | 333.3 | 320.6 | 342.8 | |
| **Net Expenditures (Ref 4)** | To be fill in | To be fill in | To be fill in | 258.9 | 270.1 | 265.6 | 328.5 | 333.3 | 320.5 | 342.8 | |

OEB staff notes that this transition capital cost is included in fixed asset continuity schedule (reference 3) but is not included in capital expenditure summary (reference 4).

**Question(s):**

a) Please provide the OEB's policy or prior OEB decision showing that the transition cost was approved to be included in the rate base in the current application. Please provide EB # and the reference to relevant document.
b) Please fill in highlighted cells from 2017 to 2019 for Net Expenditures and reconcile to Capital Expenditure Summary in reference 4.
c) Please explain why this transition cost was not included in capital expenditures summary (reference 4).

**1-Staff-41**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 5 / p.1 (p.1711)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B07 – Facilities Management / p. 287 (pdf Exhibit 2A Part 2, p. 295)**

**Question(s):**

a) Reference 1 states the "remaining $28.8M in capital expenditure primarily corresponds to transition-related facilities investments."
    i. Please provide a table with yearly amounts and details to outline the projects that resulted in the $28.8M expenditure.
    ii. Please create a table similar to table B07 in Ref 2, to show separate line items for the transition-related facilities expenditures, for each year since the first year of the mergers.
    iii. For the $28.8M, please provide the amounts transferred to fixed assets each year since the mergers, by OEB Account.
b) Reference 2, Table B07 shows that a total of $78.8M was spent over 2020 through 2024 on the Kennedy Road Consolidation. Please detail by year, any

spending that was related to capital work or capital leases of the Mavis Road or Sandalwood Parkway West properties from 2020 through 2024.

**1-Staff-42**
**Capital Synergy Savings and Capital Transition Costs for Initial Merger**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 7 / pp. 1-2 (pdf pp. 1715-1716)**
**Ref 2: Exhibit 1 / Tab 3 / Schedule 2 / p. 14 (pdf p. 214)**

**Preamble:**
Alectra Utilities provides several reasons in reference 1 for early termination of the rebasing deferral period (from 2029 to 2027) for the Guelph rate zone including the benefit from sustained synergies and rate impacts.

Reference 1 also states that the 2026 forecasted residential fixed distribution rate for the Guelph rate zone is $35.99; the calculated 2026 harmonized rate on an Alectra Utilities-wide basis is $32.56 or $3.43 lower than the 2026 forecasted residential charge. This harmonization impact for Guelph's residential customers serves to partially offset the impact of rebasing. The 2027 distribution bill impact a typical residential customer in Guelph is $0.07 or 0.2%.

OEB staff notes that for GS<50 kW and GS>50, Regular rate classes, the 2027 distribution bill impacts shown in reference 2 are 38.8% and 23.8% respectively.

**Question(s):**
a) Please provide the updated 2026 fixed distribution residential rate for the Guelph rate zone and updated 2026 harmonized rate on Alectra Utilities-wide basis, based on the OEB's approved 2026 rates (EB-2025-0055).
b) With the 2027 distribution bill impacts for the GS<50 kW and GS>50, Regular rate classes being significantly higher for the Guelph rate zone (reference 2), please provide additional information and explanation to demonstrate that these customers benefit from rebasing the Guelph rate zone in 2027 instead of 2029.

# Exhibit 2 – Rate Base and Capital

**2-Staff-43**
**Ref 1: Exhibit 2A / Alectra_Exhibit 2A_OEB Appendix 2-AA – Capital Projects Table_20251121**

**Preamble:**
OEB Staff have prepared the following table showing analysis of the system access gross and net expenditures.

| System Access ($M) | Actual Expenditure | | | | | Bridge | | Forecast Period (Planned) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Gross Expenditures | 141 | 140 | 119 | 205 | 232 | 253 | 257 | 306 | 313 | 299 | 273 | 296 |
| Total Contributions | -78 | -72 | -71 | -138 | -130 | -165 | -156 | -148 | -133 | -135 | -134 | -157 |
| **Net Expenditures** | **63** | **67** | **47** | **67** | **102** | **88** | **101** | **158** | **180** | **164** | **139** | **139** |
| Contributions as Percent of Gross Expenditures | 55% | 52% | 60% | 67% | 56% | 65% | 61% | 48% | 42% | 45% | 49% | 53% |

**Question(s):**

a) Please confirm or correct the data in the table above.
b) Please explain what contributes to the decrease in contribution amounts from an average of 59.5% over 2020-2026 to an average of 47.6% over 2027-2031.
c) Please provide the capital contribution amounts for each line item in reference 1 for each year, i.e., network metering, customer connections, road authority & transit projects, and transmitter related upgrades.
d) Please provide explanation for any material changes in the level of capital contributions per each line item, year over year.

**2-Staff-44**
**Ref 1: Exhibit 2A / Alectra_Exhibit 2A_OEB Appendix 2-AA – Capital Projects Table_20251121**

**Preamble:**
OEB Staff have prepared the following table showing analysis of the system service gross and net expenditures.

| System Service ($M) | Actual Expenditure | | | | | Bridge | | Forecast Period (Planned) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| Gross Expenditures | 28 | 29 | 25 | 20 | 27 | 57 | 62 | 39 | 80 | 152 | 134 | 193 |
| Total Contributions | -1 | -1 | -1 | -1 | -4 | -19 | -15 | 0 | -1 | -2 | -2 | -9 |
| **Net Expenditures** | **27** | **28** | **24** | **19** | **23** | **37** | **47** | **39** | **80** | **150** | **132** | **184** |
| Contributions as Percent of Gross Expenditures | 5% | 3% | 4% | 5% | 15% | 34% | 24% | 0% | 1% | 1% | 1% | 4% |

**Question(s):**

a) Please confirm or correct the data in the table above.
b) Please explain what contributes to the increased amount of contribution in 2024, 2025, 2026 and 2031.
c) Please provide the capital contribution amounts for each line item in reference 2 for each year.
d) Please provide explanation for any material changes in the level of capital contributions per each line item, year over year.

**2-Staff-45**
**Capital Expenditure**
**Ref 1: Exhibit 2 / Alectra_Exhibit 2A_OEB Appendix 2-AB-Capital Expenditure Summary_20251121**
**Ref 2: Exhibit 2B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**
**Ref 3: Exhibit 2B / Tab 1 / Schedule 2 / Tables 2-1-6 and 2-1-7 / pp. 2-3 (pdf pp. 11-12)**

**Preamble:**
OEB staff notes that the historical actuals of each legacy utility from their last rebasing application to 2019 was missing in reference 1.

**Question(s):**

a) Please provide all legacy utilities' capital expenditure **separately** in excel worksheet from their last rebasing application to 2031
b) Please update reference 1 to consolidate the total amounts based on (a)

c) Please reconcile (b) to reference 2 and explain the variance between "net capital expenditure" in updated reference 1 and "capital additions" in reference 2
d) Please reconcile (b) to reference 3.

**2-Staff-46**
**Alignment with Non-Wires Solutions Policy**
**Ref 1: Energy for Generations: Ontario's Integrated Plan to Power the Strongest Economy in the G7, June 2025 / Chapter 4 / pp. 82-83**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Tab / 5.3.5 Non-Wires Solutions to Address Energy System Needs / pp.326-341 (pdf Exhibit 2A Part 1 pp. 332-347)**

**Preamble:**
Reference 1 outlines the Government of Ontario's expectations as it relates to grid modernization. Specifically, as it relates to non-wires solutions, reference 1 states:

> Grid modernization is not limited to new hardware. It should also include the better use of existing technologies, whether by applying them in new ways, scaling up their use, or integrating them more effectively into utility operations. It also includes approaches that do not require new infrastructure, such as energy efficiency, demand management, and non-wires solutions that reduce the need for traditional capital projects.

Reference 2 describes Alectra Utilities' preliminary non-wires solutions framework and the proposed non-wires solution that is planned over the 2027 to 2031 distribution system plan period.

**Question(s):**
a) Considering the Government of Ontario's expectations as it relates to the use of non-wires solutions that reduce the need for traditional capital projects, please explain any factors and/or barriers preventing Alectra Utilities from deploying further non-wires solutions, in addition to that proposed as part of the current application.
b) Please explain in detail how Alectra Utilities' preliminary non-wires solutions framework incorporates all non-wires solution related requirements of the OEB's Non-Wires Solutions Guidelines for Electricity Distributors and Benefit-Cost Analysis Framework for Addressing Electricity System Needs.
    i. Please explain how Alectra Utilities' preliminary Non-Wires Solutions Framework ensures compliance with the OEB's requirement that electricity distributors document their consideration of non-wires solutions

when making investment decisions with an expected capital cost of $2M or more.

c) Does Alectra Utilities intend to leverage its preliminary non-wires solutions framework for all potential non-wires solutions (i.e., those with a capital cost of both less and greater than the $2M threshold)?

**2-Staff-47**
**Proposed Non-Wires Solutions Program**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.5.5 NWS Framework Application in this DSP / pp. 337-340 (pdf Exhibit 2A Part 1 pp. 343-340)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B13 – Station Capacity / pp. 566-567 (pdf Exhibit 2A Part 2 pp. 574-575)**
**Ref 3: Exhibit 9 / Tab 8 / Schedule 3 / 9.3 Non-Wires Solution Deferral Account (NWSDA) / pp. 1-3 plus Appendix C (pdf pp. 531-535)**

**Preamble:**
Using its preliminary non-wires solution framework, Alectra Utilities has identified 5 transformer or municipal substation projects that can be deferred by deploying a technology-neutral and competitively sourced non-wires solution. Alectra Utilities is seeking approval to record the OM&A costs in a new deferral account to pay for the non-wires solution.

In reference 1, Alectra Utilities indicates that the non-wires solution program will cost $12M, however in reference 3, Alectra Utilities is proposing to record up to $13.2M in the proposed non-wires solution deferral account. Alectra Utilities is also seeking a 25% margin-on-payment incentive.

**Question(s):**
a) Has Alectra Utilities completed either a distribution service test (DST) or energy system test (EST), as outlined by the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs?
    i. If yes, please provide the benefit-cost analysis, including all input benefit and cost values.
b) If neither a DST nor an EST has been completed, please comment on the cost effectiveness of the proposed non-wires solution.
    i. Please include financial details relating to the cost to acquire the non-wires solution and the financial details of the benefits provided (e.g., deferral value, etc.)
c) Please confirm whether Alectra Utilities is seeking $12M or $13.2M for its proposed non-wires solution program.

   i. Please identify what proportion of the total cost is allocated to third-party non-wires solutions provider payments and what proportion is allocated to Alectra Utilities' internal program costs.
   ii. Please identify the nature of any internal costs (e.g., staff, administration, evaluations, etc.).

d) Is the total proposed $13.2M OM&A budget for the non-wires solution program inclusive or exclusive of the 25% margin-on-payment incentive?
e) Please confirm whether any margin-on-payment incentive amount payable will be recorded in the proposed non-wires solution deferral account for recovery at a later date.
f) Please identify the types of non-wires solutions (e.g., demand response, battery storage, managed electric vehicle charging, etc.) that Alectra Utilities will be deploying as part of the proposed program. In the response, please also explain why each specific non-wires solution was chosen.
g) Has Alectra Utilities secured any third-party funding for the proposed non-wires solution since the filing of the application?

**2-Staff-48**
**Proposed Non-Wires Solutions Program**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.5.5 NWS Framework Application in this DSP / pp. 337-340 (pdf Exhibit 2A Part 1 pp. 343-340)**

**Preamble:**
Alectra Utilities indicated that deferral of the 5 transformer or municipal substation capital projects assumes that sufficient non-wires solution capacity is available to cost-effectively and reliably meet the capacity need.

**Question(s):**
a) Should sufficient non-wires solution capacity not be available, what is Alectra Utilities' plan to ensure that minimum electricity distribution service and reliability be maintained for customers?

**2-Staff-49**
**Coordination with Electricity Demand Side Management**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.5.5 NWS Application in this DSP / p. 340 (pdf Exhibit 2A Part 1 p. 346)**

**Preamble:**
Alectra Utilities has indicated that it will coordinate with the Independent Electricity System Operator's (IESO) multi-year Electricity Demand Side Management (eDSM)

framework and that this coordination will serve as a building block for future Alectra Utilities-led non-wires solutions offerings.

**Question(s):**

a) Please provide any details regarding how Alectra Utilities plans to leverage the experience gained from coordinating with the IESO's multi-year eDSM framework to serve as the building blocks for future Alectra Utilities-led NWS offerings.

**2-Staff-50**
**Non-Wires Solutions Enabling Investments**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / pp. 365-366 (pdf Exhibit 2A Part 2 pp. 373-366)**

**Preamble:**
Alectra Utilities is proposing to spend $1.2M to support the development of customer NWS.

**Question(s):**

a) Has Alectra Utilities been in communication with any customers who have NWS capacity that may be leveraged?
b) How much customer NWS capacity is Alectra Utilities targeting over the distribution system plan period?

**2-Staff-51**
**Non-Wires Solutions Enabling Investments**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / p. 379 (pdf Exhibit 2A Part 2 p. 387)**

**Preamble:**
Alectra Utilities has proposed to spend $7.7M of its total $13.8M Business Optimization investment on the optimization of its Copperleaf C55 system to continue enhancing the system to meet and comply with future OEB requirements (e.g., Benefit-Cost Analysis Framework for Addressing Electricity System Needs).

**Question(s):**

a) Is the proposed $7.7M for the optimization of Copperleaf C55 solely for compliance with the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs or does the scope of this proposed investment include other upgrades to Copperleaf C55?

   a. Please allocate the $7.7M Copperleaf C55 optimization cost across each identified business need.

b) Has Alectra Utilities considered utilizing or purchasing options other than Copperleaf C55 for compliance with the OEB's BCA Framework for Addressing Electricity System Needs?
   a. If so, please detail the options considered, including their expected costs, and any reason(s) why the Copperleaf C55 upgrade was selected as the optimum solution.

c) Please provide a detailed explanation of how Copperleaf C55 will be optimized to ensure compliance with the OEB's Benefit-Cost Analysis Framework for Addressing Electricity System Needs. In the response, please include any pertinent technical materials from the vendor that may be available.

**2-Staff-52**
**Centricity Project / Grid Modernization Investments**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B14 / p. 614-19 (pdf Exhibit 2A Part 2 pp. 622-627)**
**Ref 2: Centricity: Empowering Customers in Future Grid Evolution (2030)**

**Preamble:**
Reference 1 states that Grid Modernization investments total $41.1M in capital needed to improve operational efficiency, enable flexible customer connections, and support a more automated and electrified grid with increasing DER uptake.

Reference 2 notes that in August 2025, Alectra Utilities was announced as a recipient of NRCan's *Mission Innovation Green-Power Future International Collaboration Grant* under the Smart Grid and Energy Storage strategic area for its Centricity project.

**Question(s):**

a) Please explain the scope and objectives of Centricity, including its anticipated benefits for customers and the distribution system, and describe how its reflected in this application and aligns with Alectra Utilities' Grid Modernization investment segment.
b) Please confirm the total capital and OM&A costs for Centricity per year over the forecast period.
c) Please confirm the sources and amounts of any external funding expected for Centricity's capital and OM&A costs per year over the forecast period, and indicate where this external funding has been reflected in this application.

d) Please confirm how any capital and OM&A costs for Centricity not covered by external funding will be treated and indicate where these costs have been reflected in this application per year over the forecast period.

**2-Staff-53**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / p. 5 (pdf Exhibit 2A Part 1 p. 11)**

**Preamble:**
Regarding the DSP Overview, Alectra Utilities states that "Alectra Utilities completed 51 cable replacement and 57 cable injection projects over the 2020-2024 period, addressing the most pressing and urgent failing cables."

**Question(s):**

a) Have the accelerated underground (U/G) cable replacement and injection program investments made to date produced a measurable improvement in SAIDI and System Average Interruption Frequency Index (SAIFI) performance metrics?
   i. If no, by when is a measurable improvement anticipated to occur?
   ii. If yes, please quantify the measurable improvements in SAIDI and SAFI performance metrics (e.g. similar to the 15.51 minutes of SAIDI improvement due to investments in automated switches).

**2-Staff-54**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.1 DSP Overview / p. 5 (pdf Exhibit 2A Part 1 p. 11)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / 5.1 DSP Overview / pp. 6-7 (pdf Exhibit 2A Part 1 pp. 12-13)**

**Preamble:**
In reference 1, regarding the DSP Overview, Alectra Utilities states that "Alectra Utilities' Asset Analytics Platform builds on its condition-based asset management process towards predictive analytics, reliability-driven maintenance and integrates multiple data sets to identify emerging reliability hotspots."

**Question(s):**

a) Is the new data analytics system presently able to produce risk reduction estimates for condition driven renewal capital project and program investments?
   i. If yes, please provide the estimated risk reduction for each renewal investment line item in the present filing above a $1M materiality

threshold.

ii. If no, when will such risk reduction estimates become available? Please describe qualitatively what use Alectra Utilities will be making of the new Assets Analytics Platform until such results are available.

iii. If no, please explain how the Value Framework assessments of risk mitigation described in the following excerpt from reference 2 is conducted.

> *"Based on the identified investment needs, Alectra Utilities developed and evaluated a solution through a consistent and uniform process, based on a Value Framework that assesses the value of an investment (from both a customer and organizational perspective) and risk mitigation."*

**2-Staff-55**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / p. 6 (pdf Exhibit 2A Part 1 p. 12)**

**Preamble:**
Regarding the Balancing Customer Preferences and System Need, Alectra Utilities states that proliferation of distributed energy resources (DERs) is adding complexity and urgency to modernizing the grid.

**Question(s):**

a) Please list the size and host municipality of all DER additions within Alectra Utilities' service area over the historical and bridge periods.
b) Please provide a list of forecast DER additions in Alectra Utilities' service area over the test period, broken down by host municipality and year. If a list of forecast DERs is not available for the entire test period, please forecast total MW of DER additions by municipality and year in all years for which a detailed list is not available.

**2-Staff-56**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / p. 6 (pdf Exhibit 2A Part 1 p. 12)**
**Ref 2: Exhibit 1 / Tab 5**

**Preamble:**
Regarding the Balancing Customer Preferences and System Need, Alectra Utilities states that the "DSP demonstrates the minimum level of investment necessary to deliver outcomes for customers."

**Question(s):**
a) Please summarize the expected outcomes the DSP.
b) Please provide references in the Customer Engagement evidence (Exhibit 1, Tab 5) where customers explicitly or implicitly requested, or prioritized, the outcomes in a).

**2-Staff-57**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / p. 7 (pdf Exhibit 2A Part 1 p. 13)**

**Question(s):**
a) Please provide a table showing the estimated annual probability of condition-related failure for each asset class, broken down by assessed Health Index. Please do not include failure probabilities that are not directly related to asset condition.
b) If the annual probabilities of failure requested above are not available, please explain how Copperleaf determines the pre and post capital expenditure risk profiles of assets that are being replaced or rehabilitated under any of the System Renewal projects and programs. (Note: Risk = Probability x Consequence)

**2-Staff-58**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / pp. 14, 117 (pdf Exhibit 2A Part 1 pp. 20, 123)**
**Ref 2: CER – Market Snapshot: Zero emission vehicles in Canada—latest trends, including region- and make/model-level insights**
**Ref 3: Canadian electric vehicle industry insights: Q3 2025 | S&P Global**

**Preamble:**
Regarding the Meeting Growing Electricity Demand section, Alectra Utilities states:

Alectra Utilities' service area is one of Canada's largest and fastest-growing data center markets, with 115MW of connected data center load and 425MW of additional data center connections capacity committed by 2031. In addition to the rapid development of AI and cloud computing, Alectra Utilities is obligated to prepare the grid to meet the growing demand stemming from the uptake of electric vehicles, and corresponding charging infrastructure, as well as the transition to heat pumps. Alectra Utilities projects more than 500,000 electric vehicles in its service area by 2031 resulting in an additional 524MW.
Alectra Utilities' further states the "EV growth projection from 2022 to 2040 was developed in collaboration with Guidehouse 1 Inc. in 2022."

**Question(s):**

a) Will the forecast data centre connections impose incremental costs on other customer classes, such as residential customers?
b) As shown in references 2 and 3 EV uptake has declined in 2025. Alectra Utilities' EV forecasts were prepared prior to 2025. What impact does the slow in EV uptake have on Alectra Utilities' load forecasts and capital plans?

**2-Staff-59**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / pp. 14-15 (pdf Exhibit 2A Part 1 pp. 20-21)**

**Preamble:**
Regarding the Meeting Growing Electricity Demand section, Alectra Utilities states that, "The utility manages a wide range of legacy assets, infrastructure configurations and obsolete equipment that no longer meet present-day standards including rear-lot services, undersized conductors, direct-buried cables and obsolete station assets. The operation of such assets introduces hazards and high risks to safety for both Alectra employees and customers, as well as the public in general."

**Question(s):**

a) Please provide quantified risk reduction associated with the proposed test period capital investments in each of the above listed configurations and asset types (i.e. rear-lot services, undersized conductors, direct-buried cables and obsolete station assets).

**2-Staff-60**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.1 DSP Overview / pp. 15-17 (pdf Exhibit 2A Part 1 pp. 21-23)**

**Question(s):**

a) For poles, transformers and other identified assets that are subject to Climate Parameters, please revise Table 5.2.1 - 2 to add columns:
   i. to indicate whether Alectra Utilities' current design standards meet or exceed the specified Climate Parameters,
   ii. in cases where a design standard does not meet the Climate Parameter, specify the current design standard value that applies to this parameter, and;
   iii. Alectra Utilities' plan to address the standard deficiency (e.g., accept the risk, risk mitigation plan, increase design standard, etc.).

**2-Staff-61**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.3 Performance Measurement for Continuous Improvement / p. 73 (pdf Exhibit 2A Part 1 p. 79)**

**Preamble:**
Alectra Utilities claimed SAIDI improvements of 14.21 minutes and 15.51 minutes for 2023 and 2024 respectively.

**Question(s):**

a) Please update Table 5.2.3-5 to add rows and columns showing i) actuals from 2023 onwards ii) annual improvement in SAIDI attributable to that year's automated device installations, and ii) capital cost for that year's automated device installation (in nominal dollars).
b) Please clarify if Alectra Utilities is asserting that the automation is directly linked to the SAIDI reductions or if it was one of many factors, which have not been quantified.
c) How does Alectra Utilities assess the marginal value of adding each new automated device?

**2-Staff-62**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.2.3 Performance Measurement for Continuous Improvement p. 77 (pdf Exhibit 2A Part 1 p. 83)**

**Question(s):**

a) Please confirm that if equipment fails and does result in a customer interruption,

it is the hours of customer interruption that is measured, not the hours the equipment is failed that is measured. For example, in a redundant system, the customer experienced failure may be momentary, while the equipment may be failed for multiple hours. Please Discuss.

**2-Staff-63**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.1 Asset Management Framework Overview p. 109 (pdf Exhibit 2A Part 1 p. 115)**

**Question(s):**

a) Please reconcile the key finding that the "average from all classes resulted in customers collectively asking for no change in spending vs. plan" with the draft plan adjustment to accelerate investment in overhead asset renewal.
b) If the accelerated investment in overhead asset renewal is not implemented and the original plan maintained, what is the net reduction in expenditure for each year of the 2027-2031 period (please break down expenditures into capital, O&M, etc. as appropriate).

**2-Staff-64**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Asset Management Framework Overview / pp. 177-217 (pdf Exhibit 2A Part 1 pp. 183-223)**
**Ref 2: Kinectrics Inc. Report No: K-418033-RA-001-R000, Asset Depreciation Study for the Ontario Energy Board, July 8, 2010, pp. 9-10**

**Preamble:**
In the referenced Kinectrics report, the Typical Useful Life (TUL) definition states that assets are replaced for a combination of three reasons: Replaced Only When Failed, Replaced Due to Reasons Not Related to Their Performance, and Replaced for Economic Reason.

**Question(s):**

a) For both 2023 and 2018, please provide new figures (Figure 5.3.2-22 through Figure 5.3.2-24, Figure 5.3.2-38, Figure 5.3.2-41, Figure 5.3.2-44, Figure 5.3.2-45, Figure 5.3.2-58, Figure 5.3.2-59, Figure 5.3.2-63, Figure 5.3.2-65) in tabular and graphic format, showing the breakdown of Health Index (HI) within each of the age distribution bins.
b) For pad mounted switchgear in both 2023 and 2018, please provide a separate Figure 5.3.2-32 in tabular and graphic format, showing the breakdown of HI within each of the age distribution bins.
c) For air-insulated switchgear in both 2023 and 2018, please provide a separate

Figure 5.3.2-32 in tabular and graphic format, showing the breakdown of HI within each of the age distribution bins.

**2-Staff-65**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Assets Managed / p.190 (pdf Exhibit 2A Part 1 p. 196)**

**Question(s):**

a) Please restate Figure 5.3.2-37, in graphical and tabular format, on a normalized basis wherein the Customer Interruption Time is divided by Customer Hours Served (or Number of Customers as appropriate).

**2-Staff-66**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / p. 146 (pdf Exhibit 2 Part 1 p. 152)**

**Preamble:**
Regarding the Climate Trends section, Alectra Utilities states that the Derecho, "impacted one-third of all Alectra Utilities customers, resulting in over 100 poles being replaced reactively. Alectra Utilities required 12.5 hours to restore 90% of impacted customers, as entire pole lines required reactive rebuilding."

**Question(s):**

a) What was the pre-failure Health Index and Pole Strength Test percentage score of the 100 poles lost during the 2022 Derecho?
b) What percentage of the 100 pole failures were caused by trees falling against them or connected wires?
c) For pole failures caused by treefalls, would the pre-failure condition have affected the likelihood of failure?
d) How many poles is Alectra Utilities proposing to replace or upgrade to mitigate customer outages resulting from a similar Derecho event?
e) How have the lessons learned from this incident informed the pole replacement program?

**2-Staff-67**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / p.149 (pdf Exhibit 2 Part 1 p. 155)**

**Question(s):**

a) Please list all Derechos experienced anywhere in Alectra Utilities' existing service area over the last 20 years.

**2-Staff-68**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / p. 151 (pdf Exhibit 2 Part 1 p. 157)**

**Preamble:**
**Question(s):**

a) Table 5.3.2 – Risk Heat Map Profile for Study Period (2021-2075) provides risk profiles for climate parameter by location. Please provide the quantified annual probabilities associated with each of the qualitative risk profiles in the legend.

**2-Staff-69**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / pp. 174, 180-181, 201-202, 218-219, (pdf Exhibit 2 Part 1 pp. 180, 186-187, 207-205, 224-225)**

**Question(s):**

a) Alectra Utilities has provided HI results geographically in figures for distribution transformers, poles and cables. Please provide tabular HI data for each Asset Area and Operating Area as shown on Table 5.3.2 – 8 Asset Inventory (Distribution Assets).
b) Please provide the same data as in a), but as projected in 2031.

**2-Staff-70**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / p. 222 (pdf Exhibit 2 Part 1 p. 228)**

**Question(s):**

a) Does overhead (OH) Line Hardware in Fig 5.3.2 - 70 include wood poles and concrete poles?
    i. If not, please update the figure to show the relative contribution of each of these asset types to the defective equipment failure interruption hours 2020-2024.

**2-Staff-71**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.2 Overview of Asset Management / pp. 225-226 (pdf Exhibit 2 Part 1 p. 231-232)**

**Question(s):**

a) From Table 5.3.2 - 11 - Typical Asset Failure Modes and Impacts (Station Assets), which of these failure modes can be fully or partly mitigated by repair or refurbishment, and which can only be mitigated by replacing the asset? Please elaborate on the following assets:
   i. Station Power Transformers
   ii. Station Circuit Breakers
   iii. Station Switchgear

**2-Staff-72**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.3.3 Asset Lifecycle Optimization Policies and Practices p. 322 (pdf Exhibit 2A Part 1 p. 328)**

**Preamble:**
Alectra Utilities appears to determine pacing options on the basis of capital budget constraints rather than reliability targets because the base case was originally derived primarily based upon a capital budget constraint.

**Question(s):**

a) Please discuss what improvements Alectra Utilities would need to make to its Pacing analysis such that Alectra Utilities could target desired system reliability levels rather than asset replacement budget envelopes as described herein by the three pacing options.

**2-Staff-73**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.4.1 Capital Expenditure Summary p. 345 (pdf Exhibit 2A Part 1 p. 351)**

**Preamble:**
OEB Staff notes that grid modernization and automation reduces the consequence of asset failures (e.g., pole failure), therefore it reduces the risk of asset failure for a given asset. As a result, grid modernization and automation investment cost should be partly offset by extending the useful life of assets (e.g., allowing them to advance further down the probability of failure curve before replacement).

**Question(s):**

a) If grid modernization and automation investments have improved grid reliability and resilience, please discuss the impacts these investments have had on TUL and Estimated Useful Life (EUL) due to reduced risk posed by other asset failures.
b) Please describe how asset failure risk reductions resulting from grid modernization and automation have been translated into Copperleaf based optimization and cost savings for ratepayers.

**2-Staff-74**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / 5.4.1 Capital Expenditure Summary / p.366 (pdf Exhibit 2 Part 1 p. 372)**

**Preamble:**
Regarding the Underground Inspections and Maintenance section, Alectra Utilities states “This program is critical for supporting service reliability in high-density areas where underground assets are prevalent.”

**Question(s):**

a) Will the annual underground inspection and maintenance costs begin to decrease after the residual portfolio of poor condition U/G cables and equipment is reduced over the test period? If not, please explain why not.

**2-Staff-75**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Removal**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 – Underground Asset Removal**
**Ref 3: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal**
**Ref 4: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B13 – Enabling Resiliency & Modernization / IV Grid Modernization**

**Preamble:**
Alectra Utilities outlines transformer asset condition assessment in reference 1 for pad mounted, pole mounted, and vault and submersible type transformers. Alectra Utilities also has identified programs for underground asset renewal, overhead asset renewal and rear lot conversion projects (references 2 to 4). For programs such as overhead powerline rebuilds, voltage conversion, and rear lot conversions, it is typical that any transformers are replaced as part of the project.

**Question(s):**

a) If transformers are replaced through a program other than transformer renewal, where are the costs for the transformer replacement captured?
b) How does Alectra Utilities coordinate the transformer renewal program with other capital programs to identify the total number of transformers replaced, and the asset condition assessment of transformers planned to be replaced as part of these other programs?
    i. How would this impact the number of transformers replaced per the pacing options for transformer replacement.

**2-Staff-76**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Renewal / pp. 2 - 3 (pdf Exhibit 2A Part 2 pp. 10-11)**

**Question(s):**

a) Where are the costs for the decommissioning of the eight stations captured? Please provide the amount per year for station decommissioning.
b) What does Alectra Utilities plan to do with the land currently used for the eight stations after the decommissioning occurs?

**2-Staff-77**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 2 (pdf Exhibit 2A Part 2 p. 10)**

**Preamble:**
Overhead Line Hardware failures, which includes failure of poles, insulators, clamps, brackets, leads, cross-arms, and guying, were the second largest contributor to Customer Hours of Interruption (CHI). During the 2020 to 2024 period, Overhead Line Hardware caused, on average, 199 outages and 81,228 CHI per year.

**Question(s):**

a) Please provide the contribution to 2020 - 2024 CHI attributable to failures of each of the listed Overhead Line Hardware components individually: poles, insulators, clamps, brackets, leads, cross-arms and guying.
b) Please confirm that deteriorated insulators, clamps, brackets, leads, cross-arms or guying can be refurbished or replaced at a fraction of the cost of a complete pole replacement. If not confirmed, please explain why not.
c) If the contribution of the individual components to CHI is unknown, please explain how Alectra Utilities designed its renewal program to cost-effectively address the components most responsible for Overhead Line Hardware failures.

**2-Staff-78**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 2 (pdf Exhibit 2A Part 2 p. 10)**

**Preamble:**
Table B01 – 1 Overhead Asset Renewal Investment Mix Over the 2025-2031 Period shows that spending on overhead asset replacement during the forecast period totals $396.3M.

**Question(s):**
a) Please quantify the cumulative risk that will be avoided by completing all planned Overhead Asset Renewal spending over the test period.

**2-Staff-79**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 3 (pdf Exhibit 2A Part 2 p. 11)**

**Preamble:**
Under the Pole Renewal segment, Alectra Utilities plans to replace 5,256 poles over the 2027-2031 period. This target will only help address about half of the deteriorated poles and will result in a sizable reduction to the deteriorated population remaining on the system. For a detailed segment overview, refer to Section II Pole Renewal.

**Question(s):**
a) How many wood poles does Alectra Utilities plan to replace during the test period under ***all*** Renewal programs and projects? For clarity, all programs and projects under which poles will be replaced (e.g., relocations, voltage conversion), not just the Pole Renewal program.
b) How many wood poles does Alectra Utilities plan to replace during the test period under all System Access and System Service programs and projects?
c) What is the total number of wood poles that Alectra Utilities plans to replace under all capital programs and projects during the test period? Please provide a table listing all programs and projects under which poles would be replaced and the pole count to be replaced in each.
d) How many circuit kilometers of overhead line does Alectra Utilities plan to rebuild during the test period under all Access, Renewal and Service projects and programs?

**2-Staff-80**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / pp. 8, 17 (pdf Exhibit 2A Part 2 pp. 16, 25)**

**Preamble:**
Regarding the Volume of Deteriorated Poles on Alectra Utilities' Distribution System section, Alectra Utilities presents *Figure B01 - 7 Trending Analysis of Deteriorated Distribution Assets.*

**Question(s):**

a) Please confirm or correct the following summary.

> Over the six-year period from 2018 to 2023, Alectra Utilities' historical pace of pole replacement led to a 4% increase in the count of poles assessed as being in Poor or Very Poor condition, i.e. 438 poles. Alectra Utilities is proposing to increase its pace of pole replacements from 3,259 poles (over the period 2021-24) to 5,256 poles (over the period 2027-31). Prorating the planned 2027-31 pole replacement count over a four year period to align with the four year 2021-24 period, this means the new rate of replacement under the Pole Renewal project alone is 4,205 every four years, representing an increase of 946 poles per 4 year period, or more than twice the rate at which poles became "Fully Deteriorated" over the 6 year period from 2018 to 2023.

b) Based on any update to the summary in part a, please explain why such a significant increase in pole replacements relative to the rate of pole deterioration is reasonable.

**2-Staff-81**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 19 (pdf Exhibit 2A Part 2 p. 27)**

**Preamble:**
Alectra Utilities describes changes to CSA 22.3 standard as follows:

> In 2023, CSA introduced new requirements for pole loading calculations based on updated factors around wind pressure and specific weather conditions for the area where the pole is installed. These changes came into effect as part of the revised CSA C22.3 No.1-15 Overhead Systems under the Canadian Electrical Code. The new requirements are intended to be a more accurate reflection of

how poles will perform in real-world situations with increasing severity of weather events.

**Question(s):**

a) Will adopting the revised CSA 22.3 No. 1 -15 standard increase the average cost of pole replacements?
b) If yes, please quantify the increase in the average cost of pole replacements as attributable to adopting the revised standards, either in dollars or as a percentage of pre-adoption average replacement costs?

**2-Staff-82**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 21 (pdf Exhibit 2A Part 2 p. 29)**

**Preamble:**
Alectra Utilities states the following regarding impact to changes to CSA C22.3 as follows.

> To comply with updated CSA standards and improve storm resilience, Alectra Utilities may need to replace poles when undertaking other asset renewals, such as switch replacements. The structural capacity of poles may be insufficient to support new equipment under the revised CSA C22.3 No.1-15 non-linear loading requirements. Alectra Utilities will need to replace or reinforce these structures to ensure reliability and compliance with the standard.

**Question(s):**

a) Has Alectra Utilities evaluated pole reinforcement alternatives such as pole stubbing (to address ground line rot) or carbon-fibre or fibreglass pole wraps (to address above-ground reinforcement requirements driven by pole deterioration, damage or increased load bearing standards)?
    i. If yes, please discuss the evaluation results.
    ii. If no, please explain why not.

**2-Staff-83**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 30 (pdf Exhibit 2A Part 2 p. 38)**

**Question(s):**

a) How many Very Good, Good and Fair condition poles is Alectra Utilities planning to replace under this program?

b) Please describe alternative approaches Alectra Utilities has evaluated to mitigate the undersized conductor risk without replacing Very Good, Good and Fair condition poles (thereby losing the remaining service life asset value).

**2-Staff-84**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 57 (pdf Exhibit 2A Part 2 p. 65)**

**Preamble:**
Alectra Utilities considered three pacing options that address the deteriorating switches.

- Option 1: Renewal of deteriorated assets at the accelerated pace 68 units per year
- Option 2: Renewal of deteriorated assets at a moderate pace 51 units per year (Selected Option)
- Option 3: Renewal of deteriorated assets at a reduced pace 35 units per year

**Question(s):**

a) Considering that 80 switches have been identified as being in Poor or Very Poor condition, does the selected pace not eliminate all Poor or Very Poor condition switches in less than two years? Please elaborate.
b) Confirm that Option 3 pacing involves replacing all Fair, Poor and Very Poor condition switches before the end of 2030, after which all switches being replaced will be in either Good or Very Good condition? If not confirmed, please explain why not.
c) Given that the selected pace involves ongoing replacement of 51 units per year, does this mean that all Very Poor, Poor, Fair and Good condition switches (a total of 199) and 5 Very Good switches will have been replaced by the end of 2030, and 51 Very Good condition switches will be replaced in 2031?
    i. If yes, please explain why this is a prudent strategy.
    ii. If not, please explain why not.
d) Does the recommended pacing, which involves starting to replace Very Good condition switches in the test period, indicate that Alectra Utilities needs to better calibrate its Asset Condition Assessment implementation? Please explain.
e) If the recommended pacing is intended to upgrade Good and Very Good condition manual switches with automated switches, please explain why a significant portion of this program should not be reclassified as System Service rather than System Renewal investment.

**2-Staff-85**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 60-61 (pdf Exhibit 2A Part 2 pp. 68-69)**

**Question(s):**

a) Regarding the Investment Projects section, Alectra Utilities presents *Table B01 - 22 Material Projects and Initiatives*. Please quantify the risk that will be mitigated by each of the proposed investments shown in Table B01-22.

**2-Staff-86**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 70 (pdf Exhibit 2A Part 2 p. 78)**

**Question(s):**

a) Regarding the Figure B02 – 5 XLPE Cable by Condition and Age, please explain the relatively small proportion of cables in Good and Fair condition vs cables in Very Good, Poor and Very Poor condition.
b) Please discuss how cable injection changes the Health Index of Cable condition by age.

**2-Staff-87**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p 72 (pdf Exhibit 2A Part 2 p. 80)**

**Question(s):**

a) Does Figure B02-7 show the percentage of cables requiring mitigation in the specified years that are ineligible for injection, the percentage of Alectra Utilities' entire XLPE cable portfolio that is ineligible for injection, or something else? Please explain.

**2-Staff-88**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 80 (pdf Exhibit 2A Part 2 p. 88)**

**Question(s):**

a) Alectra Utilities has identified that a sustained and increasing investment is required to prevent this population of deteriorated cables from becoming too large as to hit a tipping point where reactive spending outpaces renewal spending. What is the present ratio of reactive to proactive renewal spending for U/G cables?

**2-Staff-89**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 89 (pdf Exhibit 2A Part 2 p. 97)**

**Preamble:**
The air insulated switchgear units were manufactured to specification for normal continuous rated operating voltage of 25kV and tested to operate as high as 28kV to ensure operation at 27.6kV distribution voltage.

**Question(s):**
a) Please explain how Alectra Utilities ended up with a large portfolio of underrated air-insulated switchgears.

**2-Staff-90**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / pp. 92-93 (pdf Exhibit 2A Part 2 pp. 100-101)**

**Preamble:**
Alectra Utilities states it “has a significant population of oil-insulated switchgear in its underground distribution system. As the name suggests, these units are filled with mineral oil, which operates as the switchgear’s insulating medium – a typical oil-filled switchgear unit contains over 1,500 litres of oil.”

**Question(s):**
a) How many oil-insulated switchgears does Alectra Utilities have in its portfolio?
b) How many oil-filled switchgears have failed catastrophically over each year of the Historical and Bridge period?

**2-Staff-91**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / pp. 92-94 (pdf Exhibit 2A Part 2 p. 100-102)**

**Preamble:**
Leaking units with Polychlorinated Biphenyls (PCB) concentrations above 2 ppm will be prioritized over units that are leaking but have PCB concentrations of less than 2 ppm.

**Question(s):**
a) Please explain how PCB concentrations above 2 ppm, between 0 and 2 ppm, and 0 ppm change the risk assessment associated with oil leaks. Please provide specific examples of such risk calculations.

**2-Staff-92**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 94 (pdf Exhibit 2A Part 2 p. 102)**

**Preamble:**
While solid dielectric switchgears are relatively new, Alectra Utilities has identified issues with several manufacturers' first-generation versions of these switchgears.

**Question(s):**
a) How many units are affected by these first-generation solid dielectric switchgear issues?
b) What is the total cost to replace all affected first-generation solid dielectric switchgears?

**2-Staff-93**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 95 (pdf Exhibit 2A Part 2 p. 103)**

**Preamble:**
Alectra Utilities has noticed that since 2023 there has been an increase in units discovered to be leaking SF6 gas. In many cases, repairing the leak involves the unit needing to be replaced, triggering a capital expense.

**Question(s):**
a) What percentage of switchgear is continuing to be specified as SF6 switchgear in terms of count and dollars?
b) What steps has Alectra Utilities taken to ensure that this problem does not arise in future installations?

**2-Staff-94**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / pp. 99 and 101 (pdf Exhibit 2A Part 2 pp. 107 and 109)**

**Question(s):**
a) The planned pace of underground switchgear replacement ((3 x 55) plus (2 x 88) = 258 switchgear units) would enable Alectra Utilities to replace the entire portfolio of Very Poor condition units. Please confirm these calculations are correct and update as required.
b) Please confirm if that pace continues into the subsequent test period, all the Poor condition units will be replaced by the end of 2032.

c) Is the longer-term annual pace of switchgear replacement expected to be significantly reduced starting in 2033? Please explain.

**2-Staff-95**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / p. 108 (pdf Exhibit 2A Part 2 p. 116)**

**Question(s):**

a) What is driving the step increase in spending in 2030 and 2031 compared to historical average, as shown in Table B02 - 14?
b) Will the 2030 and 2031 spending pace continue in future years?

**2-Staff-96**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B02 - Underground Asset Renewal / pp. 112-115 (pdf Exhibit 2A Part 2 pp. 120-123)**

**Question(s):**

a) Please quantify the risk that will be mitigated by each of the proposed investments shown in Table B02 - 18.

**2-Staff-97**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / pp. 116-118 (pdf Exhibit 2A Part 2 pp. 124-126)**

**Preamble:**
Alectra Utilities states “While transformers have historically operated under a run-to-failure strategy due to their relatively low impact on public safety, the environment, and customer reliability,… Alectra Utilities’ Asset Condition Assessment (ACA) has identified an increased number of deteriorated transformers. The elevated risk associated with the current level of at-risk transformers underscores the need to shift to a planned replacement strategy. Maintaining a run-to-failure strategy with the increased level of deteriorated transformers heightens the risk of public safety incidents and severe oil leaks requiring costly environmental remediation. Alectra Utilities will pursue planned transformer replacement according to the criteria listed below:”

**Question(s):**

a) What is the annual probability of condition-based failure of transformers with Health Index values of Very Poor, Poor and Fair? If the answers are different for different types of transformers (e.g., poletop and padmount), please provide separate responses for each type of transformer, in tabular format.

b) How did the Asset Condition Assessment identify an increased number of deteriorated transformers?
c) Please provide the benefit cost analysis that justifies transitioning from a run to fail strategy to a proactive replacement strategy. Please include the changes in consequences of failure and probability of failure for each of the transformer types included in this program.
d) Has anything other than the number of transformers assessed as having a high probability of failure changed to drive the transformer renewal strategy from "run to fail" to pre-emptive "planned replacement"?
    i. If no, please explain why the strategy should be changed, assuming that individual condition-related transformer failures will continue to pose a "relatively low impact on public safety, the environment, and customer reliability".
e) Has Alectra Utilities calculated the cumulative financial loss to customers by implementing a renewal strategy that will unavoidably reduce the effective service lives of transformers that will be retired prior to failure going forward?
    i. If yes, please provide the financial loss.
    ii. If not, please explain why not.
b) Has Alectra Utilities considered continuing to run Pole Mounted Transformers to failure, except for circumstances of immediate need?

**2-Staff-98**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 120 (pdf Exhibit 2A Part 2 p. 128)**

**Question(s):**

a) Does Alectra Utilities typically run its vault mounted transformers to fail?
b) Please confirm that the risks associated with vault transformer condition related failures are different than those for pole and pad mounted transformers, so risks that could support planned replacement of specific vault mounted transformers might not justify adopting a planned replacement strategy for pole or pad mounted transformers. Please elaborate on your response.

**2-Staff-99**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 123 (pdf Exhibit 2A Part 2 p. 131)**

**Question(s):**

a) What proportion of the forecast spending shown in Table B03-4 is attributable to Alectra Utilities' proposed change in strategy for transformer replacements from

"run to fail" to pre-emptive "planned replacement"? Please provide calculations and discuss your response.

**2-Staff-100**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 124 (pdf Exhibit 2A Part 2 p. 132)**

**Question(s):**

a) What proportion of the planned test period transformer replacement spending increase is due to upgrading the residential transformer standard size from 50 kVA to 100 kVA?

**2-Staff-101**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 125 (pdf Exhibit 2A Part 2 p. 133)**

**Question(s):**

a) Has the expected public safety consequence associated with individual condition-related transformer failures increased?
   i. if yes, please explain.
   ii. If no, what has changed so that such failures now pose unacceptable public safety risks.

**2-Staff-102**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 128 (pdf Exhibit 2A Part 2 p. 136)**

**Preamble:**
Alectra Utilities states the “increase in the number of deteriorated transformers compared to the 2018 ACA is primarily due to advancements in the GIS and the collection of more granular asset condition data.”

**Question(s):**

a) Please explain how Alectra Utilities calibrated its asset management tools to ensure that perception bias does not drive unjustified spending to address risks that became more fully understood after Alectra Utilities implemented its new ACA, although the physical realities underlying those risks did not change.

**2-Staff-103**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 129 (pdf Exhibit 2A Part 2 p. 137)**

**Question(s):**

a) For figure B03 – 6, please estimate the proportion of change in number of deteriorated transformers attributable to the change in ACA methodology vs. change in deteriorating physical condition.
b) Please provide the annual outages and outage hours due to condition-based transformer failures from 2018 to the present.

**2-Staff-104**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B03 – Transformer Renewal / p. 141 (pdf Exhibit 2A Part 2 p. 149)**

**Question(s):**

a) Please quantify the risk that will be mitigated by each of the proposed investments shown in Table B02 - 11.

**2-Staff-105**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B04 – Substation Renewal / pp. 142-184 (pdf Exhibit 2A Part 2 pp. 150-192)**

**Question(s):**

a) When does Alectra Utilities project converting all 4.16kV and 8.32kV distribution?
b) Please identify and quantify all investments in Substation Renewal that are planned to occur over the forecast period for the 4.16kV and 8.32kV distribution, per year.

**2-Staff-106**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B04 – Substation Renewal / p. 145 (pdf Exhibit 2A Part 2 p. 153)**

**Question(s):**

a) Please reconcile the reduced spending on this program during the Bridge years with the stated criticality of aggressively increasing spending on this program during the test years to maintain reliability performance.

**2-Staff-107**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B04 – Substation Renewal / pp. 155-156 (pdf Exhibit 2A Part 2 pp. 163-164)**

**Question(s):**

a) As of January 2026, what percentage of Alectra Utilities' station secondary switching devices (e.g., breakers, reclosers) were protected through electromechanical relays?
b) At the completion of the proposed DSP, what percentage of Alectra Utilities' station secondary switching devices (e.g., Breakers, reclosers) will be protected through electromechanical relays?

**2-Staff-108**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B04 – Substation Renewal / p. 184 (pdf Exhibit 2A Part 2 p. 192)**

**Question(s):**

a) Are any of the listed investments in Table B04 - 5 associated with a Municipal Station (MS) scheduled for retirement or likely to be retired within the next 10 years? If yes, please explain why the investment is necessary.
b) Please quantify the risk that will be mitigated by each of the proposed investments shown in Table B04 - 5.

**2-Staff-109**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B05 – Reactive Capital / p. 205 (pdf Exhibit 2A Part 2 p. 213)**

**Question(s):**

a) In Table B05 – 5, what proportion of the planned reduction in "Equipment failure, imminent failure or safety risk" reactive spending over the test period is due to increased planned spending in pre-emptive transformer renewal, as outlined in Appendix B03? Please discuss.
b) What percentage of the 2022 spending was due to the 2022 Derecho?

**2-Staff-110**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B06 – Network Metering / p. 232 (pdf Exhibit 2A Part 2 p. 240)**

**Preamble:**
Electra Utilities states "Examination of failed meters and error codes provide some insights about causation. For example, Figure B06 - 11 shows the meter board of an

Advanced Metering Infrastructure (AMI) 1.0 that failed due to open circuitry within its transformer."

**Question(s):**

a) What are the most common causes of AMI meter failures? Please discuss.
b) What is the average replacement time for a failed meter, from the time of failure to the time the replacement is in service?

**2-Staff-111**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B06 – Network Metering / p. 241 (pdf Exhibit 2A Part 2 p. 249)**

**Preamble:**
AMI 2.0 technology offers simplified communications through fewer devices, as well as opportunities for redundancy not available with AMI 1.0. While AMI 1.0 communications rely on cellular telecommunications, AMI 2.0 can utilize secondary networks including Alectra Utilities' internal WiMAX network.

**Question(s):**

a) Will the network O&M costs associated with AMI 2.0 be lower than O&M costs associated with AMI 1.0?
    i. If yes, please quantify the cost reduction.
    ii. If not, please explain why not.

**2-Staff-112**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B06 – Network Metering / p. 269 (pdf Exhibit 2A Part 2 p. 277)**

**Preamble:**
Alectra Utilities states "This minor extension to the deployment schedule, which shifts costs related to the installation of 50,000 meters from the latter three years of the DSP period, is not expected to increase overall project costs. Project activities related to the final meter replacements are expected to continue for an additional three to six months, after which the project will be completed. The incremental risk related to meter failures is likewise anticipated to be manageable over this time frame, as Network Metering will continue to prioritize the replacement of its AMI 1.0 meters based on its operational risks."

**Question(s):**

a) Given that the AMI renewal program has a cyclical nature, with replacements compressed into a 5-year period interspersed with prolonged (15 year) low activity periods, please discuss how does Alectra Utilities manages the volatile labour requirements between the high activity and low inactivity periods. Please consider the balance between in-house and third-party labour in your response.

**2-Staff-113**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B07 – Facilities Management / pp. 309-310 (pdf Exhibit 2A Part 5 pp. 317-318)**

**Question(s):**

a) In section *7.6 Costs and Savings*, Alectra Utilities states "additional capital budget was required to complete the project from the original forecast" and then lists drivers for the increased costs.
   i. Please provide the original budget.
   ii. Please provide the incremental costs for at minimum, each driver listed in section 7.6.
b) Alectra Utilities states a "500kW Solar Plant to power the property" was included in the Kennedy Road project.
   i. What was the total capital costs for the 500kW Solar Plant?
   ii. Please provide the business case and payback calculations for the 500kW Solar Plant. If a formal business case was not constructed, please provide the documentation Alectra Utilities used to support the decision to add the 500kW Solar Plant to the Kennedy Road project.

**2-Staff-114**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B08 – Fleet Renewal / p. 315 (pdf Exhibit 2A Part 2 p. 323)**

**Preamble:**
Alectra Utilities states "Finally, fleet management enables Alectra Utilities to meet its organizational objectives, such as the decarbonization of the utility's fleet assets. When the marketplace has available EVs that meet operational requirements, and are comparable in cost, Alectra Utilities will replace internal combustion engine vehicles with an EV."

**Question(s):**

a) Does Alectra Utilities plan to operate EVs beyond their initial requirement for battery replacement? Please discuss.

b) Please provide a full lifecycle benefit cost analysis comparing equivalent EV and ICE vehicles for the vehicle category which represents the greatest amount of test period spending.

**2-Staff-115**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B08 – Fleet Renewal / p. 318 (pdf Exhibit 2A Part 2 p. 326)**

**Question(s):**

a) Please explain why there is a step change in forecast expenditures between 2026 and 2027.
b) If a primary driver is an upgrade to the new CSA pole standard, please provide the full incremental cost of adopting the new CSA pole standard including these fleet costs.

**2-Staff-116**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / p. 349 (pdf Exhibit 2A Part 2 p. 357)**

**Question(s):**

a) Alectra Utilities states it is transitioning suite metering to a single software system by the end of the DSP period. Will there be premature suite metering device replacements to communicate with the new software? If so, please provide forecast of yearly amounts and scope of work.
b) Please explain if there is, or will be, any difference to the data available to suite metered customers compared to smart metered customers.
c) Does Alectra Utilities have third party suite metering providers providing services in its service area? If so, does Alectra Utilities have an estimate of the number of properties or customers impacted by these services?

**2-Staff-117**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / p. 352 (pdf Exhibit 2A Part 2 p. 360)**

**Preamble:**
Alectra Utilities states the “benefits that will be realized from the implementation of the Workforce Management (WFM) system are significant. Two of the most significant benefits are in the areas of personnel efficiencies and reliability gains, as summarized below:

- Efficiency gains amongst field, supervisory, and back-office (clerical) are primarily from:

- Improvements in scheduling, resource allocation, and route optimization that will result in time savings in the planning and scheduling of work, and a reduction in crew travel times. This will result in efficiency gains amongst field staff, supervisory personnel, and staff involved in job scheduling."

**Question(s):**

a) Please quantify the Net Present Value (NPV) of the expected efficiency gains vs. the planned expenditures necessary to realize those gains.

**2-Staff-118**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B10 – Customer Connections / Table B10 – 2 Summary of Expenditures / p. 395 (pdf Exhibit 2A Part 2 p. 403)**

**Question(s):**

a) Are the capital expenditures for approved Incremental Capital Module (ICM) projects included in table B10?
b) Please provide the gross expenditures, capital contributions, and net expenditures for the "Customer Initiated" expenditures in Table B10.
c) Please provide explanations for material variations of year-to-year expenditures in the historical and bridge years.
d) What drivers are responsible for the significant increase in the annual spending for the forecast period compared to the historical and bridge periods?
e) Please provide a forecast project list with estimated net costs for the forecast period, by year.

**2-Staff-119**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B10 – Customer Connections / Table B10 – 2 / p. 395 (pdf Exhibit 2A Part 2 p. 403)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B10 – Customer Connections / Table B10 – 3 / p. 400 (pdf Exhibit 2A Part 2 p. 408)**

**Question(s):**

a) Regarding the Investment Projects section, Alectra Utilities presents Table B10 - 3 Very Large Projects (reference 2). Table B10 - 2 in reference 1 shows zero Transit Connections spending for the period from 2025 through 2031, but Table B10 – 3 lists several projects that appear to be Transit Connections related (e.g., Project code 152335 – HaLRT OMSF Expansion and Project Code 153092 – HaLRT – TPSS 4 System Expansion). Please reconcile.

**2-Staff-120**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B10 – Customer Connections / pp. 402-403 (pdf Exhibit 2A Part 2 pp. 410-411)**

**Question(s):**

a) Table B10 - 6 shows hundreds of renewable generation (REGEN) connections over the test year period, but Table B10 - 2 shows zero test period spending on REGEN. Please reconcile.
b) If the reason for the discrepancy is capital contributions, please provide table B10 - 7 on a gross basis.

**2-Staff-121**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B12 – Lines Capacity / p. 453 (pdf Exhibit 2A Part 2 p. 461)**

**Question(s):**

a) Regarding the Primary Supply to the Municipal Stations section, Alectra Utilities presents Table B12 - 1 Line Capacity Investment Portfolio Mix by Driver Category. Please explain the timing of the step change from 2027 to 2029 for both forecast spending items I. and II. in Table B12 - 1.
b) What is the estimated risk that some of the proposed Line Capacity spending will be stranded or premature if load growth does not occur as forecast?

**2-Staff-122**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B12 – Lines Capacity / p. 479 (pdf Exhibit 2A Part 2 p. 487)**

**Question(s):**

a) Please identify which of the planned investments in Table B12 - 7 have the highest risk of being stranded or made prematurely should load growth not occur as forecast.
b) Are any of the listed investments intended to serve MS scheduled for retirement or likely to be retired within the next 10 years? If yes, please explain why the investment is necessary.

**2-Staff-123**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B13 – Station Capacity / pp. 484 - 485 (pdf Exhibit 2A Part 2 pp. 492-493)**

**Question(s):**

a) Given Alectra Utilities' intention to ultimately upgrade and standardize its service voltages at 13.8 kV and 27.6 kV, please identify and explain any of the investments listed in Table B13 - 3 that are intended to reinforce or expand MS that serve lower voltage circuits.

**2-Staff-124**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B13 – Stations Capacity / p. 564 (pdf Exhibit 2A Part 2 p. 572)**
**Ref 2: EB-2019-0018 / Exhibit 04 / Tab 01 / Schedule 01 / pp. 370-372**
**Ref 3: Exhibit 2A OEB Appendix 2-AA**

**Preamble:**
OEB Staff have created the table below to show the planned and actual Capital and Cost Recovery Agreements (CCRA) over the historic period.

| $M | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|---|---|
| **2020-2024 DSP (Ref 2)** | 8.7 | 1.6 | 0 | 0.5 | 0 | NA | NA |
| **Actual (Ref 3)** | 0.0 | 5.5 | 0.7 | 0.0 | 0.0 | 5.7 | 5.0 |

Alectra Utilities has forecast CCRA Program Expenditures for 2027 through 2031 at $114.2M.

**Question(s):**

a) Please confirm or correct the amounts in the table above.
b) Please provide a table listing all actual and forecast CCRA payments to, and credits from, HONI over 2020 - 2030, including the project, payment due date and payment amount.
c) For each actual and forecast cost owing to or credited from HONI over 2020-2030:
    i. Please categorize the costs as construction costs or load true-up.
    ii. Please provide the agreements between Alectra Utilities and HONI
    iii. Please provide any estimates and calculations from HONI (i.e. output of the HONI DCF model). In the absence of estimates from HONI, please provide Alectra Utilities' detailed calculations of the true-up amount.

iv. In cases where Alectra Utilities forecasts a payment during 2027-2031 due to reduced or unrealized load, please explain why the load forecast at the time of the agreement with HONI was not realized.
v. Please identify any HONI CCRA payments associated with projects that were not identified in one f the regional plans submitted in this application.

**2-Staff-125**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B14 - Enabling Resiliency & Modernization / pp. 652-653 (pdf Exhibit 2A Part 2 pp. 660-661)**

**Question(s):**

a) Please identify all costs incurred by Alectra Utilities due to meteorological or other events that would qualify as resiliency category events over the historical and bridge periods.
    i. Please separate the costs into capital repairs, O&M costs, and any other costs.
b) Please identify which of the proposed projects listed in Table B14 -15 would have directly mitigated a portion of the costs resulting from the resiliency events listed above, and identify what portion of those costs would have been avoided.

**2-Staff-126**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B14 Enabling Resiliency & Modernization / p. 571 (pdf Exhibit 2A Part 2 p. 579)**

**Question(s):**

a) Please update Table B14 - 1 to include the past 10 years of actual costs.

**2-Staff-127**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B14 Enabling Resiliency & Modernization p. 611 (pdf Exhibit 2A Part 2 p. 619)**

**Question(s):**

a) Please explain why rear-lot conversion investment spending in the 2021-2028 period is zero or near zero in light of the claimed historic and current issues.

**2-Staff-128**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / DSP Appendix E / pp. 45-58 (pdf Exhibit 2A Part 3 pp. 175-188)**

**Question(s):**

(a) For all figures pertaining to stations assets age distribution and Health Index distribution, please provide the underlying data.
(b) Please provide the underlying data in (a) segregated by operating voltage of the assets.

**2-Staff-129**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E**
**Asset Condition Assessment Report / p. 9 (pdf Exhibit 2A Part 3 p. 139)**

**Question(s):**

a) Please provide for each major asset class the annual probability of condition related failure for assets in each of the identified Heath Index categories. For reference, Toronto Hydro-Electric System Limited has stated the annual Probability of Failure for "Wood Poles" that are in the worst health index condition (HI5) is 0.18% to 0.33%.[2]
b) If the annual probabilities of failure requested above are not available, please explain how Copperleaf is used to determine the pre and post capital expenditure risk profiles of assets that are being replaced or rehabilitated under any of the System Renewal projects and programs.

**2-Staff-130**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E Asset Condition Assessment Report / p. 33 (pdf Exhibit 2A Part 3 p. 163)**

**Question(s):**

a) Why is age treated as a condition factor if strength tests and field inspections are being conducted? Please discuss.

**2-Staff-131**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E Asset Condition Assessment Report / pp. 48, 54, 58 (pdf Exhibit 2A Part 3 pp. 178, 184, 188)**

**Preamble:**
Alectra Utilities provides the following tables:

[2] THESL_Exhibit 2B_Asset Management Process_Part2of3_20231117.PDF

**Table 11 - Power Transformer Health Index Parameters and Weights**

| # | Input | Input Weight |
|---|---|---|
| 1 | Insulation | 49% |
| 2 | Cooling | 36% |
| 3 | Sealing and Connection | 15% |
| 4 | Service Record | 15% |

**Table 12 - Circuit Breaker Health Index Parameters and Weight**

| # | Input | Input Weight (OIL) | Input Weight (AIR) | Input Weight (Vacuum) | Input Weight (SF6) | Input Weight (Switch & Fuse) |
|---|---|---|---|---|---|---|
| 1 | Insulation | 4.8% | 5.6% | 7.4% | 6.1% | 6.7% |
| 2 | Operating Mechanism | 33.3% | 38.9% | 25.9% | 33.3% | 46.7% |
| 3 | Contact Performance | 16.7% | 19.4% | 25.9% | 21.2% | 23.3% |
| 4 | Arc Extinction | 21.4% | 16.7% | 14.8% | 18.2% | - |
| 5 | Oil Leaks | 7.1% | - | - | - | - |
| 6 | Service Record | 16.7% | 19.4% | 26.0% | 21.2% | 23.3% |

**Table 14 - Station Switchgear Health Index Parameters and Weights**

| # | Input | Input Weight |
|---|---|---|
| 1 | Insulation | 25% |
| 2 | Cooling | 37.5% |
| 3 | Sealing and Connection | 12.5% |
| 4 | Service Record | 25% |

**Question(s):**

a) How does Alectra Utilities store and extract the Transformer, Circuit Breaker and Switchgear service record data, and how is that data used to create the service record input used in the Health Index calculation?

   i. Please provide example data and calculations for an individual Transformer, Circuit Breaker and Switchgear drawn from each Health Index category.

**2-Staff-132**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E / p. 34 (pdf Exhibit 2A Part 3 p. 164)**

**Question(s):**

a) Please confirm that the statement "The ACA model does not factor in poles that could be severely undersized according to current CSA standards" means that in *general* Alectra Utilities "grandfathers" assets when standards are updated to new revisions (e.g., CSA increased strength standards for wood poles).
    a. If not confirmed, please explain what is meant by the statement in *general*.

**2-Staff-133**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E - Asset Condition Assessment Report / p. 41 of 58 (pdf Exhibit 2A Part 3 p. 171)**

**Question(s):**

a) Alectra Utilities presents Figure 24 Primary XLPE (cross-link polyethylene) Cable Health Index as a Function of Age. Please provide the degradation (scoring) curve for injected XLPE cables.

**2-Staff-134**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix E / p. 54 (pdf Exhibit 2A Part 3 p. 184)**

**Preamble:**
Alectra Utilities states:

> If the number of breaker operations during fault conditions is within 75% of the maximum number of operations shown in this table [Table 13], then the breaker is considered to be in Very Poor condition and will have a maximum Health Index of 10% (i.e., the calculated Health Index is multiplied by 0.1).

**Question(s):**

a) Please explain why Alectra Utilities chose 75% rather than 100% of the values shown in Table 13 given that IEEE Standards C37.04, C37.010, and C37.60 already include conservatism (e.g., lower bound thresholds rather than average thresholds) with regards to fault interrupting duty and maintenance intervals.

**2-Staff-135**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix J Load Forecast & System Adequacy Assessment Report / p. 30 (pdf Exhibit 2A Part 5 p. 65)**

**Preamble:**
Regarding the Future Conservation and Demand Management (CDM) Impact section, Alectra Utilities states that: "By 2034 Alectra Utilities' service area is expected to achieve 242MW in peak demand savings."

**Question(s):**
a) Please quantify the anticipated peak demand reduction attributable to the full implementation of AMI 2.0. in each of Alectra Utilities' planning zones. Please discuss.
b) Considering the above response, please quantify the peak demand reduction percentage that would not be achievable if AMI 2.0 is not fully implemented, i.e., if the AMI renewal program was kept to like-for-like replacements. Please discuss.

**2-Staff-136**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix J Load Forecast & System Adequacy Assessment Report / p. 31 (pdf Exhibit 2A Part 5 p. 66)**

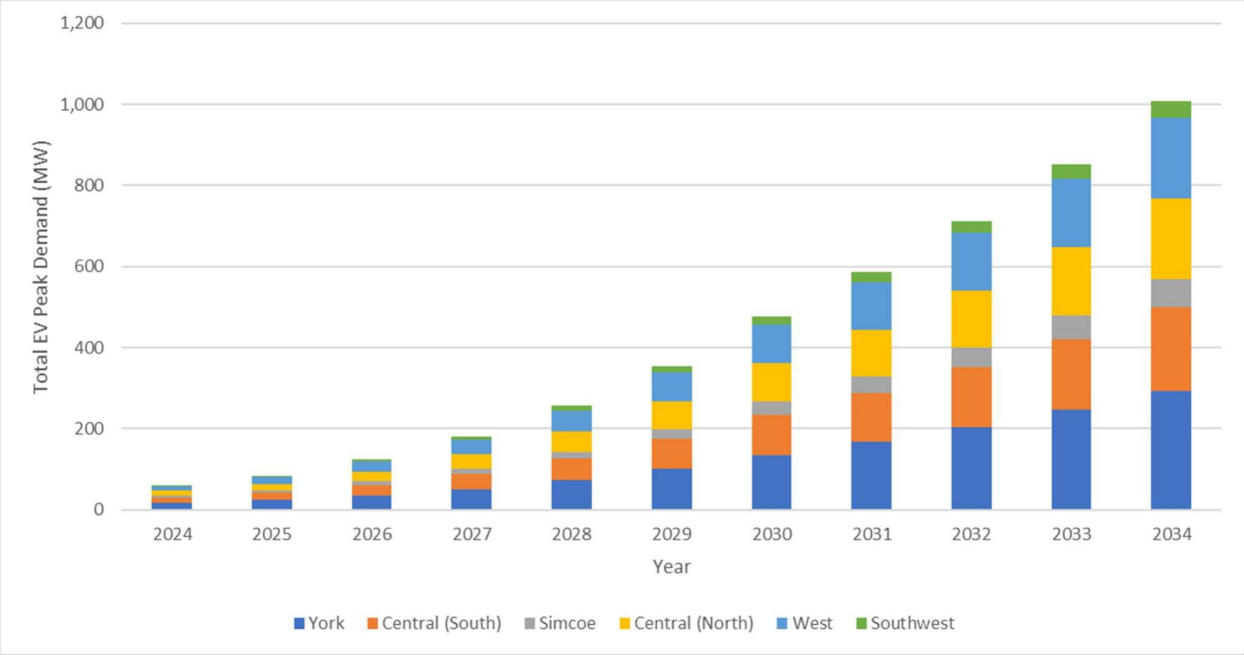
**Question(s):**
a) Please break out the DER forecast in Figure 13 by technology, in tabular form.
b) Have all distribution reinforcement projects intended to facilitate DER connection been tested against expected times of production? For example, do all system reinforcements or enhancements intended to mitigate reverse power flow consider that solar production is zero between sunset and sunrise?

**2-Staff-137**
**Future Electric Vehicles Impact**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix J Load Forecast & System Adequacy Assessment Report / p. 32 (pdf Exhibit 2A Part 5 p. 67)**

**Question(s):**
a) Please provide analysis done by Alectra Utilities to quantify any changes in this EV load forecast attributable to recent government adjustments in the target dates or percentages of mandatory ZEV sales.

**2-Staff-138**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix J Load Forecast & System Adequacy Assessment Report / p. 37 (pdf Exhibit 2A Part 5 p. 72)**

**Preamble:**
Regarding the Future Electric Vehicles Impact section, Alectra Utilities provides *Figure 16. EV Charging Load Peak Demand – Alectra Utilities' Service Area, 2024-2034*.




**Question(s):**

a) Does Figure 16 show the coincident peak demand (i.e., the coincident demand of all EV charging at the time of summer peak? If no, please provide a revised Figure 16 showing coincident peak demand

**2-Staff-139**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix L Historical Reliability Data / pp. 2-4 (pdf Exhibit 2A Part 5 pp. 170-172)**

**Question(s):**

a) Please update Figure L-1, Table L-1, Figure L-2, Table L-3 to include trendlines for SAIDI - Excluding MEDs and SAIFI - Excluding MEDs (including the slope of the trend lines).

**2-Staff-140**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix L Historical Reliability Data / p. 15 (pdf Exhibit 2A Part 5 p. 183)**
**Ref 2: Exhibit 1 / Tab 3 / Schedule 1 / p. 30 (pdf Exhibit 1 p. 200)**
**Ref 3: Exhibit 1 / Tab 5 / Schedule 2 / Attachment 1-2 / p. 5-6 (pdf Exhibit 1 p. 247-248)**
**Ref 4: Exhibit 1 / Tab 5 / Schedule 2 / Attachment 1-2 / p. 8 (pdf Exhibit 1 p. 250)**

**Preamble:**
Alectra Utilities has set a SAIDI target that represents a material improvement over its historic SAIDI performance and involves significant incremental capital spending even though residential customers rank reasonable prices (67%) over reliable service (57%), and "residential and GS<50 kW customers placed somewhat higher priority on reasonable prices than reliability".

**Question(s):**
a) Please explain the differences between the Alectra Utilities SAIDI and SAIFI targets from reference 2 and the OEB SAIDI and SAIFI targets from reference 1. Please provide an explanation why Alectra Utilities claims they are not comparable metrics.
b) Please reconcile the OEB target SAIDI (0.876) and SAIFI (1.106) in Table L-7 of reference 1, with the Figure 1-3-4 SAIDI target (0.74) and absence of a SAIFI target from reference 2. Include in the reconciliation a SAIFI target for Alectra Utilities.
c) Please reconcile the Alectra Utilities Corporation Figure 1-3-4 SAIDI target (0.74) from reference 2 with the top two customer reliability priorities from reference 3 of "Restoration time in extreme weather (57%)" and "No. of outages in extreme weather (50%)", and as part of the reconciliation include an explanation as to why maintaining historic SAIDI reliability while reducing MED outages times is not the preferred reliability target.

**2-Staff-141**
**Ref 1: Exhibit 2A / Tab 1 / Schedule 1 / Appendix M Major Event Day Report/ pp. 4-7 (pdf Exhibit 2A Part 5 p. 188-191)**

**Preamble:**
Alectra Utilities states that on the Major Event Day of May 21, 2022, 297,650 customers were interrupted and 90% of impacted customers were restored within 12.5 hours.

**Question(s):**

a) For the May 21, 2022, Major Event Day, please provide a chart of the number of customers that were continuously without power in on hour increments, as shown below. OEB staff recognize that the sum of Number of Customers may exceed the total number of customers interrupted during the MED, as some customers may have been interrupted multiple times. Do not included schedule outages that were required for repairs in subsequent days.

| Continuous Outage Duration | Number of Customers |
|---|---|
| 1 minute – 60 minutes | |
| 61 minutes -120 minutes | |
| 121 minutes – 180 minutes | |
| Etc. | |

**2-Staff-142**
**Fix assets continuity schedule before 2017/2019 for each legacy**
**Ref 1: Exhibit 2B / Tab 1 / Schedule 1 / Table 2-1-3 / p. 5 (pdf p. 5)**
**Ref 2: Exhibit 1 / Tab 2 / Schedule 2 / (pdf p. 2, row 24-25)**
**Ref 3: Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**
**Ref 4: OEB Filing Reqs_Chapter 2_2027-20251216 / Section 2.2.2 / p. 19**
**Ref 4: Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications – Chapter 2 / Section 2.2.2 / p. 19**
**Ref 5: Exhibit 2B / Tab 3 / Schedule 1 / Background / p. 1 (pdf p. 57)**

**Preamble:**
Chapter 2 of Filing Requirements in reference 4 requires comparisons of historical OEB-approved vs. historical actual (for the most recent historical OEB- approved year). OEB staff notes from

In references 2 and 3, the fixed assets continuity schedule as filed starts from 2017 instead of from the last rebasing years of the legacy utilities, specifically: Enersource (2013), PowerStream (2017), Brampton (2015) and Horizon (2015).

In reference 5, Alectra Utilities states that it continued to use the legacy asset componentization and useful lives to calculate the depreciation expense until 2019 upon harmonization.

**Question(s):**

a) Please provide four rate zones' (i.e., Enersource rate zone (ERZ), PowerStream rate zone (PRZ), Brampton rate zone (BRZ), and Horizon rate zone (HRZ)) fixed assets continuity schedule **separately** in excel worksheet from their respective last rebasing years to 2019, which shall:
   i. Use each legacy utilities' depreciation rate as approved in their last rebasing applications.
   ii. Reconcile the fix assets continuity schedule from 2017 to 2019 in reference 3 to match the total balance of these four legacies' fix assets continuity schedule provided in (i) above.

b) Please provide Guelph rate zone (GRZ)'s fixed assets continuity schedule **separately** in excel worksheet from its last rebasing application (2016) per reference 2 to 2019, which shall:
   i. Use GRZ's useful lives as filed with OEB in its last rebasing application.
   ii. Reconcile the 2019 fix assets continuity schedule in reference 3 to match the 2019 total balance of the five legacies' fix assets continuity schedule.

c) Please fill in the following summary table compiled by OEB staff per (a) and (b) above and explain the variances:

| Fixed Assets ($M) | 2017/2019 (Ref 1) (a) | 2017/2019 Actual (b) | Variance (a-b) |
|---|---|---|---|
| ERZ (2017) | 517.4 | | |
| PRZ (2017) | 993.0 | | |
| BRZ (2017) | 340.5 | | |
| HRZ (2017) | 433.0 | | |
| GRZ (2019) | 133.6 | | |
| Approved ICM | 39.5 | | |

**2-Staff-143**
**Comparing capital expenditures to in-service additions**
**Ref 1: 1 Exhibit 2B / Tab 1 / Schedule 2 / Tables 2-1-6 and 2-1-7 / pp 2-3 (pdf pp. 11-12)**

**Question(s):**

a) Please provide a breakdown of "Adjustments for spares, leases, non-regulated capex" in reference 1.
b) Please provide a breakdown of "capital deferrals to DVA" in reference 1.

**2-Staff-144**
**Error checking**
**Ref 1: Exhibit 2B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
OEB staff notes there is inconsistency in calculating depreciation expenses of "Stores Equipment" under "Fully Allocated Depreciation" section. It calculates the total balances of Account 1935 and 1940 for 2017, 2023 and 2025 onwards while the rest years only includes Account 1940.

**Question(s):**
a) Please explain the inconsistency observed by OEB staff.
b) Please update reference 1 as applicable.

**2-Staff-145**
**Guelph Hydro cost**
**Ref 1: Exhibit 2 B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121 / 2019 Guelph Hydro cost (column E)**
**Ref 2: Exhibit 2B / Tab 3 / Schedule 1 / Table 2-3-2 / p. 60 (pdf p. 60)**

**Preamble:**
Per reference 1, the total PP&E for Rate Base of Guelph Hydro cost is $193.2 M (cell E246).
Reference 2 shows $164.9M closing balance of 2021 for Guelph Hydro.

**Question(s):**
a) Please explain and reconcile the variance identified above.

**2-Staff-146**
**AMI Acceleration of depreciation**
**Ref 1: Exhibit 2B / Tab 3 / Schedule 1 / Table 2-3-6 / p. 9 (pdf p. 65)**
**Ref 2: Exhibit 9 / Alectra_Attach 9-15_Accelerated CCA Differences (Bill C-97) _20251014**

**Preamble:**
Per reference 1, Alectra Utilities states that the remaining useful life of existing AMI 1.0 has been shortened to align with their expected replacement date (based on AMI 2.0 deployment schedule), which resulted in the acceleration of depreciation totals $25.2M over the 5-year deployment from 2027 to 2031.

**Question(s):**

a) Please explain from which year the existing AMI 1.0 useful life was shortened?
   i. Please confirm whether it has the impact on Account 1592 – Sub-account CCA changes?
   ii. If confirmed, please provide excel worksheet to calculate the CCA impacts resulted from this acceleration of depreciation.

b) Has Alectra Utilities discussed with its external auditor this shortened useful life? If so, what was the conclusion on the proper accounting treatment? Was this considered as change of the useful lives of an asset prospectively or is there an asset impairment loss resulted from the lower asset values as well? Please provide explain in detail of the accounting treatment assessed by management and agreed by external auditor as applicable.

c) Please provide excel worksheet to quantify the payments in lieu of taxes (PILs) impact, the revenue requirement impact and rate base impact (change on the opening balance of fixed assets) from 2027 to 2031 by completing the following table compiled by OEB staff:

| ($M) | Depreciation Expenses | PILs Impact | Revenue Requirement from 2027-2031 | Opening Rate Base |
|---|---|---|---|---|
| **Standard depreciation - (a)** | | | | |
| **Acceleration of depreciation - (b)** | | | | |
| **Variance (a-b)** | | | | |

**2-Staff-147**
**Harmonization process**
**Ref 1: Exhibit 2B / Tab 3 / Schedule 1 / pp. 1-9 (pdf pp. 57-65)**
**Ref 2: Exhibit 2B / Alectra_Attach 2B-3_OEB Appendix 2-BB-Service Life Comparison 2017-2031_20251014**

Per reference 1, Alectra Utilities uses the legacy asset componentization and useful lives approved by OEB in each legacy utility's last rebasing application to calculate the depreciation expense until 2019 upon applying harmonization process (Guelph Hydro applied in 2022). This involved aligning componentization based on management judgement/internal policies and harmonizing the useful lives of the assets by using a weighted average method based on the dollar value of each legacy asset as of December 31, 2018.

Per Table 2-3-3 in reference 1, OEB staff observes that the depreciation rates used by each legacy utility, which was filed with the OEB in their last rebasing application, are different from the rates used by Alectra Utilities for all five rate zones from 2019 to 2024. OEB staff notes that Alectra Utilities has documented the changes of asset useful lives in reference 2.

OEB staff note that in Alectra Utilities' 2020 IRM Decision and Order, the OEB approved the deferral accounts to capture the impacts from the integration process and stated that:

> The OEB concludes that a utility should not be enriched by a change in capitalization policy, whether that change results from a merger or other reason. The OEB has previously determined that a capitalization accounting change is not a benefit arising from integration efficiencies that should accrue to the shareholder. The OEB established the deferral accounts to record the impact of this change. The disposition of these accounts should ensure the impact of the capitalization policy change is not harmful to customers with respect to the recovery in rates of Alectra Utilities' costs.

**Question(s):**

a) Please confirm that there were no deferral and variance accounts requested and approved for the depreciation rates change from the integration/harmonization process.
    i. If confirmed, please elaborate on how the impact of the depreciation rates changes arising from the harmonization is not harmful to customers with respect to the recovery in rates of Alectra Utilities' costs.

**2-Staff-148**
**Ref 1: Exhibit 2B / OEB Appendix 2-BB – Service Life Comparison 2017-2031**

**Question(s):**

a) On Tab "Appendix 2-BB 2025-2031" there is an asset listed 1860 – Meter (Compliance Testing) with a TUL of 5 years.
    i. Please describe this asset and its application.
    ii. How many of these are in service? What is the 2024 net book value?

**2-Staff-149**
**Appendix 2-ZA and Appendix 2-ZB**
**Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / Attachments 2B-6, 2B-7, 2B-8, 2B-9, 2B-10 (Excel)**
**Ref 2: RPP Price Report - November 1, 2025 to October 31, 2026**
**Ref 3: Chapter 2 Appendices – January 15, 2026**
**Ref 4: Ontario Electricity Rebate (OER)**
**Ref 5: Exhibit 8 / Alectra_Attach 8-1_Retail Transmission Service Rate Workform_20251014**
**Ref 6: EB-2025-0299, Decision and Order, December 11, 2025**
**Ref 7: Exhibit 3 / Attachment 3-1_OEB Appendix 2-IB – Load Forecast Analysis_20251014**

**Question(s):**

a) Please update Appendix 2-ZA and Appendix 2-ZB in reference 1 using the latest data from the Regulated Price Plan (RPP) Report in reference 2 and the updated 2027 OEB models in reference 3.
b) For Appendix 2-ZB (reference 1):
   i. Please update the OER credit in column B (which shows no value) to reflect the latest percentage of 23.5% (reference 4).
   ii. Please explain why the Transmission – Network rates in cells E36 to E42 and cells I36 to I42 (reference 1) are different from the proposed Transmission - Network rates in Tabs 15, cells K52 to K60 (reference 5) for each of the years from 2027-2031. Please revise the evidence as needed.
   iii. Please explain why the Transmission – Connection rates in cells E51 to E57 and cells I51 to I57 (reference 1) are different from the proposed Transmission - Connection rates in Tabs 15, cells K68 to K76 (reference 5) for each of the years from 2027-2031. Please revise the evidence as needed.
   iv. Please explain why the Low Voltage rates in cells E126 to E132 and cells I126 to I32 (reference 1) are different from the proposed Low Voltage rates in Tabs 16, columns I to J (reference 5) for each of the years from 2027-2031. Please revise the evidence as needed.
   v. Please update the Wholesale Market Service, Class B CBR, and RRRP rates (cells E66 to E72, I66 to I72, E96 to E102, E111 to E117, and I111 to I117) to reflect the latest OEB-approved rates from reference 6 for each of the years from 2027-2031. Please revise the evidence as needed.
   vi. Please explain why the total number of customers in cells D141 to D142 and I141 to I142 (reference 1) for each rate class are different from

numbers in rows 16 and 17 (reference 7) for each of the years from 2027-2031. Please revise the evidence as needed.

c) Please update the evidence affected by the changes in (a) and (c) as needed.

**2-Staff-150**
**Lead-Lag**
**Ref: Exhibit 2B / Tab 4 / Schedule 1 / Appendix 2B-5 – Guidehouse Lead-Lag Study / p. 8 (pdf p. 130)**

**Preamble:**
The collections lag is 27.21 days, using receivables aging data provided by Alectra Utilities.

**Question(s):**

a) What proportion of bills are collected using pre-authorized / automatic payments, and what is the collections lag for these payments?
b) Please provide the derivation of the 27.21 day collections lag, including any bucketing approach used.
c) How many days of collections lag are assigned to uncollectable debts?
d) At what point does Alectra write off a debt against bad debt expense?

**2-Staff-151**
**Lead-Lag**
**Ref 1: Exhibit 2B / Tab 4 / Schedule 1 / p.1**
**Ref 2: Exhibit 2B / Tab 4 / Schedule 1 / Appendix 2B-5 – Guidehouse Lead-Lag Study / p. 12 (pdf p. 134)**

**Question(s):**

a) The Interest Expense lead days are calculated based on a weighted average of long-term debt payments and short-term debt payments. Please explain why Interest Expense is included in the working capital allowance calculation, when the working capital allowance is applied to cost of power and OM&A, and not to interest expense.

**2-Staff-152**
**Fixed asset – ICM True-up**
**Ref 1: Exhibit 9 / Alectra_Attach 9-7 / 9-8 / 9-9_ICM True-Up Models**
**Ref 2: Exhibit 2B / Tab 5 / Schedule 1 / Table 2-6-1 / p. 1 (pdf p. 142)**
**Ref 2: Exhibit 9 / Alectra_Attach 9-15_Accelerated CCA Differences (Bill C-97) _20251014**

**Preamble:**
Alectra Utilities confirms that the impacts of accelerated capital cost allowance (CCA) rule change associated with its ICM projects is recorded in Account 1592 - PILs and Tax Variances - CCA Changes.

**Question(s):**
a) Please provide the CCA and the calculation for each ICM project per reference 1 and reconcile to reference 3 as applicable.

**2-Staff-153**
**Depreciation study, Direct Labour Capitalization (DLC) Burden & fix assets continuity schedule**
**Ref 1: Exhibit 2B / Tab 6 / Sch 2 / Attachment 2B-13**
**Ref 2: Exhibit 2B / Tab 3 / Sch 1 / Attachment 2B-2**
**Ref 3: Decision and Rate Order (EB-2025-0055) / Section 10-Accounting Orders Request / p. 29**
**Ref 4: Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
In reference 1, Alectra Utilities engaged Atrium Economics, LLC (Atrium) to support the process of evaluating and updating Alectra's Direct Labour Capitalization (DLC) Rate Methodology used to allocate directly attributable capital costs to capital projects, for those individuals that do not utilize time sheets for the 2027-2031 rate term. Atrium issued the study report in May 2025 and Alectra utilities applied this methodology from January 1, 2025.

In 2024, Alectra Utilities also engaged Alliance Consulting Group and conducted a depreciation study which is the first depreciation study for the combined operations of Alectra Utilities and implemented the updated depreciation study effective from January 1, 2025.

Per reference 3, the OEB has denied Alectra Utilities' request for approval of proposed DVAs to track the impact of changes to asset useful life and direct labour capitalization

policies, both of which record the respective revenue requirement impacts effective from January 1, 2025 till the next rebasing (which is 2027 test year).

**Question(s):**

a) Please confirm that the fixed continuity schedule filed has applied the results from the depreciation study and the updated DLC Rate methodology from January 1, 2025.
   i) If not confirmed, please explain when these two updates were applied to the merged utilities.
   ii) If confirmed, please explain why Alectra Utilities applied these updates prior to its rebasing year of 2027.

b) Please provide the consolidated fix assets continuity schedule by applying the changes of the depreciation study and DLC study effective from test year 2027 rather than from 2025.
   i. Please quantify the revenue requirement impact and rate base impact (change on the opening balance of fixed assets) using the following table compiled by the OEB staff.

| | Revenue Requirement | | Rate Base | | OM&A | |
|---|---|---|---|---|---|---|
| | Applying both studies from 2025 | Applying both studies from 2027 | Applying both studies from 2025 | Applying both studies from 2027 | Applying both studies from 2025 | Applying both studies from 2027 |
| 2027 | | | | | | |
| 2028 | | | | | | |
| 2029 | | | | | | |
| 2030 | | | | | | |
| 2031 | | | | | | |

**2-Staff-154**
**Depreciation Study**
**Ref 1: Exhibit 2B / Tab 3 / Schedule 1 / p. 1 (pdf p. 57)**
**Ref 2: Exhibit 2B / Tab 3 / Schedule 1 / Attachment 2B-2 / p. 7 (pdf p. 73)**
**Ref 3: Exhibit 2B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
Per reference 1, Alectra Utilities depreciate assets on a straight-line basis over the estimated useful life of the assets. The depreciation rates were harmonized by using a weighted average method based on the dollar value of each legacy asset as of December 31, 2018 and implemented from January 1, 2019.

Per reference 2, the depreciation study utilizes the item-based, remaining life depreciation methodology. Actuarial analysis (retirement rate method) was not available to be used due to each legacy organization previously using unique units of property and consequently, the lack of historical retirements for Alectra's combined operations.

**Question(s):**

a) Regarding the retirement rate study, please answer the following questions:
   i) Please clarify in detail why the lack of retirement rate study was due to the lack of historical retirements for Alectra's combined operations.
   ii) Please explain if Alectra Utilities had asked the consultant to consider the alternative approach for the retirement rate study. If not, why not.
   iii) Please explain how the asset disposals have been incorporated into the depreciation study, given the retirement rate study was not conducted.
b) "Life Analysis" section of the depreciation study states that "new object accounts are proposed for select accounts where a significant portion of investment has a materially different useful service life"
   i) Please provide examples of the new object account mentioned above.
   ii) Please discuss how Alectra Utilities will do in determining the future new object accounts for which investment has a material different useful life?

**2-Staff-155**
**Burden**
**Ref 1: Exhibit 2B /Alectra_Attach 2B-12_OEB Appendix 2-D-Overhead Expenses_20251014**
**Ref 2: Decision and Rate Order (EB-2025-0055), Section 10-Accounting Orders Request, p. 29**

**Preamble:**

Per reference 2, the OEB has denied Alectra Utilities' request for approval of proposed DVAs to track the impact of changes to direct labour capitalization policies.

**Question(s):**

a) Per reference 1, please explain:
   i. For the DLC burden, why 2019 ($15M), 2020 ($16M), 2021 ($17M) were much lower compared with other years which was close or above $20M?
   ii. For the DLC burden, why 2027 is almost $5M higher than 2026?
   iii. For the benefit burden, why does the amount fluctuate from 2019 to 2021?
b) Please update reference 1 assuming that the Direct Labour Capitalization study is to be implemented on the 2027 Test Year rather than 2025.

**2-Staff-156**
**Direct Labour Capitalization Study**
**Ref 1: Exhibit 2B, Tab 6 / Schedule 2 / p. 3 (pdf p. 159)**
**Ref 2: Exhibit 2B / Tab 6 / Schedule 2 / Attachment 2B-13**

**Preamble:**
Per reference 1, the DLC study involves time-tracking over a six-week period for individuals. The DLC rate is calculated by dividing the total cost (base compensation + payroll benefits) by the eligible distribution capital.

**Question(s):**

a) Per reference 1, please answer the following questions:
   i. What is included in the payroll benefits in determining the DLC rate?
   ii. Please explain how Alectra Utilities determined the 3rd party contractor cost in terms of DLC portion.

b) Reference 2 (p. 1 or pdf p. 165) states that the study involved time-tracking over a six week period.
   i. Please explain what the criteria is in determining the length of the study (i.e. six-week)?
   ii. Please explain the consideration of the timing of this six-week period chosen from the entire year, assuming the different activity levels?
   iii. Please explain why the 6 week period Alectra gathered the data for the study should be considered to be representative of work conducted over a full year?

c) Alectra Utilities' existing DLC Rate Methodology is based on legacy PowerStream practices per reference 2:
   i. At a high level, please provide a comparison between existing DLC rate methodology based on legacy PowerStream and the methodology developed by this study.
   ii. Atrium recommended that Alectra Utilities conduct an annual review of the DLC rate methodology, implement a rolling time study and continue training of employees using the direct time sheet. Please discuss how Alectra Utilities is planning to adopt these recommendations and whether/how the resulting changes will be incorporated in rates.

d) Per reference 2, the addition of the Control Room into the Labour Pool is one of the main drivers of the increase in directly attributable capital costs. Please explain the consideration for including the control in the DLC labor pool.

e) In terms of the activities mapping, time-tracking system and assumptions used in this study:

i. Has/will the external auditor reviewed/review the DLC study which includes the mapping of activities to OM&A and Capital based on an assessment of IAS 16? Please explain the external auditor's role in the study and any opinion provided or will be provided.
ii. Please discuss whether there is any risk that an employee will record time to tasks outside of their assigned department and business unit in web-based time tracking system. If yes, what will be the solutions to avoid it?
iii. Please confirm whether there are any assumptions used in this study? If yes, provide a summary of all assumptions underlying the DLC study, including productivity factors and allocation percentages. If not, please explain why not.

f) Please indicate whether Alectra Utilities has benchmarked its DLC rate methodology and the resulting rates with industry peers. If yes, please discuss the results of this comparison. If not, why not.

## Exhibit 3 – Customer and Load Forecast

**3-Staff-157**
**Customer and Energy Forecast**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 1 / Attachment 3-2 Sales and Customer Forecast Report / pp. 4-6 (pdf pp. 13-15)**

**Question(s):**

(a) Alectra's forecast is based on historic data up to May 2025. Please provide updated customer / connection / energy / demand for each rate class for the most recently available 12 months.

**3-Staff-158**
**Customer and Energy Forecast**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 1 / Attachment 3-2 Sales and Customer Forecast Report / pp. 4-6 (pdf pp. 13-15)**

**Preamble:**
A residential customer forecast is provided by rate zone. Energy forecasts are provided once by rate class (aggregate across rate zones), and once by legacy rate zone (aggregate across rate classes). The forecasts are performed using regression models for each of customers/connections and energy, and for each rate class within each of the legacy rate zones.

**Question(s):**

a) Please provide customer/connection forecasts by rate zone for each of General Service, Large Use, and USL/Street Light/Sentinel.
b) Please provide energy forecasts by rate zone for each of Residential, General Service, Large Use, and USL/Street Light/Sentinel.

**3-Staff-159**
**Energy Forecast**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 1 / Attachment 3-2 Sales and Customer Forecast Report / pp. 12-6 (pdf pp. 21-15)**

**Preamble:**

An explanatory variable, AftMay20, has been included indicating increased residential energy consumption in the Brampton rate zone. Horizon Rate Zone has a Yr20Plus variable. Other rate zones do not appear to have a variable capturing the impacts of COVID-19 on residential consumption.

For GS < 50 customers in the Brampton rate zone, a Peel_Retail_Rec variable "captures the sharp drop in 2020 sales resulting from the COVID 'work at home' mandate". In the Enersource Rate Zone a Yrs20_21 variable is included, implicitly capturing the years 2020 and 2021. Other rate zones do not appear to have a variable capturing the impacts of COVID-19 on GS < 50 kW consumption.

**Question(s):**

a) Please confirm that the AftMay20 variable is a binary variable capturing the time period after May 2020 and has a value of 1 every month after May 2020, and 0 every month prior to May 2020, or explain the values this variable takes. Please confirm that it is intended to capture the ongoing impacts of the COVID-19 pandemic on residential energy consumption.
    i. Please explain why a single variable constructed in this way is appropriate to capture the impacts of COVID-19 on residential consumption.
b) Please indicate which variables would logically capture the impact of COVID-19 on energy consumption.
c) Please explain why most energy regression models do not appear to have variables capturing the impact of the COVID-19 pandemic.
d) Please explain why the variable Peel_Retail_Rec intended to capture a drop in 2020 sales has a positive co-efficient reflecting higher energy consumption.

**3-Staff-160**
**Energy Forecast**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 1 / Attachment 3-2 Sales and Customer Forecast Report / pp. 12,15 (pdf pp. 21,24)**

**Preamble:**
The Brampton rate zone residential class has a variable XCoolLag indicating that the reported monthly billed sales partly reflects consumption in the prior month.

The commercial sales models are noted to have a relatively low Adjusted R-Squared due to adjustments to sales data to accommodate the meter reading schedule.

**Question(s):**
a) Please confirm that Alectra Utilities uses meters capable of recording hourly or more frequent consumption – i.e., smart meters, interval meters, etc. for all metered customers, or explain where any why this is not the case.
b) For what period does Alectra Utilities have measured energy consumption by calendar month available?
c) Please confirm that going forward, Alectra Utilities will retain energy consumption information at a level of detail sufficient to not require adjustments for the meter reading schedule.
d) Did Itron attempt to use an XHeatLag variable for the same reason as the XCoolLag variable? If so, what was the result. If not, why not?

**3-Staff-161**
**CDM and NWS in the Load Forecast**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 5 / CDM and NWS Impact in the Load Forecast / p. 1 (pdf p. 101)**

**Preamble:**
Alectra Utilities indicated that it has not included a separate or discrete conservation & demand management or non-wires solution variable or adjustment in its load and customer forecasts, as their influence is captured in historical trends.

**Question(s):**
a) Please identify which regression model variables and/or inputs have the historical impacts of conservation & demand management and non-wires solution embedded.

b) Please provide further discussion and evidence as to why the impacts of conservation & demand management and non-wires solutions are believed to be implicitly integrated in the historical load data.

**3-Staff-162**
**Building Electrification**
**Ref 1: Exhibit 3 / Tab 1 / Schedule 4 / p. 6 (pdf p. 89)**

**Preamble:**
Reference 1 notes the load and customer forecast is based on the medium scenario for building electrification which assumes new residential customers with all-electric homes will ramp up to 100% by 2030 and the number of homes that convert to electric heat and water increases from 1% of the housing stock to 6% by 2030.

**Question(s):**

a) Based on information in reference 1, please explain how Alectra Utilities coordinated with natural gas distributors to align and validate these electrification assumptions and their impacts.

## Exhibit 4 – Operations, Maintenance & Administration

**4-Staff-163**
**Ref 1: Exhibit 4 / Alectra_Attach 4-3_OEB Appendix 2-JB - Recoverable OM&A Cost Drivers_20251014**

**Preamble:**
Alectra Utilities has filed Appendix 2-JB with cost drivers broken down into labour and non-labour for 2018 - 2031.

**Question(s):**

a) Please update Appendix 2-JB with cost drivers broken down into detailed categories and aligned with the explanation provided in Exhibit 4.

**4-Staff-164**
**OM&A Cost Drivers**
**Ref 1: Exhibit 4 / Tab 1 / Schedule 3 / p. 4 (pdf p. 30)**
**Ref 2: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC – OM&A Programs_20251014**

**Question(s):**

a) Please provide a chart in the same format as Chart 4-1-2 (reference 1) which shows cost drivers using OM&A program costs (i.e., Asset Strategy, Corporate Overheads, Customer Experience, Digital and Innovation, Operations, Sustainment, and Property Taxes) in Appendix 2-JC (reference 2) for the 2019 to 2027 period. Please also provide explanations for these cost drivers.

**4-Staff-165**
**OM&A Segments**
**Ref 1: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC – OM&A Programs_20251014**

**Question(s):**

a) Please provide Appendix 2-JC broken down at the segment level.

**4-Staff-166**
**Operating Synergies**
**Ref 1: Exhibit 4 / Tab 1 / Schedule 1 / pp. 6-7 (pdf pp. 6-7)**

**Question(s):**

a) Alectra Utilities has provided OM&A expenditure by programs from 2017 to 2031. Please provide a breakdown of operating synergies achieved by OM&A program (as shown in Appendix 2-JC) as a result of the merger for the years available.

**4-Staff-167**
**Climate Change**
**Ref 1: Exhibit 4 / Tab 1 / Schedule 1 / p. 3 (pdf p.3)**

**Question(s):**

a) Please explain in detail how Alectra Utilities budgeted for additional cost increases for the OM&A programs involved in the efforts to prepare for and respond to projected severe weather events for the forecast period.
   i. Please also provide actual and forecast storm/emergency response costs per year for 2019 to 2027.

**4-Staff-168**
**FTEs and Overtime**
**Ref 1: Exhibit 4 / Alectra_Attach 4-6_OEB Appendix 2-K – Employee Costs_20251014**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 9 / p. 9 (pdf p. 407)**

**Question(s):**

a) Please provide a revised version of Appendix 2-K that reflects 2025 actuals (or year-to-date actuals) and the 2026/2027 forecast using the current best available information. As part of the response, please also provide the number of employees, total salary and wages (with a further breakout of overtime and incentive pay), total benefits, and total compensation by the following categories: Executive, Management, Union, and Non-Union for each year from 2021 - 2027.
b) Please explain how overtime-related compensation was forecast for the 2027-2031 test years.
c) Alectra Utilities states in reference 2 that System Control expenditure rose in 2023 due to increased overtime costs. Please provide the total overtime related costs. Are there any overtime related costs budgeted for in the forecast period for this segment? If so, please provide the forecast costs.

**4-Staff-169**
**Vacancy Rate**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 21 / p. 5 (pdf p. 614)**
**Ref 2: Exhibit 4 / Alectra_Attach 4-6_OEB Appendix 2-K – Employee Costs_20251014**

**Question(s):**

a) Alectra Utilities states that it applied a 4% vacancy rate across all OM&A programs during the 2025-2031 period. Please confirm whether the forecast FTEs provided in reference 2 incorporates this vacancy rate?
b) Please further explain Alectra Utilities' methodology used to derive the vacancy rate of 4% or provide a spreadsheet (or a table) that supports the derivation of the vacancy assumption numbers of 4% based on historical and current trending which includes attrition (retirement and resignations), internal/external environmental factors and forecasting noted above.
c) Please provide the actual vacancy rate from 2021-2025 (year-to-date) and forecast vacancy rate from 2025-2031.

**4-Staff-170**
**Labour Costs**
**Ref 1: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC – OM&A Programs_20251014**

**Question(s):**

a) For each OM&A program listed, please provide, for each year in the 2021-2027 period, a breakdown of the total labour costs between Alectra Utilities labour and contracted labour (e.g., contractors, consultants, etc.). Please also provide a discussion of any year-over-year changes in the proportion of work completed by Alectra Utilities relative to contracted labour.
b) What portion of the total capital budget is due to labour for each year in the forecast period?

**4-Staff-171**
**FTEs**
**Ref 1: Exhibit 4 / Tab 3 / Schedule 3 / p. 2 (pdf p. 625)**

**Question(s):**

a) Please explain the methodology Alectra Utilities used to determine the number of new positions required for each OM&A Program in Table 4-3-2 for the 2025 - 2031 period.
    i. Please provide any underlying calculations to support how the new positions were determined in 2025 and for the 2026-2031 period.
    ii. Please provide job titles and the number of new positions associated with each title for OM&A program shown in Table 4-3-2.

**4-Staff-172**
**Distribution Design**
**Ref 1: Exhibit 4 / Tab 3 / Schedule 3 / p. 2 (pdf p. 625)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 2 / p. 15 (pdf p. 95)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 2 / pp. 5-8 (pdf p. 85-88)**

**Question(s):**

a) Please provide a more detailed breakout of the Distribution Design program budget for the 2021 - 2027 period using the activities described in reference 3 (or at the level of granularity that is available to Alectra Utilities).
c) In reference 2, Alectra Utilities states that the increase in program costs is driven by an increase of 19 additional resources from 2027 to 2031. Please explain why

this does not align with the total FTE increase under Distribution Design of 34 FTEs in reference 1.

**4-Staff-173**
**Corporate Services**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 3 / pp. 10-12 (pdf pp. 105-107)**
**Ref 2: Exhibit 9 / Tab 3/ Schedule 3 / Table 9-3-3 / p. 3 (pdf p. 21)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 3 / Table 4-2-14 / p. 13 (pdf p. 108)**
**Ref 4: Exhibit 1 / Tab 9 / Schedule 4 / pp. 11-12 (pdf pp. 1690-1691)**

**Question(s):**

a) Alectra Utilities states in reference 1 that the $1.1M increase in 2019 for this segment is due to higher legal and intervenor costs, as well as an additional headcount from the merger with Guelph Hydro.
   i) Please provide the breakdown of the $1.1M increase by legal, intervenor costs and the additional headcount from the merger with Guelph Hydro.
   ii) What position was the additional headcount from the merger with Guelph Hydro?
   iii) Was this position included in the OM&A payroll-related synergies during the consolidation (reference 4)? Please explain.
b) Alectra Utilities states in reference 1 that the increase of $1.2M in 2025 was primarily due to several temporary vacancies and the addition of a new position. Please provide the positions for these vacancies and if they have been filled in 2025.
c) For 2027, Alectra Utilities attributes the $6.5M increase primarily to OEB cost assessment fees and amortization of one-time application costs (reference 1). Alectra Utilities also states that the 2027 OEB assessment fee increased by $3.6M compared to historical amount built into rates. OEB staff notes that in reference 2, OEB cost assessment amount in rates is $3.1M.
   i) Please confirm OEB staff's understanding that the $3.1M is the historical amount built into the rates that Alectra Utilities is referring to, which brings the total 2027 OEB assessment fees to $6.7M.
   ii) Please explain Alectra Utilities' assumptions used to derive the 2027 OEB assessment fees.
d) Alectra Utilities states in reference 1 that it plans to hire a Rates and Settlement Specialist and a Compliance and Reporting Specialist in 2027. Please explain the roles and responsibilities of each new position.
e) Under the legal segment, the 2025 expense increased by $1.3M from the previous year based on Table 4-2-14 (reference 3). OEB staff notes that Alectra

Utilities provided the variance explanation for 2024-2026. Please breakdown the $1.3M increase from 2024 to 2025.

**4-Staff-174**
**Finance and Treasury**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 4 / pp. 6 & 9 (pdf pp. 123 & 126)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 4 / pp. 15-17 (pdf pp. 132-134)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 4 / p. 19 (pdf p. 136)**
**Ref 4: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC-OM&A Programs_20251014**
**Ref 5: Exhibit 4 / Tab 2 / Schedule 4 / p. 20 (pdf p. 137)**

**Question(s):**

a) Alectra Utilities states in reference 1 that the increase in FTEs for accounts payable and accounting for the 2027-2031 period factored in productivity savings that reduced the required number of FTEs. Specifically, it states that productivity of Accounts Payable Representatives will increase by 21% while accounting productivity will increase by 47%. Please explain further the productivity assumptions used to derive the percentage savings for these positions. Please provide supporting calculations to assist with the explanation as needed.
b) Table 4-2-25 of reference 2 shows a $1.6M increase for 2025 compared to previous year. OEB staff notes that Alectra Utilities provided an explanation for the increase from 2024 to 2026. Please also explain the $1.6M increase in 2025 from 2024.
c) Alectra Utilities states in reference 3 that $1.6M increase in 2018 was mainly due to increased labour costs and bank charges due to its transition to one financial institution.
    i) Please confirm how many positions were filled.
    ii) Please explain why Alectra Utilities transitioned to one financial institution and how much cost was incurred.
d) In reference 3, the increase of $2.3M in 2020 was primarily due to bank fees related to the increase in credit facility during COVID-19 pandemic ($1.8M) and insurance costs ($0.3M).
    i) Please confirm if Alectra Utilities negotiated the fees.
    ii) Please confirm if the fee increase is still in place or has ended. If still in place, please explain why and if there are plans to renegotiate the fees.
e) Reference 4 shows an increase of $1.2M in 2023, $1M in 2024, and $2.2M in 2025. OEB staff notes that Alectra Utilities provided variance explanations by each segment.

i) The explanation states that no material variances were provided for each segment. Please provide an explanation for the $1.2M increase in 2023 and $1M increase in 2024.
ii) Alectra Utilities states in reference 2 that the variance from 2024-2026 under the finance segment of $1.5M were due to temporary vacant positions, annual pay increases and an additional position. No material variance explanation was provided under the treasury segment Please provide an explanation for the $2.2M increase in 2025.

f) Based on reference 4, an increase of $1.4M is projected in 2027 compared to the previous year. Alectra Utilities states in reference 2 that approximately $0.9M per year is due to additional FTEs and annual pay increase, and $0.2M due to inflation (reference 5).
   i. Please provide the explanation for the remaining $0.3M.
g) Alectra Utilities states in reference 2 that one additional FTE in 2027 is required to support automation and build in-house finance IT expertise. OEB staff notes that based on reference 1, two FTEs under accounting are projected to be added.
   i. Please confirm if this new position is already included in the two accounting-related positions that Alectra Utilities plans to add in 2027.
   ii. Please explain whether the $0.9M increase is due only to the additional of 2 FTEs stated in (f).

**4-Staff-175**
**Supply Chain Services**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 5 / pp. 15-17 (pdf pp. 152-154)**
**Ref 2: Exhibit 4 / Tab 3 / Schedule 3 / Table 4-3-2 / p. 2 (pdf p.625)**
**Ref 3: Exhibit 4 / Tab 3 / Schedule 3 / p. 29 (pdf p. 652)**
**Ref 4: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC-OM&A Programs_20251014**

**Question(s):**

a) Alectra Utilities states in reference 1 that the increase of $1.1M in 2018 was primarily resulting from a $0.8M increase in inventory write-offs due to obsolete materials and a $0.3M increase in additional headcount from PowerStream.
   i) What were the obsolete materials that were written off?
   ii) Please provide the position title of the additional headcount from PowerStream.
b) Reference 2 shows a reduction of 5.3 FTEs in 2022 from previous year. In reference 3, Alectra Utilities states a decrease of 3.4 FTEs from productivity gains following the consolidation of ERP systems and mergers. However,

reference 4 shows an increase of $0.9M in 2022. Please explain the increase in 2022 despite the decrease in FTEs.

**4-Staff-176**
**Human Resources**
**Ref 1: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC-OM&A Programs_20251014**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 6 / pp. 11-13 (pdf pp. 165-167)**
**Ref 3: Exhibit 1 / Tab 6 / Schedule 4 / p. 15 (pdf p. 1496)**

**Question(s):**

a) In reference 2 Alectra Utilities states that corporate-wide severance costs of $0.9M in 2019, $0.5M in 2021, and $1.4M in 2023 contributed to the program cost increase for each period.
   i) Please indicate the number of FTEs that accepted the severance package for each year.
   ii) Please confirm whether the reductions in FTEs resulted in a cost reduction in the long term.
   iii) Please explain the $1M reduction in severance cost in 2022.

b) Based on reference 1, the program cost in 2025 increased by $1.8M and $2M for 2027. OEB staff notes that Alectra Utilities provided variance explanations for the increase in each segment. However, OEB staff is unable to reconcile the variances for 2025 and 2027 given the explanations provided.
   i) Please explain and provide a breakdown of the $1.8M increase in 2025.
   ii) Please explain and provide a breakdown of the $2M increase in 2027.

c) Alectra Utilities states in reference 3 that it expects to realize a total savings of $3.6M or an average of $1.2M annually from 2024-2026 through the implementation of its Human Capital Management Systems (HCMS), reducing its reliance on manual processes, lowering payroll administration fees, and licensing costs.
   i) Please explain how $1.2M annual savings from the HCMS project is reflected in the Human Resource OM&A program costs per year.
   ii) Please explain why there was no decrease in FTEs from 2024-2025 despite the savings mentioned for this program.

**4-Staff-177**
**Customer Service**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 7 / pp. 21-22 (pdf pp. 195-196)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 7 / pp. 50-51 (pdf pp. 224-225)**
**Ref 3: Exhibit 1 / Tab 6 / Schedule 4 / pp. 14-15 (pdf pp. 1495-1496)**

**Question(s):**

a) Table 4-29-49 of reference 1 shows the cumulative savings under this program.
   i) Please provide the annual incremental productivity savings (not sustained savings) per year for each initiative for the 2027 to 2031 period.
   ii) Please provide a brief explanation of how the incremental productivity savings for each initiative has been calculated.
   iii) Please provide a spreadsheet that shows supporting calculations used to derive the amount of savings for each initiative per year.
   iv) Please confirm if these savings have been incorporated into the 2027-2031 budget under this program. If not, please indicate which program(s) these savings have been incorporated into.

b) An annual savings of $1.6M is forecasted for the MyAlectra portal project from 2024-2026 (reference 3). It also projects $27M cumulative savings over 2027-2031 from increased adoption of e-billing and enhanced self-service options, reducing postage and labour costs. Reference 1 states that E-billing penetration is expected to increase from 39.8% in 2024 to 68.4% by 2031.
   i) Please breakdown the annual savings between expected postage and labour savings for each year from 2024-2031.
   ii) Please explain further the assumptions that Alectra Utilities used to arrive at 68.4% e-bill penetration rate.
   iii) Please explain why the e-bill penetration could not be higher than 68.4%?

c) OEB staff notes that Customer Information System (CIS) integration contributed to the variances in some years under this program. Please summarize the total costs and expected incremental productivity savings related to the CIS integration per year under this program, including the number of FTEs for each year related to the CIS integration.

**4-Staff-178**
**Customer Service – Billing Segment**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 7 / pp. 33-35 (pdf pp. 207-209)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 7 / Table 4-2-42 & Table 4-2-43 pp. 8-9 (pdf pp. 182-183)**

**Question(s):**

a) The Billing segment cost increased by $2.6M in 2018 compared to previous year as a result of labour ($1M), postage and printing ($1.8M), and third party cost related to the CIS integration ($0.2M).
   i. Please further explain the increase of $1M in labour cost (e.g., additional FTEs, inflation, etc.).

b) In 2019, Alectra Utilities states that the Billing segment cost increased by $4.1M as a result of labour with the addition of five billing staff from the Guelph merger ($1.5M), postage and printing costs with addition of Guelph Hydro costs ($1.6M), and third party services related to the integration of the Horizon rate zone into the Alectra Utilities CIS ($0.9M).
   i) Please confirm the five positions from the Guelph's merger. Were there other costs that contributed to the $1.5M increase aside from the five additional positions? If so, please explain.
   ii) Please explain the nature of the addition of Guelph Hydro cost and how it relates to the $1.6M increase.

c) In 2025, an increase of $1.7M was the result of temporary increased labour costs in support of the Hamilton and Guelph water bill exit and Guelph CIS integration.
   i) Please provide a breakdown of $1.7M into labour costs and Guelph CIS integration.
   ii) How many positions were involved and what were the duties and responsibilities of these positions?
   iii) Are these costs expected to continue after 2025?
   iv) OEB staff notes that the FTEs in this segment increased by 10 in 2025 (reference 2). Please confirm if the additional 10 FTE is due to the temporary increase in labour from Hamilton and Guelph water billing exit and CIS integration. If not, please explain.

d) In 2026, a $3.4M cost increase is expected resulting from the exit of water billing in 2026, offset by a reduction associated with water billing of $1.1M. Please confirm how much of the $3.4M increase is related to the Hamilton water billing.

**4-Staff-179**
**Customer Service – Collections and Payment Segment**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 7 / pp. 39-42 (pdf pp. 213-216)**

**Question(s):**

a) Table 4-2-53 shows that bad debt as a percentage of revenue starts to decrease in 2030 and 2031 due to collection enhancements initiatives and system automation improvements. Please explain why the benefits of the enhancements and initiatives can only be realized in 2030 and 2031.
b) Bad debt expense decreased in 2026 (Table 4-2-53) and increased again in 2027.
    i) What was the reason for the decrease in 2026?
    ii) What affected the lower net write offs in 2026 and why it cannot be maintained in 2027?
c) Reference 1 (page 40 or pdf page 214) states that an increase of $1M in 2018 was due labour cost. Please explain further the labour costs involved that contributed to the increase including the number of additional FTEs.
d) Reference 1 (page 41 or pdf page 215) states that the overall costs for this segment in 2019 increased by $3.7M, primarily driven by increases of $3.6M in non-labour, $3.1M in bad debt, $0.6M in third party costs, and $0.1M in labour. OEB staff is unable to reconcile the breakdown of the $3.7M increase with the numbers provided. Please explain and reconcile the numbers.
e) Aside from collection and disconnection efforts and assistance through payment arrangements, Low-income Energy Assistance (LEAP) and Ontario Energy Support Program (OESP), were there other measures that Alectra Utilities undertook to reduce bad debt expense? Please explain.

**4-Staff-180**
**Customer Service – Customer Care Segment**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 7 / pp. 46-49 (pdf pp. 220-223)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 7 / p. 29 (pdf p. 203)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 7 / pp. 21-26 (pdf pp. 195-200)**

**Question(s):**

a) Table 4-2-56 in reference 1 shows net front line agent requirements, including savings from technology investments in reducing FTEs for front line agents.
    i) Please provide how the FTE savings from technology investments were calculated.

ii) OEB staff notes 48 FTEs from 2026-2031 related to front line agents webchat/backoffice (reference 1). Please clarify if these are new positions or reallocation of existing FTEs.

b) Alectra Utilities states in reference 1 (page 49 or pdf page 223) that $1.4M of the increase in 2026 is due to increased allocated OM&A costs resulting from Hamilton water billing exit and a reallocation of costs from water billing to the electricity line of business.
   i) Please clarify if the $1.4M increase in this period is part of the $3.6M increase due to exit of water billing services in Hamilton (reference 2).
   ii) Please explain the reallocation of costs from water billing to the electricity line of business. Is this a separate or additional costs related to the exit from water billing services?

**4-Staff-181**
**Water Billing**
**Ref: Exhibit 4 / Tab 2 / Schedule 7 / pp. 28-29 (pdf pp. 202-203)**

**Question(s):**

a) Alectra Utilities states that it has decided to discontinue its water billing services to the municipalities of Hamilton, Guelph, Markham, and Vaughn. The impact of the water billing exit related to the Hamilton contract includes a $3.6M annual expense that needs to be absorbed in the OM&A beginning 2026, a reduction of $1.2M in 2027 with the Guelph exit, and $2.3M reduction when Markham and Vaughn exit in 2029. Did Alectra Utilities consider other alternatives apart from absorbing the $3.6M cost from the Hamilton exit?

b) Alectra Utilities states that departure from water billing will strengthen its focus on delivering efficient services, increase overall customer satisfaction, and streamline operations, including the elimination of fifteen positions.
   i) Did Alectra Utilities conduct a study to support the departure from the water billing utilities? If so, please provide the study or explain the result of the study.
   ii) When does Alectra Utilities expect to phase out the $3.6M OM&A cost?
   iii) Please clarify whether the cost related to the elimination of the fifteen positions are included in savings resulting from the exit of Guelph, Markham and Vaughn. Please provide the cost reductions per year.

**4-Staff-182**
**LEAP Funding**
**Ref 1: Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications – Chapter 2, December 16, 2025 / Section 2.4.3.5, p. 36**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 7 / pp. 27-28 (pdf pp. 201-202)**

**Question(s):**

a) Alectra Utilities states in reference 2 that the LEAP fund distribution of $1.2M in 2022 and $1.36M in 2023 were funded from pooling of prior underfunded amounts funded in rates. Please specify the amount per year that was pooled from the underfunded amounts.
b) Reference 1 states that distributors may propose a LEAP fund higher than 0.12% of a distributors OEB-approved distribution revenue requirement if its demographics points to a greater need, and the details of those demographics must be provided. OEB staff notes in reference 2 that Alectra Utilities is requesting that its 2027-2031 LEAP funding increased to more than 0.12%. Please provide the demographic details of Alectra Utilities' customers that lead to the increase in LEAP funding.
a) Alectra Utilities provides the proposed LEAP funding in Table 4-2-51 of reference 2, and states that the amount reflects an average of 4% increase from the 2024 LEAP disbursement of $1.7M. Please explain further the assumptions for the proposed values.

**4-Staff-183**
**IT Costs**
**Ref 1: Exhibit 1 / Tab 9 / Schedule 5 / p. 3 (pdf p. 1712)**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 8 / p. 8 (pdf p. 242)**

**Question(s):**

a) Alectra Utilities states in reference 1 that the consolidation of five independent IT environments into a single enterprise architecture generated sustained savings for customers into the 2027-2031 period. Please explain whether there are incremental savings reflected in the Digital and Innovation program and specifically the IT operations segment in the forecast period. If so, please provide the estimated incremental savings amount per year.

**4-Staff-184**
**Digital and Innovation**
**Ref: Exhibit 4 / Tab 2 / Schedule 8 / p. 1 (pdf p. 235)**

**Question(s):**

a) OEB staff notes that at the segment level, Alectra Utilities did not explain drivers of the year-over-year cost increases. However, the total program cost in in reference 1 shows a material increase in 2018, 2022, 2023 and 2024. Please explain drivers of the increase for each of these years at each segment level.

**4-Staff-185**
**Compensation per FTE**
**Ref 1: Exhibit 4 / Alectra_Attach 4-6_OEB Appendix 2-K – Employee Costs_20251014**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 8 / p. 35 (pdf p. 269)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 8 / p. 30 (pdf p. 263)**
**Ref 4: Exhibit 4 / Tab 2 / Schedule 8 / p. 23 (pdf p. 257)**

**Question(s):**

a) Please explain the OM&A cost increase in reference 2 of $1M driven by 3 FTE's (approximately $300k per FTE) for the 2026-2031 period. Please also provide the year(s) in which each of these additional FTE's will be added and explain any other cost driver included here.
b) Please explain the increase in reference 3 of $1.3M driven by 6 FTE's (approximately $200k per FTE) for the 2026-2031 period. Please also provide the year(s) in which each of these additional FTE's will be added and explain any other cost driver included here.
c) Please explain the increase in reference 4 of $2.1M driven by 4 additional roles (approximately $500k per FTE if no other drivers) for the 2026-2031 period. Please provide the year(s) in which each of these additional FTE's will be added and explain and quantify any other cost driver included here. Please also clarify the need for three additional FTEs in 2027 which contribute to the labour cost increase of $0.6M.

**4-Staff-186**
**System Control**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 9 / pp. 10-13 (pdf pp. 408-411)**
**Ref 2: Exhibit 4 / Tab 3 / Schedule 3 / Table 4-3-2 / p. 2 (pdf p. 625)**

**Question(s):**

a) Please provide a more detailed breakout of the System Control program budget for the 2021 - 2027 period using the activities described in reference 1 (or at the level of granularity that is available to Alectra Utilities).
b) Alectra Utilities states in reference 1 that program costs are expected to increase in 2027 relative to 2026 due to an additional eight System Control Operators. In 2028, an additional seven operators are required. These numbers do not align with the FTE by OM&A program provided on a year-over year-basis in reference 2. Please reconcile the numbers and revise the evidence as needed.

**4-Staff-187**
**System Control**
**Ref 1: Alectra_Attach 4-6_OEB Appendix 2-K – Employee Costs_20251014**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 9 / p. 13 (pdf p. 411)**

**Question(s):**

a) Alectra Utilities states that in 2027, program costs are expected to increase by 13% due to 8 additional System Control Operators and in 2028 by an additional 7 Operators. Please provide the dollar increase associated with these additional FTE's in each year.

**4-Staff-188**
**Stations**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 10 / pp. 12-17 (pdf pp.423-428)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B01 – Overhead Asset Renewal / p. 45 (pdf Exhibit 2A Part 2 p. 53)**

**Question(s):**

a) Please provide a more detailed breakout of the Stations program budget for the 2021-2027 period using the activities described in reference 1 (or at the level of granularity that is available to Alectra Utilities).
b) Alectra Utilities states that there is an increase in labour costs of $1.3M due to an increase in headcount in 2025: 4 Protection and Control Technologists, 1 Stations Maintenance Technician, 2 Stations Engineers, 1 Station Design

Technologist, 1 Technical Trades Supervisor, 1 Engineering Clerk and 2 Co-op students. Please provide an update on the hiring of these positions in 2025.

c) In reference 2, Alectra Utilities states that one of the benefits of voltage conversion would be to decommission some older stations that would otherwise need to be renewed and maintained. Please explain how these benefits are recognized in the overall OM&A costs by program.

**4-Staff-189**
**Cable Locates**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 12 / pp. 8 - 13 (pdf pp. 451 - 456)**
**Ref 2: Exhibit 1 / Tab 6 / Schedule 4 / p. 11 (pdf p. 1492)**

**Question(s):**

a) Please provide a more detailed breakout of the Cable Locates program budget for the historical and forecast period attributed to volume increases and locate service provider fees. How are the locate notification volumes forecasted for the 2025 - 2031 period?
    i. Please also provide supporting calculations used to derive the forecast costs per year.
b) Please explain how the annual savings in reference 2 related to Locates have been factored in when preparing the budget for the forecast period?
c) Please provide a table that shows (i) actual and forecast cable locate program costs per year, (ii) the total amount (all five rate zones) recorded in the Getting Ontario Connected Act (GOCA) Variance account 1508 per year, (iii) total cost which is a sum of (i) and (ii) for the 2017 to 2027 period.
    i. Please provide an explanation for year-over-year increases/decreases in the above calculated annual total cost in (c) which is above $1M.

**4-Staff-190**
**Network Metering**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 13 / p. 16 (pdf p. 472)**
**Ref 2: Exhibit 2A / Tab 1 / Schedule 1 / Appendix B09 – Information Technology Systems / p. 349 (pdf Exhibit 2A Part 2 p. 357)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 13 / pp. 5-6 (pdf pp. 461-462)**

**Question(s):**

a) In reference 2, Alectra Utilities states that the consolidation of its meter reading systems will reduce duplication of effort related to testing, training, integrations and compliance obligations. In reference 3, Alectra Utilities states that transitioning a portion of MV-90 customers to AMI 2.0 will reduce the need for

customers to provide telephone lines, reduce manual effort and contain costs. Please quantify the expected savings from these upgrades in the cost drivers for each year from 2026-2031 provided in reference 1.

**4-Staff-191**
**Vegetation Management**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 15 / p. 11 (pdf p. 495)**

**Question(s):**

a) Alectra Utilities states that the reactive tree trimming segment focuses on immediate issues and emergencies. Does a portion of the costs in this segment include damages from storm and extreme weather events? If so, please provide the actual amounts spent and budgeted for such extreme weather events from 2020 to 2027.
b) Alectra Utilities states that the majority of tree trimming is performed by third-party contractors whose costs continue to rise. Please also provide the following:
    i. Please explain the procurement process by which Alectra Utilities determined the third-party contractors.
    ii. Please provide an annual actual/forecast tree trimming cost performed by third-party contractors from 2020 to 2027.

**4-Staff-192**
**Overhead Inspections and Maintenance**
**Ref 2: Exhibit 4 / Tab 2 / Schedule 16 / p. 30 (pdf p. 530)**
**Ref 3: Exhibit 4 / Tab 2 / Schedule 16 / p. 46 (pdf p. 546)**

**Question(s):**

a) Alectra Utilities states in reference 1 that Disconnect/Reconnects segment costs are expected to increase by $2.07M from 2026 to 2031. This increase is due to expected labour cost increases as disconnect and reconnect work is completed by internal staff.
    i. Please explain whether this work was completed by third party contractors in the historical period and the associated labour costs in the historical period.
    ii. Please also provide the forecast of disconnect/reconnect requests during the forecast period.
b) Alectra Utilities states in reference 2 that increases in labour costs are expected to increase System Reactive Repairs and Trouble Calls segment budget by $1.17M from 2024 to 2026. From 2026 to 2031 costs in this segment increase by

$2.85M due to increases in labour rates. Please explain the increase in labour rates and how it was forecasted.

c) Please explain the year-over-year cost increases/decreases above $1M threshold at the program level where segment specific data is not available due to varying legacy financial systems and segmentation approaches (2017-2020).

**4-Staff-193**
**Underground Inspections and Maintenance**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 17 / p. 38 (pdf p. 584)**

**Question(s):**

a) Alectra Utilities states that from 2026 to 2031 System Reactive Repairs and Trouble Calls are expected to increase by $5.98M. Please provide a cost breakdown by inflation related costs, increases in contractor fees, asset inspection contract service fees and additional FTEs. Please explain any year-over-year cost increases that are above $1M.

b) Alectra Utilities further states that in 2027 the additional 25 FTEs under the overall Lines department will impact the System Reactive Repairs and Trouble Calls segment. Please provide the amount related to these FTEs attributed to this segment.

**4-Staff-194**
**Facilities**
**Ref 1: Exhibit 4 / Tab 2 / Schedule 18 / pp. 6-7 (pdf pp. 590-591)**

**Question(s):**

a) Please provide a more detailed breakout of the Facilities program budget for the 2021 to 2027 period using the activities/cost drivers described in reference 1 (or at the level of granularity that is available to Alectra Utilities).

**4-Staff-195**
**Compensation**
**Ref 1: Exhibit 4 / Tab 3 / Schedule 5 / pp. 2-4 (pdf pp. 673-675)**

**Question(s):**

a) Please provide sources of information that Alectra Utilities used to forecast its merit increases for management and non-union employees.

b) Please provide a table that shows the salary projections for the utility and broader public sectors, and consumer price indices that Alectra Utilities used to determine the merit increases (during the historic period), as well as the resulting

merit increase associated with each performance rating. Please comment on whether the merit increases are aligned with these projections.

c) Please provide the average annual merit-based pay as a percentage of the average annual salary for senior management and the executive team for each of the historical years.
d) Reference 1 only shows wage increases for unionized employees. Please provide an average annual salary increase (in %) for management employees per year from 2020 to 2027.

**4-Staff-196**
**Employee Benefit Costs**
**Ref 1: Exhibit 4 / Tab 3 / Schedule 5 / p. 6 (pdf p. 677)**

**Question(s):**

a) Please explain the assumptions used to project Alectra Utilities' benefit costs for 2025-2031.

**4-Staff-197**
**Corporate Allocations and Shared Services**
**Ref 1: Exhibit 4 / Tab 4 / Schedule 1 / p. 2 (pdf p. 772)**
**Ref 2: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-JC-OM&A Programs_20251014**
**Ref 3: Exhibit 4 / Tab 4 / Schedule 1 / Table 4-2-2 / p. 6 (pdf p. 776)**

**Question(s):**

a) Alectra Utilities states in reference 1 that given the utility's organizational changes, it engaged Atrium Economics, LLC to evaluate and update its cost allocation methods in 2020 and 2024 and implemented the changes in 2022 and 2025 respectively.
    i) Does Alectra Utilities plan to conduct another study to assess its shared services and corporate cost allocation processes? If so, please provide a timeline.
b) Please provide the number of positions and position titles that Alectra Inc. allocates to Alecta Utilities, in full or in part.
c) Please provide explanations for the year-over-year cost increases/decreases which exceed $1M in the Corporate Allocations program (reference 2) for 2018, 2019, 2021, 2022, 2005, and 2026.
d) Please explain the drivers of the increases of $1M in 2019, $1.1M in 2020, $3.1M in 2022, and $1.1M in 2024 in the net total line, as shown in reference 3.

**4-Staff-198**
**Corporate Allocations and Shared Services**
**Ref 1: Exhibit 4 / Alectra_Attach 4-2_OEB Appendix 2-N-Shares Services and Cost Allocation_20251014**
**Ref 2: Exhibit 4 / Tab 4 / Schedule 1 / p. 2 (pdf p. 772)**

**Preamble:**
OEB staff has summarized the corporate cost allocations for services provided by Alectra Inc. to Alectra Utilities in the tables below.

**Alectra Inc. to Alecta Utilities (%)**

| Services | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Board of Directors | 10% | 5% | 6% | 40% | 52% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% |
| Legal, Strategy & Corporate Secretary | 98% | 97% | 97% | 98% | 100% | 95% | 95% | 95% | 100% | 95% | 95% | 95% | 95% | 95% | 95% |
| Regulatory, Government & Corporate Relations | 99% | 100% | 100% | 100% | 100% | 99% | 99% | 99% | 46% | 46% | 46% | 46% | 46% | 46% | 46% |
| Corporate and Financial Stewardship | 48% | 67% | 58% | 78% | 79% | 90% | 88% | 89% | 78% | 78% | 78% | 78% | 78% | 79% | 79% |
| Internal Audit | | 99% | 99% | 99% | 99% | 96% | 96% | 96% | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| Digital & Innovation | | | | | | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 99% |
| People & Transformation | | | | | | 98% | 97% | 97% | 97% | 97% | 97% | 97% | 97% | 97% | 97% |
| Strategy, ERM & Sustainability | | | | | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**Alectra Inc. to Alecta Utilities ($M)**

| Services | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Board of Directors | 0.1 | 0.0 | 0.0 | 0.3 | 0.5 | 1.0 | 1.1 | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 1.5 | 1.5 |
| Legal, Strategy & Corporate Secretary | 0.7 | 1.0 | 1.0 | 1.1 | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 |
| Regulatory, Government & Corporate Relations | 1.4 | 1.0 | 0.9 | 1.1 | 1.2 | 1.1 | 1.2 | 1.2 | 1.1 | 1.1 | 1.2 | 1.3 | 1.3 | 1.3 | 1.4 |
| Corporate and Financial Stewardship | 3.9 | 2.6 | 3.1 | 3.3 | 3.5 | 3.9 | 3.3 | 3.4 | 4.0 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.6 |
| Internal Audit | | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 | 0.6 | 0.7 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.5 |
| Digital & Innovation | | | | | | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 1.3 | 0.9 | 0.9 | 1.1 | 0.8 |
| People & Transformation | | | | | | 0.7 | 0.9 | 1.6 | 1.3 | 0.7 | 0.8 | 0.8 | 0.9 | 0.9 | 0.9 |
| Strategy, ERM & Sustainability | | | | | | 1.0 | 1.1 | 1.1 | 1.0 | 0.9 | 1.1 | 1.0 | 1.1 | 1.2 | 1.1 |
| **Total** | **6.0** | **5.3** | **5.7** | **6.5** | **6.7** | **9.6** | **9.5** | **10.6** | **10.9** | **10.0** | **11.1** | **10.9** | **11.2** | **11.7** | **11.7** |

**Question(s):**

a) Please explain the reason for allocating Internal Audit services to Alectra Utilities beginning 2018.
b) Please explain the rationale for allocating Digital & Innovation, People and Transformation, and Strategy, ERM & Sustainability services to Alectra Utilities beginning 2022.
    i) Is it more cost effective to receive these services through Alectra Inc.?
c) Please explain drivers of the $3M increase in 2022, $1.1M in 2024, and $1.1M in 2027 for the services provided by Alectra Inc. to Alectra Utilities in the above table.
d) OEB staff notes changes in allocations for 2022 and 2025.
    i) Please confirm if these changes were the result of the Atrium's study for 2022 and 2025.
    ii) Please explain the difference between the implemented 2022 and 2025 corporate cost allocation methodology.

e) Please briefly describe the services provided to Alectra Utilities related to Corporate and Financial Stewardship.

## Exhibit 5 – Cost of Capital

**5-Staff-199**
**Debt to Equity Ratio**
**Ref 1: EB-2024-0063, Cost of Capital Decision, March 27, 2025, p. 65**
**Ref 2: Exhibit 5 / Alectra_Attch 5-1_OEB Appendix 2-OA Capital Structure and Cost of Capital_20251014**

**Question(s):**

a) Please revise Appendices 2 - OA Capital Structure to show the Capitalization Ratio (% and $), Cost Rate (%), and Return ($) of both Notional Long-term Debt and Actual Long-term Debt. Please ensure the average of the Notional Long-term Debt and Actual Long-term Debt matches the Revenue Requirement Workform.
b) Please provide the actual debt to equity ratio from 2019 to 2027.
c) Please explain material differences between the actual debt to equity ratio for 2019-2027 and the deemed ratio of 60:40, if there is any.

**5-Staff-200**
**Issuance Costs of Long-term Debts**
**Ref 1: Error Checking Round 1, Item 9**
**Ref 2: Exhibit 5 / Alectra_Attach 5-3_OEB Appendix 2-OB – Debt Instruments_20251014Ref 3: Exhibit 5 / Tab 1 / Schedule 1 / Table 5-1-3, Table 5-1-4 / pdf p. 3**

**Question(s):**

a) Please confirm that the issuance costs are incorporated into the debt interest rate used to set rates.
b) Please confirm whether issuance costs are applied to all debts listed in Table 5-1-3.
c) Please provide the calculation methodology used to determine the issuance cost for each debt.
d) Please explain why it is appropriate to include issuance costs on debts.

**5-Staff-201**
**Capitalization Ratio**
**Ref 1: Exhibit 5 / Alectra_Attch 5-1_OEB Appendix 2-OA Capital Structure and Cost of Capital_20251014**
**Ref 2: Exhibit 1 / Tab 2 / Schedule 2 / p. 2 (pdf p. 29)**

**Preamble:**
Alectra Utilities stated in Reference 2 that the company's predecessor utilities last rebased in 2013 (Enersource), 2015 (Hydro One Brampton), 2015-2019 (Horizon Utilities -CIR), 2016 (Guelph Hydro), 2017 (PowerStream).

**Question(s):**
a) In Reference 1, the last OEB-approved (rebased) year is 2019. Please confirm whether this 2019 capital structure includes all rate zones. If not, please indicate which rate zones are included in the 2019 capital structure.
b) Please provide the capital structure for each legacy utility as of its last rebasing.

**5-Staff-202**
**Credit Rating**
**Ref 1: Exhibit 1 / Tab 8 / Schedule 4 / Attachment 1-10 Morningstar DBRS Credit Rating Report / p. 2 (pdf pp. 1635)**

**Preamble:**
In reference 1, Morningstar stated Alectra Utilities' capex on the nonregulated business ($100 million in 2024) was higher than normal because of the one-time investments in the Company's gas generation and power restoration business.

**Question(s):**
a) Please explain how Alectra Utilities ensures that there is no cross-subsidization between its unregulated and regulated businesses.
b) Has Alectra Utilities performed its own analysis that compares its business risk and financial risks to other large electricity companies in Canada or the U.S.? If so, please provide that analysis.

**5-Staff-203**
**Long-term Debt**
**Ref 1: Exhibit 5 / Alectra_Attach 5-1_OEB Appendix 2-OA – Capital Structure and Cost of Capital_20251014**
**Ref 2: Exhibit 5 / Alectra_Attach 5-3_OEB Appendix 2-OB – Debt Instruments_20251014**

**Question(s):**

a) Please update Appendix-OA and Appendix-OB and attach the corresponding promissory notes if there are any updates to the forecasted debt.
b) Please identify the institution(s) from which Alectra Inc. obtains its external debt financing.
c) What due diligence has Alectra Inc. undertaken to ensure its preferred lender is offering a competitive rate and product?
d) Please provide a comparison of the rates Alectra Utilities has recently borrowed, compared to its utility peers of similar size.

**5-Staff-204**
**Return on Equity (ROE)**
**Ref 1: Exhibit 5 / Tab 1 / Schedule 1 / pp. 2 / Table 5-1-1 / p. 2 (pdf p. 2)**

**Question(s):**

a) Please provide the achieved ROE for 2025, or an estimate, if available.

**5-Staff-205**
**Short-term Debt**
**Ref 1: Exhibit 5 / Tab 1 / Schedule 1 / p. 4 (pdf p. 4)**
**Ref 2: Exhibit 1 / Tab 8 / Schedule 3 / Attachment 1-9 / p. 30 (pdf p. 1618)**

**Question(s):**

a) Please elaborate more on how the actual interest rate of short-term debt that Alectra Utilities received is determined.
b) Are there any other forms of short-term debt besides commercial paper? If yes, please indicate what they are.
c) Please confirm whether Alectra Utilities receives the same terms of short-term debt that Alectra Inc. receives through third party facilities.
d) Please confirm whether any issuance costs are levied on short-term debt.
    i. If so, please provide the calculation methodology of the issuance costs.

# Exhibit 6 – Revenue Requirement

**6-Staff-206**
**2025 Tax Return**
**Ref 1: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications, December 16, 2025, p. 43 (pdf p. 49)**

**Preamble:**
Chapter 2 Filing Requirements states that:

> The distributor must provide copies of the most recent Federal and Provincial tax returns.

OEB staff notes that 2025 Federal and Provincial tax return is not submitted in this application.

**Question(s):**

a) Please provide a copy of 2025 draft Federal and Provincial corporate tax returns and provide a final set of returns when they are available.

**6-Staff-207**
**Tax Credits**
**Ref 1: Exhibit 6 / Tab 2 / Schedule 1 / Tax Credits, p. 24**
**Ref 2: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications, December 16, 2025, p.43 (pdf p. 49)**

**Preamble:**
Chapter 2 Filing Requirements states that:

> Distributors are expected to exercise sound tax planning and are expected, for rate-setting purposes, to maximize tax credits and take the maximum deductions allowed. The distributor must provide a calculation of tax credits (e.g., Apprenticeship Training Tax Credits, education tax credits, Ontario Regional Opportunities Investment Tax Credits*).*

Alectra Utilities states that the test year's gross-up PILs includes the impact of the tax credit reclass to other revenue. Alectra Utilities has forecasted $0.56M Scientific Research and Experimental Development (SR&ED) tax credits, $0.35M Apprenticeship Job Creation, and Ontario Co-operative Education Tax Credits of $0.35M based on 2023 actual amounts.

**Question(s):**

a) Please confirm whether there will be education tax credits or Ontario Regional opportunities Investment tax credits are available in the upcoming rate term.
   i. If so, please provide the estimated amount and explain what the revenue requirement impact would be.
   ii. If not, please explain why not.
b) Please provide an itemized breakdown of the tax credits claimed from 2017 to 2025.
   i. Please explain why Alectra Utilities used one year (i.e., 2023) claimed amounts for the above-mentioned credits in forecasting the test years' credit amounts.
   ii. Please provide a forecast of eligible SR&ED expenditures using alternative approaches with one being the average of most recent three historical years' actual amounts.
   iii. Please compare the result from the alternative approach to what was the proposed tax credits and calculate the impact.
c) Please update the PILs model by including the tax credits in the PILs model rather than including them into other revenues.

**6-Staff-208**
**PILs Model**
**Ref 1: Exhibit 6 / Alectra_Attach 6-7_PILs Workform_20251014**
**Ref 2: Exhibit 2B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
Per references 1 and 2, OEB staff has complied a table as below, showing the difference of capital additions between PILs model (Schedule 8) and Appendix 2BA (before CWIP addition and excluding land).

**Differences of Capital Additions between PILs (Sch8) & 2BA**

| $ | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|
| **Capital additions (Ref 1) - (a)** | 325,506,632 | 432,318,247 | 466,857,805 | 568,352,932 | 618,945,827 | 610,756,296 |
| **Capital additions (Ref 2) - (b)** | 335,859,635 | 444,249,000 | 481,638,492 | 587,054,910 | 641,342,021 | 638,671,938 |
| **Variance (b-a)** | 10,353,003 | 11,930,753 | 14,780,687 | 18,701,978 | 22,396,194 | 27,915,642 |

**Question(s):**

a) Please reconcile and explain the variances identified in the table above.
b) Please update the evidence as applicable.

**6-Staff-209**
**Accelerated Investment Incentive Program (AIIP)**
**Designated Immediate Expensing Property (DIEP)**
**Ref 1: Exhibit 6 / Tab 2 / Schedule 1 / p. 5 (pdf p. 23)**
**Ref 2: Exhibit 9 / Tab 3 / Schedule 26 / Section 4.2.25 / p. 1 (pdf p. 502)**
**Ref 3: Alectra_Attach 9-15_Accelerated CCA Difference (Bill C-97) _20251014**
**Ref 4: Alectra_Attach 9-16_Accelerated CCA Difference (Bill C-19) _20251014**
**Ref 5: Chapter 2 Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications, December 16, 2025, p. 68 (pdf p. 74)**
**Ref 6: Exhibit 6 / Alectra_Attach 6-7_PILs Workform_20251014, Schedule 8**
**Ref 7: Exhibit 2B / Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
Per reference 1, Alectra Utilities confirms that it utilized the AIIP and DIEP in all tax years in which they are applicable. The DIEP allows a qualifying corporation to expense up to $1.5M per taxation year, for eligible property acquired on or after April 19, 2021 which becomes available for use before January 1, 2024. The AIIP provides for a first-year increase in capital cost allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018, available for use before 2028.

Per reference 2, Alectra Utilities states that it uses the approved capital additions to calculate the revenue requirement impact and records the full revenue requirement impact of any changes in CCA rules.

Per references 3 and 4, OEB staff notes that Alectra Utilities used the last OEB-approved capital additions for each legacy utility in calculating the Accelerated CCA (Account 1592 continuity schedule). OEB staff notes that total amount indicated in the tab “FP” in reference 3 starts from 2022 instead of 2018 when AIIP rule is effective from Nov 2018 and the amounts of immediate expense impact are all hardcoded.

OEB staff also notes that tab “FP” does not reconcile to Account 1592 PILs and Tax Variance Sub-Account CCA Changes in the DVA continuity schedule of each rate zone in this application. For example, 2022 PRZ per tab “FP” is a credit ($3,379,080) while the PRZ DVA continuity shows a credit ($3,164,153). This discrepancy applies to the DVA continuity of each rate zone.

Per reference 5, the 2027 filing requirements state that calculations for accelerated CCA differences per year are based on actual capital additions.

Per reference 6, OEB staff notes Alectra Utilities has applied phase-out AIIP from 2025 to 2027 and reversed back to the legacy half-year rule from 2028 to 2031.

**Question(s):**

a) Please confirm that the AIIP and DIEP has been claimed in Alectra Utilities' actual tax filings for the period from 2018 to 2025 when applicable.
b) Please provide reference of OEB-Approved capital additions of each rate zone used for the current calculation of Account 1592.
c) Please answer the following questions regarding references 3 & 4:
    i. Please add instruction sheet in both references 3 and 4 to explain the methodology/logical of each tab.
    ii. Please show the calculation of all the amounts without hardcoding (e.g., Tab "FP" Immediate Exp Impact).
    iii. In reference 4 (Tab Summary), please explain why the revenue requirement impact starts from 2013, even though the last rebasing years for each rate zone are different.
    iv. In reference 4, please explain why there is no 1.0 multiplier based on the phase-out impact from 2024.
    v. In reference 4, please explain why the AUC tab includes the years until 2029 while the impacts of Bill-19 on Account 1592 are only until 2026.
    vi. Please ensure to only include the calculation of relevant years and remove irrelevant periods.
    vii. Please reconcile reference 3 to reference 4.
    viii. Please provide excel worksheet to consolidate the amounts calculated from reference 3 and 4 and include the following:
        1) Please provide a breakdown by each rate zone and also summarize the amounts calculated of each rate zone for the period from 2019 to 2026.
        2) Please reconcile this worksheet to Table 9-3-59 in reference 2.
        3) Please show the calculation of all the amounts without hardcoding.
        4) Please reconcile to the amounts recorded in Account 1592 in DVA continuity for **each rate zone each year**.
d) Please provide a consolidated excel worksheet based on updated references 3 and 4 using **actual capital additions from 2018 to 2026**. Please follow the steps outlined in reference 5 for the calculation.

i. Please update Table 9-3-59 in reference 1 reflecting this scenario results in Account 1592.

ii. Please complete the following summary table compiled by OEB staff to reconcile the amount recorded in Account 1592 in DVA continuity to updated reference 3 and 4 for **each rate zone separately** (please ensure all the amounts recorded in the following table has its supporting calculation).

| Schedule 8 actual capital additions | CCA without AIIP/DIEP | CCA with AIIP/DIEP | Difference | Tax Rate | Tax Impact | Income Tax (Grossed Up) | Account 1592 |
|---|---|---|---|---|---|---|---|
| Rate Zone | a | b | c=b-a | d | e=c*d | f=e/(1-d) | g=f |
| 2018 actual | | | | 26.50% | | | |
| 2019 actual | | | | 26.50% | | | |
| 2020 actual | | | | 26.50% | | | |
| 2021 actual | | | | 26.50% | | | |
| 2022 actual | | | | 26.50% | | | |
| 2023 actual | | | | 26.50% | | | |
| 2024 actual | | | | 26.50% | | | |
| 2025 actual | | | | 26.50% | | | |
| 2026 forecast | | | | 26.50% | | | |
| Total | | | | | | - | - |

iii. Please complete the following table compiled by OEB staff to reconcile actual capital additions, undepreciated capital cost (UCC) schedule and CCA amounts (before capital work in progress (CWIP) addition and excluding land) across the three references:

| | Capital Additions | | UCC | | CCA Amount | |
|---|---|---|---|---|---|---|
| | 2025 | 2026 | 2025 | 2026 | 2025 | 2026 |
| **CCA Workform (Ref 3 & 4) (a)** | | | | | | |
| **PILs Workform Sch8 (Ref 6) (b)** | | | | | | |
| **Appendix 2-BA (Ref 7) (c)** | | | n/a | n/a | n/a | n/a |
| **Variance d = (b-a)** | | | | | | |
| **Variance e = (c-a)** | | | n/a | n/a | n/a | n/a |

iv. Please explain any variances identified in the table above (highlighted rows)

v. Please compare the balance of Account 1592 sub-account CCA changes using the actual capital additions and the balance of Account 1592 sub-account CCA changes proposed by Alectra Utilities.

**6-Staff-210**
**PILs Model, Sch 8**
**Ref 1: Exhibit 6 / Alectra_Attach 6-7_PILs Workform_20251014**

**Question(s):**

a) Per reference 1, the CCA amounts in the following accounts are all hardcoded, please provide worksheet showing the CCA calculation of these accounts.

| | |
|---|---|
| **13 1** | **Lease # 1** |
| **13 2** | **Lease # 2** |
| **13 3** | **Lease # 3** |
| **13 4** | **Lease # 4** |
| **14** | **Limited Period Patents, Franchises, Concessions or Licences** |

**6-Staff-211**
**Other Revenue**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**

**Question(s):**

(a) Please file an updated Appendix 2-H, with 2025 actuals if available f. If not available, please file updated Appendix 2-H with a more recent 2025 estimate.

**6-Staff-212**
**Other Revenue**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**

**Question(s):**

a) Please explain in detail Alectra Utilities' assumptions and rationale used to forecast other revenue amounts for each account in reference 1 for the 2025 Bridge year, the 2026 Bridge Year, and the 2027 to the 2031 test years.
   i. Please provide supporting calculations to assist with the explanation as needed.

**6-Staff-213**
**Account 4082 – Retail Services Revenues**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**
**Ref 2: Exhibit 8 / Tab 3 / Schedule 1 / p. 1 (pdf p. 67)**

**Preamble:**
In reference 2, Alectra Utilities states that it is not proposing any retail service charges apart from those established on a generic basis. For the purpose of this application, the proposed retail service charges are equal to the OEB's approved 2026 retail service charges from EB-2025-0199.

In reference 1, the forecast year-over-year increase in retail services revenue shows 0% from 2026 to 2031.

**Question(s):**
a) Did Alectra Utilities use the OEB's generic retail service charges to calculate the 2026 revenue? If so, why is there no year-over-year revenue increase in 2026 compared to 2025 based on the OEB's approved 2026 inflation adjustment? Please explain.
b) Is the retail service revenue for the 2027 to 2031 period, which is forecast to increase by 0.0%, just a placeholder?
c) Please confirm whether Alectra Utilities is proposing to update the retail service revenue every year to reflect the OEB's approved retail service charges as part of its annual custom IR update for the 2028 to 2031 period. If not, please explain why not.

**6-Staff-214**
**Account 4210 – Rent from Electric Property**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**
**Ref 2: Exhibit 6 / Tab 3 / Schedule 1 / p. 5 (pdf p. 262)**

**Preamble:**
Alectra Utilities states in reference 2 that from 2026 - 2027, pole attachment revenues are forecasted to increase by approximately $2.6M, reflecting a change in the accounting treatment of pole attachment revenues.

Reference 2 also states that Alectra Utilities proposes to continue charging the provincially approved rate per pole per month for pole attachments.

Reference 1 shows that the pole attachment revenues are forecast to increase by 1.8% per year from the 2028 to 2031 period which is less than the OEB's current approved 2026 inflation of 3.7%.

**Question(s):**

a) Is the 2026 - 2027 increase in pole rental revenue within Account 4210 solely attributable to Alectra Utilities' proposal to adopt the latest OEB-approved pole attachment charge? Please provide Alectra Utilities' supporting calculations used to derive the pole attachment revenue for 2027.
b) Is the forecast 1.8% increase in pole attachment revenue (reference 1) for the 2028 to 2031 period just a placeholder? Please confirm whether Alectra Utilities is proposing to update the pole attachment revenue every year for the 2028 to 2031 to reflect the OEB's approved distribution pole attachment charge as part of its annual custom IR update for the 2028 to 2031 period. If not, why not?

**6-Staff-215**
**Account 4086 - SSS Administration Revenue**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4086 show an annual increase of $2.6M in 2019 which exceeds the materiality threshold of $1M:

**Question(s):**

a) Please provide the following.
    i. Explanation for drivers of the increase.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-216**
**Account 4225 - Late Payment Charges**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**
**Ref 2: Exhibit 6 / Tab 3 / Schedule 1 / pp. 3-4 (pdf pp. 260-261)**

**Preamble:**
Alectra Utilities explained in reference 2 that the year-over-year changes in this account are mainly driven by changes in collection activities.

For 2021 to 2023, reference 2 states that the revenue increases are mainly due to overdue account balances. However, OEB staff notes that there is a significant year-over-year increase of $4.9M in revenue in 2021.

**Question(s):**

a) Please explain the significant revenue increase of $4.9M in 2021.

**6-Staff-217**
**Account 4235 - Miscellaneous Service Revenues**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**
**Ref 2: Exhibit 6 / Tab 3 / Schedule 1 / pp. 1-3 (pdf pp. 258-260)**

**Preamble:**
In reference 2, Alectra Utilities provides explanations for some of the year-over-year increases and decreases in other revenue in Account 4235 for 2020 - 2023 and 2027 - 2031.

For 2023, Alectra Utilities states that revenues related to reconnections increased to normal levels in 2023 and then atypically high levels in 2024. For 2025, Alectra Utilities states that revenues return to normal levels. However, OEB staff notes that the 2025 other revenue is more than $1M above the 2023 amount.

Between 2027-2031, Alectra Utilities states that an increase of $3.6M annually is expected due to new specific charges proposed in this application related to customer-requested or distributor-requested disconnection and reconnection. However, OEB staff notes that there is no annual increase of $3.6M from 2027 to 2031.

OEB staff also notes that there are no specific explanations provided for the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Increase of $6.5M in 2018
- Decrease of $4.9M in 2019
- Increase of $2.1M in 2024
- Decrease of $1.1M in 2025
- Increase of $1.5M in 2027

**Question(s):**

a) Please confirm whether the increase of $3.6M per year has been incorporated into the forecast 2027-2031 in reference 2. If not, please revise the evidence as needed.

b) What revenue level is considered normal when the 2025 other revenue, considered normal by Alectra Utilities, is more than $1M above the 2023 level, which is also considered normal?
c) Please explain why the other revenue in year 2024 increased to an atypically high level.
d) Please confirm whether the amounts recorded in Account 4235 include MicroFit-related revenues. If not, please update Account 4235 data in reference to include MicroFit-related revenues if applicable.
e) Please provide the following:
    i. Explanation for drivers of the other increase/decrease for years 2018, 2019, 2024, 2025, and 2027.
    ii. Please provide a detailed calculation to support the 2027 other revenue.

**6-Staff-218**
**Account 4245 - Government and Other Assistance Directly Credited to Income**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4245 show the following year-over-year increases and decrease which exceed the materiality threshold of $1M:

- Increase of $2.8M in 2018
- Increase of $1.6M in 2019
- Decrease of $10.3M in 2020

**Question(s):**
a) Please provide the following.
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-219**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
USoA 4245 (Government and Other Assistance Directly Credited to Income) ceases to be assigned to Other Revenue after 2019.

**Question(s):**

a) Please provide an explanation for where the amounts associated with Government and Other Assistance Directly Credited to Income were allocated after 2019.
b) If the amount remained allocated to Other Revenue, please indicate where.
c) If not, please provide the rationale for why the amount in this account was no longer allocated to Other Revenue after 2019.

**6-Staff-220**
**Account 4305 - Regulatory Debits**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**

The other revenue data in Account 4305 show the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Decrease of $1.7M in 2019
- Decrease of $6M in 2020
- Decrease of $4.8M in 2023
- Decrease of $28.7M in 2026
- Increase of $41M in 2027

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-221**
**Account 4310 - Regulatory Credits**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**

The other revenue data in Account 4310 show the following year-over-year increase and decrease which exceed the materiality threshold of $1M:

- Increase of $2.2M in 2019
- Decrease of $3.1M in 2027

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-222**
**Account 4355 - Gain on Disposition of Utility and Other Property**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4355 show the following year-over-year increase and decrease which exceed the materiality threshold of $1M:

- Increase of $1.3M in 2018
- Increase of $3.2M in 2023
- Decrease of $2.1M in 2024
- Decrease of $1.1M in 2025

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-223**
**Account 4360 - Loss on Disposition of Utility and Other Property**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H- Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4360 show the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Increase of $2M in 2019
- Decrease of $1.4M in 2020
- Increase of $11.1M in 2021
- Decrease of $20.1M in 2022
- Increase of $2.6M in 2023
- Decrease of $4.9M in 2024
- Increase of $4.2M in 2025

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-224**
**Account 4362 - Loss from Retirement of Utility and Other Property**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4360 show the following year-over-year increase and decrease which exceed the materiality threshold of $1M:

- Decrease of $2.6M in 2018
- Increase of $4.7M in 2019

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-225**
**Account 4375 - Revenues from Non Rate-Regulated Utility Operations**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4375 show the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Increase of $25.3M in 2018
- Decrease of $19.3M in 2019
- Decrease of $30.9M in 2020
- Increase of $15.5M in 2021
- Decrease of $24.6M in 2022
- Decrease of $7.2M in 2023
- Decrease of $5.3M in 2024
- Decrease of $7.9M in 2026
- Decrease of $4M in 2029

**Question(s):**

a) Please provide the following:
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-226**
**Account 4380 - Expenses of Non Rate-Regulated Utility Operations**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4380 show the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Increase of $10.6M in 2019
- Increase of $33.5M in 2020
- Decrease of $3.1M in 2021
- Increase of $12.3M in 2022
- Increase of $11.9M in 2023
- Increase of $5.9M in 2026

**Question(s):**

a) Please provide the following.
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-227**
**Account 4390 - Miscellaneous Non-Operating Income**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
The other revenue data in Account 4390 show the following year-over-year increases and decreases which exceed the materiality threshold of $1M:

- Increase of $3.8M in 2019
- Decrease of $3.4M in 2020
- Increase of $1.7M in 2023
- Decrease of $2.4M in 2024

**Question(s):**

a) Please provide the following.
    i. Explanation for drivers of the increase/decrease for each of the years in the preamble.
    ii. Supporting calculations to assist with the explanation if needed.

**6-Staff-228**
**Accounts 4375 and 4380 - Revenues and Expenses from Non Rate-Regulated Utility Operations**
**Ref 1: Exhibit 1 / Tab 8 / Schedule 3 / Attachment 1-9 / p. 8 (pdf p. 1596)**
**Ref 2: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**

**Preamble:**
In reference 1, Alectra Utilities states that it also has a competitive commercial rooftop solar photovoltaic generation business (Solar PV Business) under which it develops, constructs, owns, finances, and operates rooftop photovoltaic generation equipment.

**Question(s):**

a) Please explain whether the revenue and expenses from the Solar PV Business have been recorded in Accounts 4375 and 4380 in reference 2. If not, please explain where in the application the revenue and expenses have been recorded.

**6-Staff-229**
**Other Revenues – Water Billing**
**Ref 1: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-H-Other Revenues_20251027**
**Ref 2: Exhibit 6 / Alectra_Attach 6-9_OEB Appendix 2-N-Shared Services and Corporate Allocation_20251014**

**Question(s):**

a) OEB staff observes that no water billing expenses (Account 4380) are forecasted for 2026-2028 in reference 1, while revenues are expected for the same years from the municipalities of Markham and Vaughn in reference 2. Please explain why no corresponding expense is forecasted to match the expected revenue.

**6-Staff-230**
**Custom Price Index Deficiency for 2028-2031**
**Ref 1: Exhibit 6 / Revenue Requirement Workform for 2028 – 2031 / Tabs 9 and 13**
**Ref 2: Alectra_Responses_Error Checking_Alectra_20251121, Item # 3**

**Preamble:**
In reference 1, Tab 9, the "Base Revenue Requirement" amount in Line 10 is not equal to the "Distribution Revenue" amount in Line 11. Alectra Utilities clarified in reference 2 that the difference between the two lines reflect the Custom Price Index Deficiency (shown in reference 1, Tab 13, cell AO52) which recognizes that its proposed rate framework does not recover all of its forecast costs over the 2028 to 2031 period.

In reference 1 (Tab 13, cell AO52), the Custom Price Index Deficiency amounts for 2028, 2029, 2031, and 2031 are $3.3M, $6.2M, $6.2M, and $2.2M respectively.

**Question(s):**
a) Please provide and explain drivers of the Custom Price Index Deficiency amount for each year for the 2028 to 2031 period.
b) Please explain why the Custom Price Index Deficiency amount shows a large increase in 2029 and 2030 and then decreases significantly below the 2028 level in 2031.

## Exhibit 7 – Cost Allocation

**7-Staff-231**
**Asset Breakout**
**Ref 1: Exhibit 7 / Tab 2 / Schedule 1 / pp. 3-4 (pdf pp. 5-6)**

**Preamble:**
Alectra Utilities has determined the breakout of assets between primary and secondary using information from its Enterprise Resource Planning and Geographic Information Systems.

For account 1830 (Poles, Towers and Fixtures), it is common practice for distributors attach both primary and secondary conductors to the same pole.

**Question(s):**
a) Please confirm that for accounts 1835 (Overhead Conductors and Devices), 1840 (Underground Conduit), and 1845 (Underground Conductors and Devices),

the assets used are specific to one voltage, and are identified as such. If not, please explain.

b) For account 1830, please explain the approach for apportioning poles between rate classes where a pole supports conductors operating at both primary and secondary voltage.

**7-Staff-232**
**Weighting Factors**
**Ref 1: Exhibit 7 / Tab 2 / Schedule 1 / p. 6 (pdf p. 8)**

**Preamble:**
Alectra Utilities determined Billing and Collecting weighting factors by assessing relative time, and cost to provide services to each rate class.

**Question(s):**

a) Please provide the derivation of the billing and collecting weighting factor, including the determination of each cost assigned to each rate class.

**7-Staff-233**
**Load Profiles**
**Ref 1: Exhibit 7 / Tab 2 / Schedule 1 / p. 14 (pdf p. 16)**

**Preamble:**
Upon assessment of available methodologies to prepare updated load profiles, Alectra Utilities stated that it is of the view that Historical Average methodology is the most appropriate. Alectra Utilities explains that it has used four years of data, when the minimum to be sufficient would be three years.

**Question(s):**

(a) In addition to feasibility of data gathering, please provide any reasons why the historical average method was deemed to be more appropriate than a weather normalized regression.

**7-Staff-234**
**Revenue-to-Cost**
**Ref 1: Exhibit 7 / Tab 2 / Schedule 3 / pp. 4-5 (pdf pp. 34-35)**

**Preamble:**
Alectra Utilities is proposing to reduce the revenue-to-cost ratio for the Sentinel Light rate class from 83% to 71% to mitigate the bill impact to customers in the PowerStream

rate zone. This is a move away from unity, and from within the range to below the range.

**Question(s):**

a) Has Alectra Utilities considered other opportunities for mitigating the bill impact to the sentinel light customers other than a revenue-to-cost adjustment away from unity?
b) Would Alectra Utilities consider a multi-year phase-in of harmonization to mitigate impacts?

## Exhibit 8 – Rate Design

**8-Staff-235**
**Rate Harmonization**
**Ref 1: Exhibit 8 / Tab 1 / Schedule 1 / pp. 6-11 (pdf pp. 6-11)**

**Preamble:**
Alectra Utilities performed analysis of eight options class structure of the GS 50-4,999 customers. This appears to have included impacts experienced by a typical customer with a monthly demand of 250 kW, consuming 100,000 kWh per month. This was shown on page 9, in Table 8-1-2.

**Question(s):**

a) Please provide three additional total bill impact scenarios:
    i. for lower volume customers at 50kW / 20,000 kWh
    ii. for higher volume customers at 2500 kW / 1,000,000 kWh per month
    iii. for lower load factor customers at 250 kW / 10,000 kWh per month
b) For the scenario provided, and the three scenarios identified above, please also indicate the distribution bill impact.

**8-Staff-236**
**Rate Harmonization**
**Ref 1: Exhibit 8 / Tab 1 / Schedule 1 / p. 13 (pdf p. 13)**

**Preamble:**
Alectra Utilities proposes to maintain the Large Use with Dedicated Asset (LUDA) rate class and extend it to all rate zones. In doing so, it indicates that no additional customers qualified under the LUDA definition.

**Question(s):**

a) Please confirm that the definition used included all customers served by a dedicated feeder back to the transmission station or explain.
b) If part a) is confirmed, please confirm that there are no customers on dedicated feeders in any other parts of Alectra Utilities' service territory or explain.

**8-Staff-237**
**Fixed/Variable Split**
**Ref 1: Exhibit 8 / Tab 2 / Schedule 2 / pp. 3-6 (pdf pp. 33-36)**

**Preamble:**
Alectra Utilities proposes to maintain the fixed/variable split from its current rate period to design the proposed monthly service charge for all rate classes in 2027. Maintaining the fixed/variable charge while applying the rate harmonization would result in increased fixed charges for some rate zones. Combining this with a rate increase puts further upward pressure on rates.

**Question(s):**

a) What variable charge would result from leaving the fixed charges at the Notional Harmonized 2026 Monthly Service Charge in the GS < 50 kW, GS > 50 kW, and Large Use rate classes?

**8-Staff-238**
**Standby Rate**
**Ref 1: Exhibit 8 / Tab 2 / Schedule 2 / p. 17 (p. 47)**

**Preamble:**
Alectra Utilities is proposing to eliminate its standby rate class, and apply standby rates through the GS > 50, Large Use, and Large Use with Dedicated Assets rate classes. Customers on Gross Load Billing are permitted to remain on Gross Load Billing. The standby volume reflects the difference between the contracted capacity, and the demand on the distribution system.

**Question(s):**

a) Please differentiate between the proposed standby rates and Gross Load Billing, outlining situations where they might be different.
b) How does Alectra Utilities intend to address a capacity overrun where a customer places more demand on the distribution system than the contract provides for?

**8-Staff-239**
**Gross Load Billing**
**Ref 1: Exhibit 8 / Tab 2 / Schedule 2 / p. 18 (pdf p. 48)**
**Ref 2: Exhibit 8 / Tab 2 / Schedule 5 / pp. 1-3 (pp. 58-60)**

**Preamble:**
Alectra Utilities discusses the option of remaining on Gross Load Billing in the context of Standby Rates, but not in the context of Retail Transmission Service Rates (RTSRs).

**Question(s):**
a) Does Alectra Utilities currently apply Gross Load Billing to RTSRs?
b) Does Alectra Utilities pay UTRs or host RTSRs with respect to distributed generation owned by its customers?
c) Does Alectra Utilities propose to charge Gross Load Billing for RTSRs to its customers? If so, how would the charge be determined?

**8-Staff-240**
**Specific Service Charges**
**Ref 1: Exhibit 8 / Tab 3 / Schedule 2 / p. 4 (pdf p. 72)**

**Preamble:**
Alectra Utilities is proposing to apply the standard level of charge from the OEB Handbook for Utility Rate Applications (the handbook) where the fixed charge varies between rate zones. OEB staff notes that variances from the handbook usually arise as a result of distributors putting forth new rates based on cost causation specific to their utility and service territory.

**Question(s):**
a) Does Alectra Utilities intend to review specific service charges for future proceedings?
b) Please provide revenue by service charge, or an estimate as applicable for revenue from service charges for each of:
    i. The most recent historic year at the existing rates.
    ii. The most recent historic year at the proposed rates.
    iii. The 2027 rate year at the proposed rates.

**8-Staff-241**
**Rate Harmonization Proposal and Customer Engagement**
**Ref 1: Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications – Chapter 2, December 16, 2025, pp. 12**
**Ref 2: Exhibit 8 / Tab 1 / Schedule 1 / p. 6 (pdf p. 6)**

**Preamble:**
In reference 1, the filing requirements for application-specific customer engagement states that "Customer engagement should also include customers uniquely affected by a proposal(s) in the application, such as new rate classes, changes to the existing rate classes and changes such as Retail Service Charges, Specific Service Charges, standby rates, and unmetered-load customers. Such communication should take place when proposing changes to the level of the rates and charges, or the introduction of new rates and charges."

Reference 2 states that General Services greater than 50 kW (GS>50 kW), Regular and Intermediate, Large Use with Dedicated Assets (LUDA), Standby Power, Embedded Distributor, and Distributed Generation (DGEN) rate classes do not demonstrate consistency across rate zones, and proposes changes to the existing rate design structure to facilitate consolidation.

**Question(s):**
a) Please confirm whether all customers under these rate classes have been informed of the proposed changes to the existing rate design structure.
   i. If yes, please provide additional information on the consultation/engagement process, as well as feedback from these customers based on the proposed changes.
   ii. If not confirmed, please explain.

**8-Staff-242**
**Bill Impacts for 2027**
**Ref 1: Exhibit 8 / Tab 5 / Schedule 1 / pp. 3-4 (pdf pp. 254-255)**

**Preamble:**
Alectra Utilities' proposed rates result in distribution bill impacts of 20.8% to 99% in the Residential, GS < 50 kW, GS > 50 kW, Large Use, and USL rate classes. In addition, the distribution bill impacts for GS < 50 kW and GS > 50 kW in the Guelph rate zone are 38.8% and 23.8% respectively.

**Question(s):**

a) Please provide any details that would substantiate that the underlying costs to serve customers has changed in each rate zone commensurate with the changes in rates.
b) Has Alectra Utilities considered any options for mitigation of the increases in 2027, such as a multi-year harmonization?
c) Please outline any benefits that accrue specifically to the ratepayers of Brampton and Guelph rate zones as a result of the consolidation.

## Exhibit 9 – Deferral & Variance Accounts

In this section, interrogatories that pertain to specific rate zone(s) are marked with the relevant rate zone(s) (e.g., BRZ, PRZ) directly below the interrogatory number. Interrogatories without rate-zone(s) marked directly below the interrogatory number apply to all rate zones.

**9-Staff-243**
**DVA disposition**
**Ref 1: Exhibit 9**

**Question(s):**

a) Please verify that the depreciation rates used in all the ICM true up models and MIST Meter revenue requirement workforms are based on each legacy's depreciation rate approved in their last rebasing application instead of the new rates per 2025 Alliance Depreciation Study.
b) Please update Group 2 DVA balances as of December 31, 2025, using most updated actual numbers.
c) Please explain when the audited numbers would be available.
d) Please confirm all the interest rates have been updated per the most recent OEB prescribed interest rate.
e) Please confirm that the disposition of both Group 1 and Group 2 accounts is on a final basis over one-year period from January 1, 2027 to December 31, 2027 in the application. If not confirmed, please explain why not.

**9-Staff-244**
**Ref 1: Exhibit 9 / Tab 1 / Schedule 1 / Attachments 9-1, 9-2, 9-3, 9-4, and 9-5 (DVA Continuity Schedules for all rate zones)**
**Ref 2: Exhibit 6 / Tab 1 / Schedule 3 / Attachments 6-1, 6-2, 6-2, 6-4, and 6-5 (Revenue Requirement Workform for 2027-2031)**

**Preamble:**
Footnote #5 in Tab 4 of reference 1 states that the revenue amounts which are used to derive the service charges should be used to derive the DVA rate riders. Therefore, these distribution revenues should include the transformer ownership allowance from the Revenue Requirement Workform, Tab 13. Rate Design, column O + column Y.

**Question(s):**
a) Please confirm whether the sum of distribution revenue amounts for all rate zones (Tab 4, Column I in reference 1) are equal to the distribution revenue amount including transformer ownership allowance (Tab 13, column O + Y) in reference 2 or not. If not, please update Tab 4, Column I in reference 1 for each rate zone, as well as update all the evidence that is affected by this change as needed.

**9-Staff-245**
**BRZ, PRZ, ERZ, GRZ**
**Account 1508 Sub-account Collection Charge Lost Revenue**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 13 / Section 4.2.12 / p. 1 (pdf p. 457)**

**Preamble:**
Alectra Utilities states that the lost collection of account charge revenue that would have been recorded is calculated by multiplying the number of disconnection notices sent to the customers for non-payment by the legacy collection of account charges.

**Question(s):**
a) Please discuss whether there are any savings included when calculating the account balances.
    i. If yes, please complete the following table compiled by OEB staff indicating annual savings from 2019 to 2026:

| | **Year (actual/forecast)** |
|---|---|
| **# of Collection Notices issued** | |
| **Savings incurred** | |

ii. If no, please explain why there is no savings recorded to offset the account balance? (e.g., lower account write-offs, less time allocating resources to consumer complaints, and other similar benefits)

**9-Staff-246**
**Account 1508 Sub-account - Useful Life Changes**
**Account 1508 Sub-account - Direct Labour Capitalization Changes**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 9 / Section 4.2.8 / p. 1 (pdf p. 443)**
**Ref 2: Exhibit 9 / Tab 3 / Schedule 11 / Section 4.2.10 / p. 1 (pdf p. 453)**
**Ref 3: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 32**
**Ref 4: Exhibit 9 / Tab 1 / Schedule 1 / Attachments 9-1, 9-2, 9-3, 9-4, and 9-5 (DVA Continuity Schedules for all rate zones)**

**Preamble:**
In references 1 and 2, Alectra Utilities is seeking disposition of a credit $40.2M for Account 1508 Sub-account Useful Life Changes and a credit $11.7M for Account 1508 Sub-account Direct Labour Capitalization Changes.

Per reference 3, the OEB has denied Alectra Utilities' request for approval of proposed DVAs to track the impact of changes to asset useful life and direct labour capitalization policies.

**Question(s):**
a) Please remove the balances for both DVAs and update the DVA continuity schedule.

**9-Staff-247**
**HRZ**
**DVA Continuity schedule**
**Ref 1: Exhibit 9 / Alectra_Attach 9-1 DVA Continuity Schedule_HRZ_Updated 20251121**
**Ref 2: EB-2014-0002, 7 0 2015 EDDVAR Continuity Schedule CoS v2.0 (2013 Actual) - Revised 12**
**Ref 3: EB-2023-0241, Decision and Rate Order, December 14, 2023, p. 22**
**Ref 4: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 24**

**Question(s):**
a) For LRAMVA, the 2024 OEB-approved disposition for principal amount is $1,465,772 per reference 3 while it shows $2,179,377 in reference 1, please explain the discrepancy.

b) For LRAMVA, please record 2026 OEB-approved disposition per reference 4.

**9-Staff-248**
**BRZ**
**DVA Continuity schedule**
**Ref 1: Exhibit 9 / Alectra_Attach 9-2 DVA Continuity Schedule_BRZ_Updated 20251121**
**Ref 2: EB-2014-0083 /**
**HOBNI_2015_EDDVAR_Continuity_Schedule_xlsm_20141223**
**Ref 3: EB-2023-0241, Decision and Rate Order, December 14, 2023, p. 22**
**Ref 4: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 24**
**Ref 5: Exhibit 9 / Alectra_Attach 9-11_MIST Meter Revenue Requirement_BRZ_20251014 / Tab 4**
**Ref 6: Exhibit 9 / Alectra_Attach 9-7_ICM True-Up Model**

**Question(s):**

a) For LRAMVA, the 2024 OEB-approved disposition for principal amount is $ 3,372,225 per reference 3 while it shows $5,054,126 in reference 1, please explain the discrepancy.
b) For LRAMVA, please record 2026 OEB-approved disposition per reference 4.
c) For Account 1557 MIST Meter, please fill in Tab 4 (rate rider collection) in reference 5 and reconcile to the rate rider collection per RRR report in reference 1 (i.e. $1,631,538 Cell E106 in Tab 3)
d) For Account 1508 Sub-account Incremental Capital Expenditures, OEB staff notes that Alectra Utilities grouped all the projects:
    i. Please provide breakdown of principal and interest based on each project and record them separately using ICM sub-accounts in reference 1.
    ii. Please reconcile the total balance of the sub-accounts in (i) to reference 6
    iii. OEB staff notes that the ICM rate rider collections from 2018 to 2024 (i.e. $7,909,813) in Tab 3 of reference 1 does not match the total amount (i.e. $8,655,121) per sheet 7 in reference 6. Please explain the variance.
e) Per reference 6, OEB staff notes that Alectra Utilities has used the new depreciation rates from the depreciation study which had not been approved in its 2026 IRM application:
    i. Please confirm OEB staff's observation.
    ii. If confirmed, please update all the ICM Ture up Models (i.e. reference 6) by using legacy Horizon's depreciation rates for 2025 and 2026.
    iii. Please reconcile and update reference 1 accordingly.
    iv. If not confirmed, please explain why not.

**9-Staff-249**
**PRZ DVA Continuity schedule**
**Ref 1: Exhibit 9 / Alectra_Attach 9-3 DVA Continuity Schedule_PRZ_Updated 20251121**
**Ref 2: EB-2015-0003 / PowerStream_Schedule K - EDVAR Continuity Schedule and Rate Riders_20160912**
**Ref 3: EB-2023-0241, Decision and Rate Order, December 14, 2023, p. 22**
**Ref 4: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 24**
**Ref 5: Exhibit 9 / Alectra_Attach 9-8_ICM True-Up Model**
**Ref 6: Exhibit 9 / Alectra_Attach 9-12_MIST Meter Revenue Requirement_PRZ_20251014 / Tab 4**

**Preamble:**
Per references 1 and 3, OEB staff has compiled the following reconciling the 2014 ending balances.

| | **Closing principal as of Dec 2014** | **Closing interest as of Dec 2014** |
|---|---|---|
| | **Reference 2** | |
| #1508 Other Regulatory Assets-Sub Account Other | **$844,185** | **$123,632** |
| | **Reference 1** | |
| #1508 Other Post-Employment Benefits (a) | ($2,062,259) | 0 |
| #1508 CGAAP IFRS Differential (b) | $2,665,445 | $120,542 |
| #1508 Hydro One Charges (c) | $240,999 | $3,090 |
| **Total (a+b+c)** | **$844,185** | **$123,632** |

**Question(s):**
a) Please confirm that the account balance of Account 1508 Other Regulatory Assets-Sub Account Other was grouped with three accounts balance per the table above.
   i. If confirmed, in reference 1, please reconcile 2015 OEB-approved disposition recorded under 1508 CGAAP IFRS Differential (i.e. $603,185 for principal and $94,305 for interest) and 2016 OEB-approved disposition recorded under 1508 Hydro One Charges (i.e. $241,000 for principal and $34,006 for interest) by splitting the amount into the right accounts.
   ii. If not confirmed, please provide evidence to reconcile the ending 2014 balance and the opening 2015 balance of these three accounts.

b) For LRAMVA, the 2024 OEB-approved disposition for principal amount is $ 6,815,160 per reference 3 while it shows $10,323,587 in reference 1. Please explain the discrepancy.
c) For LRAMVA, please record 2026 OEB-approved disposition per reference 4.
d) For Account 1508 Sub-account Incremental Capital Expenditures, OEB staff notes that Alectra Utilities grouped all the projects together.
    i. Please provide a breakdown of principal and interest based on each project and record them separately using ICM sub-accounts in reference 1.
    ii. Please reconcile the total balance of the sub-accounts in (i) to reference 5
    iii. OEB staff notes that the ICM rate rider collections from 2018 to 2024 (i.e. $17,607,584) in Tab 3 of reference 1 does not match the total amount (i.e. $19,347,282) per sheet 7 in reference 5. Please explain the variance.
e) For Account 1557 MIST Meter, please fill in Tab 4 (rate rider collection) in reference 6 and reconcile to the rate rider collection per RRR report in reference 1 (i.e. $10,467,185 in Cell E106 of Tab 3)
f) Per reference 5, OEB staff notes that Alectra Utilities has used the new depreciation rates from the depreciation study which was not approved in its 2026 IRM application:
    i. Please confirm OEB staff's observation.
    ii. If confirmed, please update all the ICM Ture up Models (i.e. reference 5) by using legacy PowerStream's depreciation rates for 2025 and 20206.
    iii. Please reconcile and update reference 1 accordingly.
    iv. If not confirmed, please explain why not.

**9-Staff-250**
**ERZ DVA Continuity schedule**
**Ref 1: Exhibit 9 / Alectra_Attach 9-4 DVA Continuity Schedule_ERZ_Updated 20251121**
**Ref 2: EB-2012-0033 /**
**Enersource_APPL_Excel_Deferral_Accounts_Continuity_Schedule 20120427**
**Ref 3: EB-2023-0241, Decision and Rate Order, December 14, 2023, p. 22**
**Ref 4: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 24**
**Ref 5: Exhibit 9 / Alectra_Attach 9-9_ICM True-Up Model**
**Ref 6: Exhibit 9 / Alectra_Attach 9-13_MIST Meter Revenue Requirement_ERZ_20251014 / Tab 4**

**Question(s):**

a) For LRAMVA, the 2024 OEB-approved disposition for principal amount is $ 5,885,851 per reference 3 while it shows $8,442,446 in reference 1. Please explain the discrepancy.
b) For LRAMVA, please record 2026 OEB-approved disposition per reference 4.
c) For Account 1508 Sub-account Incremental Capital Expenditures, OEB staff notes that Alectra Utilities grouped all the projects together.
    i. Please provide a breakdown of principal and interest based on each project and record them separately using ICM sub-accounts in reference 1.
    ii. Please reconcile the total balance of the sub-accounts in (i) to reference 5
    iii. OEB staff notes that the ICM rate rider collections from 2018 to 2024 (i.e. $10,084,642) in Tab 3 of reference 1 does not match the total amount (i.e. $10,951,881) per sheet 7 in reference 5. Please explain the variance.
d) For Account 1557 MIST Meter, please fill in Tab 4 (rate rider collection) in reference 6 and reconcile to the rate rider collection per RRR report in reference 1 (i.e. $3,805,259 in Cell E106 of Tab 3)
e) Per reference 5, OEB staff notes that Alectra Utilities has used the new depreciation rates from the depreciation study which was not approved in its 2026 IRM application:
    i. Please confirm OEB staff's observation.
    ii. If confirmed, please update all the ICM Ture up Models (i.e. reference 5) by using legacy Enersource's depreciation rates for 2025 and 20206.
    iii. Please reconcile and update reference 1 accordingly.
    iv. If not confirmed, please explain why not.

**9-Staff-251**
**GRZ DVA Continuity Schedule**
**Ref 1: Exhibit 9 / Alectra_Attach 9-5 DVA Continuity Schedule_GRZ_Updated 20251121**
**Ref 2: EB-2015-0073 / Guelph Settlement Updated EDDVAR Continuity Schedule CoS 20151020**
**Ref 3: Exhibit 9 / Alectra_Attach 9-14_MIST Meter Revenue Requirement_GRZ_20251014 / Tab 4**
**Ref 4: EB-2023-0241, Decision and Rate Order, December 14, 2023, p. 22**

**Question(s):**

a) For Account 1557 MIST Meter, please fill in Tab 4 (rate rider collection) in reference 3 and reconcile to the rate rider collection per RRR report in reference 1 (i.e. $507,674 in Cell E101 of Tab 3)
b) For LRAMVA, the 2024 OEB-approved disposition for principal amount is $ 2,011,935 per reference 4 while it shows $3,047,295 in reference 1. Please explain the discrepancy.
c) For LRAMVA, please explain the principal adjustments for both 2018 and 2016 in reference 1.

**9-Staff-252**
**Account 1509 Impacts Arising from the COVID-19 Emergency**
**Ref 1: Exhibit 9 / Tab 4 / Schedule 3 / Section 5.3 / p. 1 (pdf p. 511)**

**Preamble:**
Alectra Utilities is not seeking disposition of Covid-19 DVA and there are no deferral balances recorded.

**Question(s):**

a) Please confirm that COVID-19 related costs have not been requested for all rate zones in the past years and will not be requested in the future.
b) Please confirm Alectra Utilities is discontinuing this account in this application.

**9-Staff-253**
**Account 1522 Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential Carrying Charges**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 18 / Section 4.2.17 / p. 1 (pdf p. 485)**
**Ref 2: Exhibit 9 / Tab 1 / Schedule 1 / Attachments 9-1, 9-2, 9-3, 9-4, and 9-5 (DVA Continuity Schedules for all rate zones)**
**Ref 3: EB-2015-0040, Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, September 14, 2017**

**Preamble:**
Per reference 1, Alectra Utilities proposes the clearance of a $2.0MM credit balance in Account 1522 and also proposes to discontinue this account as it does not anticipate the annual balances remaining material in the future.

Per reference 2, this variance account was established as a generic account to track the carrying charges between the cash basis and accrual basis of OPEB. The primary account will accrue carrying charges to be returned to ratepayers when the cumulative opening monthly balance of the account is in a credit position. Disposition can only result in a credit refund of carrying charges to ratepayers. If utilities record journal entries on an annual basis instead of doing separate monthly entries, it may do so provided that they can demonstrate that ratepayers will not be disadvantaged as a result. The interest rate shall be the CWIP rate prescribed by the OEB.

**Question(s):**
a) Please provide excel worksheet showing the calculation of this account balance for each rate zone and reconcile to reference 2.
b) Please confirm whether the CWIP rate prescribed by the OEB has been used for calculating this account balance. If not confirmed, please update the schedule and balance.
c) Please confirm whether Alectra Utilities has recorded journal entries monthly or on an annual basis. If the journal entries were recorded on an annual basis, please demonstrate that ratepayers will not be disadvantaged as a result.
d) Please provide Alectra Utilities' position on continuing this account as required by the OEB's Pension and OPEB report.

**9-Staff-254**
**PRZ**
**Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 4 / Section 4.2.3 / p. 1 (pdf p. 27)**
**Ref 2: EB-2012-0161, Rate Order, January 31, 2013, Appendix B**
**Ref 3: EB-2015-0003 / PowerStream_Schedule K - EDVAR Continuity Schedule and Rate Riders_20160912**
**Ref 4: Exhibit 9 /Alectra_Attach 9-3 DVA Continuity Schedule_PRZ_Updated 20251121**
**Ref 5: EB-2015-0040, Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, September 14, 2017**
**Ref 6: EB-2012-0033 / Decision and Order Rates, December 13, 2012, Issue 9.2, p. 59**

**Preamble:**
In reference 1, PRZ established this DVA in its 2013 COS to record cumulative actuarial gains and losses of OPEB. Alectra Utilities states that PRZ has not requested the disposition of this account in the past proceeding. It is seeking disposition of a credit amount of $4.7MM over a one-year period and is proposing to continue the account.

In reference 2, the accounting order states that the balance in this account as of December 31, 2012 is approximately debit $1.4M. Effective from 2013, this DVA will record changes in the cumulative actuarial gains and losses in PRZ's OPEB as supported by updated actuarial report. The recovery shall be over the average employee remaining service years per the settlement agreement.[3]

In reference 3, OEB staff observes that this account balance was grouped with other two accounts.

OEB staff has compiled the following table reconciling the 2014 ending balance based on references 3 and 4.

[3] EB-2012-0161, Decision and Order, December 21, 2012, Settlement Agreement, Issue 5.2, p. 51

| | Closing principal as of Dec 2014 | Closing interest as of Dec 2014 |
|---|---|---|
| | **Reference 3** | |
| #1508 Other Regulatory Assets-Sub Account Other | **$844,185** | **$123,632** |
| | **Reference 4** | |
| #1508 Other Post-Employment Benefits (a) | ($2,062,259) | 0 |
| #1508 CGAAP IFRS Differential (b) | $2,665,445 | $120,542 |
| Subtotal (a+b) | **$603,186** | **$120,542** |
| #1508 Hydro One Charges (c) | $240,999 | $3,090 |
| **Total (a+b+c)** | **$844,185** | **$123,632** |

OEB staff also observes that Alectra Utilities recorded $603,185 as OEB-approved disposition during 2015 for Account 1508 CGAAP IFRS Differential (see screenshot below). However, this amount is the sum of Account 1508 Other Post-Employment Benefits and Account 1508 CGAAP IFRS Differential based on the highlighted amount in the table above.

| | | 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Account Descriptions** | Account Number | OEB-Approved Disposition during 2015 | Principal Adjustments(1) during 2015 | Closing Principal Balance as of Dec-31-15 | Opening Interest Amounts as of Jan-1-15 | Interest Jan-1 to Dec-31-15 | OEB-Approved Disposition during 2015 | Interest Adjustments(1) during 2015 | Closing Interest Amounts as of Dec-31-15 |
| **Group 2 Accounts** | | | | | | | | | |
| Deferred IFRS Transition Costs | 1508 | | | -$136,421 | -$7,897 | -$1,625 | | | -$9,522 |
| Pole Attachment Revenue Variance[5] | 1508 | | | $0 | $0 | | | | $0 |
| Retail Service Charge Incremental Revenue[6] | 1508 | | | $0 | $0 | | | | $0 |
| Customer Choice Initiative Costs[7] | 1508 | | | $0 | $0 | | | | $0 |
| Local Initiatives Program Costs[9] | 1508 | | | $0 | $0 | | | | $0 |
| Green Button Initiative Costs[10] | 1508 | | | $0 | $0 | | | | $0 |
| Designated Broadband Project Impacts[13] | 1508 | | | $0 | $0 | | | | $0 |
| ULO Implementation Cost[14] | 1508 | | | $0 | $0 | | | | $0 |
| GOCA Variance Account[15] | 1508 | | | $0 | $0 | | | | $0 |
| LEAP EFA Funding Deferral Account[17] | 1508 | | | $0 | $0 | | | | $0 |
| Energy East Consultation Costs | 1508 | | | $0 | $0 | | | | $0 |
| OEB Cost Assessments | 1508 | | | $0 | $0 | | | | $0 |
| Other Post-Employment Benefits | 1508 | | | -$2,422,187 | $0 | | | | $0 |
| Impact of Post-merger Capitalization Policy Change | 1508 | | | $0 | $0 | | | | $0 |
| Incremental Capital Expenditures[18] | 1508 | $9,881,950 | | -$49,465 | $7,764 | | $24,138 | | -$16,374 |
| Collection of Account Charge-Related Lost Revenue | 1508 | | | $0 | $0 | | | | $0 |
| CGAAP IFRS Differential | 1508 | $603,185 | | $1,243,635 | $120,542 | $118,971 | $94,305 | | $145,208 |
| Advanced Pricing Project | 1508 | | | $0 | $0 | | | | $0 |
| Hydro One Charges | 1508 | | | $242,006 | $3,090 | $2,882 | | | $5,972 |

Per reference 5, the OEB established a new DVA (i.e. Account 1522 Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential variance account) and utilities is required to begin record entries in this new DVA from January 2018 of which disposition can only result in a credit refund of carrying charge to ratepayers.

Per reference 6, ERZ has established the same account as PRZ and was ordered to continue until the earlier of:

- A decision by the Board to implement a policy respect to the OPEB which differs from the approach approved here, and
- The next rebasing application for Enersource

**Question(s):**

a) Please confirm OEB staff's observations.
   i. If a) is confirmed, please confirm this account has been disposed of in 2015.
   ii. If a) is confirmed, please update the DVA continuity in reference 4 to reflect the OEB-approved disposition amount in 2015 for Account 1508 Other Post-Employment Benefits and Account 1508 CGAAP IFRS Differential separately.
   iii. If a) is not confirmed, please explain why not and provide the reconciliation between references 3 and 4.

b) Per reference 6, please confirm this account shall be discontinued as of December 31, 2017 since the OEB has established new DVAs per reference 5.
   i. If b) is confirmed, please remove all the account balance from 2018 onwards and discontinue the account.
   ii. If b) is not confirmed, please explain why not.

c) Alectra Utilities is proposing one-year disposition period. Please explain why Alectra Utilities is not proposing disposition of the balance over the average employee remaining service years, as per the settlement agreement.[4]

**9-Staff-255**
**ERZ**
**Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 4 / Section 4.2.3 / p. 2 (pdf p. 27)**
**Ref 2: EB-2012-0033 / Decision and Order Rates, December 13, 2012, Issue 9.2, p. 59**
**Ref 3: EB-2015-0040, Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, September 14, 2017**

**Preamble:**

Per reference 2, this account was established in the absence of Board policy on the OPEB issue and it will continue until the earlier of:

[4] EB-2012-0161, Decision and Order, December 21, 2012, Settlement Agreement, Issue 5.2, p. 51

- A decision by the Board to implement a policy respect to the OPEB which differs from the approach approved here, and
- The next rebasing application for Enersource

Per reference 3, the Board has issued an OPEB report to establish a new OPEB DVAs (i.e. Account 1522 Pension and OPEB Forecast Accrual versus Actual Cash Payment Differential variance account) and utilities are required to begin record entries in this new DVA from January 2018 of which disposition can only result in a credit refund of carrying charge to ratepayers.

**Question(s):**

a) Please confirm this account shall be discontinued as of December 31, 2017 since the OEB has established new DVAs per reference 3.
   i. If a) is confirmed, please remove all the account balance from 2018 onwards and discontinue the account.
   ii. If a) is not confirmed, please explain why not.

**9-Staff-256**
**GRZ**
**Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 4 / Section 4.2.3 / p. 1 (pdf p. 27)**
**Ref 2: EB-2015-0073, Settlement Proposal, Section 4.2, p. 30**
**Ref 3: EB-2015-0040, Regulatory Treatment of Pension and Other Post-employment Benefits (OPEBs) Costs, September 14, 2017**
**Ref 4: Exhibit 9 / Alectra_Attach 9-5 DVA Continuity Schedule_GRZ_Updated 20251121**

**Preamble:**
In reference 1, GRZ agreed to the recovery of OPEB costs on a cash basis as an interim measure pending on the outcome of OEB's OPEB consultation.

Per reference 2, Guelph Hydro agreed to the recovery of OPEB on a cash basis vs. the accrual basis of accounting and established a new deferral account (i.e. Account 1508 OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account) for the purpose of recording, each year starting in the test year, the difference in revenue requirement between (i) both the capitalized and OM&A components of OPEBs accounted for using a forecasted cash basis (as would be reflected in rates if this settlement is accepted by the Board) and (ii) both capitalized and OM&A components of OPEBs accounted for using a forecasted accrual basis. Carrying charges will not apply to this deferral account. Guelph Hydro will be permitted to seek disposition of this

account to recover the amounts recorded in its next cost of service rate application if the Board determines that LDCs may recover OPEBs in rates using a forecasted accrual accounting methodology.

Per reference 3, the Board supports using the accrual method as the default method for calculating the amount of pension and OPEB costs to go into rates.

OEB notes that GRZ has recorded balance in Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account, however, it does not have approval to establish this account.

OEB staff notes Account 1508 OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account was not in the DVA continuity per reference 4.

**Question(s):**

a) Please confirm OEB staff's observations.
   i. If a) is confirmed, please update the DVA continuity to reflect the correct DVA account and remove all the balance in Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account
   ii. If a) is confirmed, please update Account 1508 OPEB Forecast Cash versus Forecast Accrual Differential Deferral Account with correct balance
   iii. If a) is not confirmed, please explain the reason and provide the related accounting order showing GRZ was approved to establish Account 1508 Sub-account Other Post-Employment Benefit (OPEB) Deferral Account.
b) Please confirm that GRZ's OPEB expense is based on an accrual basis in this application.
c) Please provide excel worksheet showing the calculations of revenue requirement between two methods (cash vs accrual) which should be recorded in this account.
   i. Please provide the breakdown of both the capitalized and OM&A components.

**9-Staff-257**
**Account 1511 Incremental Cloud Computing Implementation Costs**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 16 / Section 4.2.15 / p. 1 (pdf p. 471)**
**Ref 2: EB-2024-0063, Decision and Order, March 27, 2025, Section 3.8, p. 102**
**Ref 3: : Filing Requirements for Electricity Distribution Rate Applications - 2026 Edition for 2027 Rate Applications – Chapter 2 / Section 2.9.1.9 / p. 70**

**Preamble:**
Per reference 1, Alectra Utilities is seeking disposition of a $2.0M debit balance which captures the incremental cloud computing implementation costs and related offsetting savings for its new Human Capital Management System (HCM) implemented in 2024. Alectra Utilities is proposing to continue the account and states that the 2025 forecasted balances reflect expected second phase implementation expenses and ongoing licensing costs.

Per reference 2, the utility can propose the treatment of any future cloud solutions at the next rebasing rate application following establishment of the account in November 2023, which could include a new cloud solution deferral account. If no proposal is made in that rebasing rate application, the account will be closed.

**Question(s):**
a) Please confirm that Alectra Utilities has not included any of second phase implementation costs in the rates in this application, given that its proposal is to continue the deferral account.
    i. If confirmed, please explain why estimated amount could not be forecasted in the rate term and be included in the rates.
b) Please discuss the methodology used to measure the incremental costs and offsetting savings.
c) Per reference 3, please provide breakdown of actual or forecast amounts, types of expenditure (e.g., capital or OM&A), and nature of costs (e.g., data migration)
d) Please reconcile c) to Table 9-3-44 in reference 1.
e) Please provide Alectra Utilities' position on discontinuing this account per reference 2.

**9-Staff-258**
**Account 1508 Sub-account - GOCA Variance Account**
**Ref 1: Exhibit 9 / Tab 3 / Sch 14 / Section 4.2.13 / p. 1 (pdf p. 462)**

**Preamble:**
Alectra Utilities considers the difference between actual locate costs and the amounts embedded in rates to be incremental and attributable to the impacts of Bill 93. The actual locate costs are based on the invoices from various third-party service providers.

Alectra Utilities proposes the clearance of a $9.5MM debit balance in this account.

**Question(s):**

a) Please confirm Alectra Utilities has reflected the GOCA impact in the locate costs of the test year's revenue requirement.
   i. If not confirmed, please explain why not.
b) Please complete the following table compiled by OEB staff to provide a detailed breakdown of the GOCA variance account by cost category (e.g., internal labour, third-party locators, materials, administrative cost) for both actual and forecast numbers.

| Cost Category | Internal or external | Nature of costs | 2023 actual | 2024 actual | 2025 actual | 2026 forecast |
|---|---|---|---|---|---|---|
| | | | | | | |

c) Please discuss the methodology used to measure incremental costs which ensures that only eligible and prudently incurred GOCA related costs were recorded in the variance account
d) Please explain how Alectra Utilities assessed that the costs recorded in the GOCA Variance Account were directly related to Bill 93.
e) Please confirm that all amounts recorded in the variance account were of expense nature (not capital expenditures).

**9-Staff-259**
**Account 1508 Sub-account Energy East Consultation Costs (HRZ, PRZ, ERZ)**
**Account 1508 Sub-account Long-term Load Mitigation (HRZ)**
**Account 1531 Renewable Connection Capital Deferral Account (ERZ)**
**Account 1532 Renewable Connection OM&A Deferral Account (ERZ)**
**Account 1536 Smart Grid Funding Adder Deferral Account (PRZ)**
**Account 1555 Smart Meter Capital and Recovery Offset Variance Account, Sub-account Stranded Meter Costs (HRZ, PRZ, ERZ)**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 2 / Section 4.2.1 / p. 1 (pdf p. 17)**
**Ref 2: Exhibit 9 / Tab 3 / Schedule 12 / Section 4.2.11 / p. 1 (pdf p. 456)**
**Ref 3: Exhibit 9 / Tab 3 / Schedule 19 / Section 4.2.18 / p. 1 (pdf p. 487)**
**Ref 4: Exhibit 9 / Tab 3 / Schedule 20 / Section 4.2.19 / p. 1 (pdf p. 488)**
**Ref 5: Exhibit 9 / Tab 3 / Schedule 23 / Section 4.2.22 / p. 1 (pdf p. 492)**
**Ref 6: Exhibit 9 / Tab 3 / Schedule 24 / Section 4.2.23 / p. 1 (pdf p. 493)**

**Preamble:**
Per reference 1, Alectra Utilities is seeking approval to clear the $0.2M debit balance and also proposes to discontinue the account.

Per reference 2, Alectra Utilities is seeking approval to clear the $0.01M credit balance and also proposes to discontinue the account.

Per reference 3, Alectra Utilities is seeking the disposition of a debit $0.5M by transferring the balance to the fixed assets and also proposes to discontinue the account.

Per reference 4, Alectra Utilities is seeking the disposition of a debit of $0.1M and also proposes to discontinue the account.

Per references 5 and 6, Alectra Utilities is seeking disposition of a debit $0.003MM for Account 1536 which is a residual amount from legacy PowerStream's rate rider for disposition of Smart Grid True-up Variance Account (2014 Balance). Alectra Utilities is also seeking disposition of a debit $0.1M for Account 1555 which is the residual amount of the legacy Rate Riders for recovery of stranded meter assets and approved stranded meter costs carrying charges

**Question(s):**
a) Per reference 2, please provide the accounting order showing that the legacy Horizon Utilities got approval from the OEB to establish this DVA.

b) Please explain why the above accounts are proposed for disposition while the account balances are below the materiality threshold (i.e. $1M)

**9-Staff-260**
**PRZ**
**Account 1508 Sub-account CGAAP IFRS Differential**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 5 / Section 4.2.4 / p. 1 (pdf p. 427)**
**Ref 2: EB-2012-0161, Rate Order, January 31, 2013, Appendix B**
**Ref 3: EB-2015-0003 / PowerStream_Schedule K - EDVAR Continuity Schedule and Rate Riders_20160912**
**Ref 4: Exhibit 9 / Alectra_Attach 9-3 DVA Continuity Schedule_PRZ_Updated 20251121**

**Preamble:**
Per references 1 and 2, OEB staff notes that the account name is "CGGAP IFRS Differential" which is different from the account name in reference 2 (i.e. "CGAAP-CWIP Differential Deferral Account").

Per references 3 and 4, OEB staff notes that this account balance was grouped with the other two accounts. OEB staff also notes that, for OEB approved disposition amount, the amount is incorrect in 2015 and is missing in 2016.

**Question(s):**
a) Please confirm OEB staff's observations.
   i. Please update the DVA continuity in reference 4 to reflect the correct OEB-approved disposition amount in 2015 and 2016 and reconcile to reference 5.
   ii. If not confirmed, please explain why not and provide the reconciliation between references 3 and 4.
b) Please explain why this account is proposed for disposition while the account balance is below the materiality threshold (i.e. $1MM).

**9-Staff-261**
**PRZ**
**Account 1508 Sub-account Hydro-One Charge**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 6 / Section 4.2.5 / p. 1 (pdf p. 428)**
**Ref 2: EB-2015-0003 / PowerStream_Schedule K - EDVAR Continuity Schedule and Rate Riders_20160912**
**Ref 3: Account Procedures Handbook (APH) - Frequently Asked Questions, October 2009, Q17(2), p. 16**
**Ref 4: Exhibit 9 / Alectra_Attach 9-3 DVA Continuity Schedule_PRZ_Updated 20251121**

**Preamble:**
Alectra Utilities is seeking approval to clear the $0.1M debit balance in this account and states that this account balance reflects the percentage allocation of the HONI's approved rate riders from EB-2008-0187, EB-2012-0136 and EB-2013-0141 allocated to 1508. Alectra Utilities allocated (8%) of the Rider 3A amount to 1508 based on HONI's 1508 balance contribution to the total approved DVA balances. Alectra Utilities also states that the same allocation approach was applied for several HONI's volumetric rate riders.

Pre reference 3, the rate rider 3A amount charge to the distributor is then multiplied by the account's percentage to arrive at an amount to be recorded in the particular account (e.g., charge/billed accounts related accounts 1584 RSVAnw and 1586 RSVAcn).

**Question(s):**
a) Please provide the accounting order showing that the legacy PowerStream received approval from the OEB to establish this DVA.
b) Per references 2 and 4, this account balance was grouped with the other two accounts. Please update the DVA continuity to reflect the correct amount.
c) Please explain why Alectra Utilities recorded Rider 3A in this DVA instead of in the related RSVAs per reference 3.
d) Please provided a reference showing that the legacy PowerStream is approved by the OEB to record HONI's volumetric rate riders (EB-2012-0136, EB-2013-0141) in this account.
e) Please complete the following table to provide breakdown and to reconcile the HONI's rate rider to the amount recorded in reference 4:

| Year | Hydro One's rate rider | % allocated to PRZ | Amount calculated (a) | Amount recorded in Ref 4 (b) | Variance (a-b) |
|---|---|---|---|---|---|
| | | | | | |

f) Please update the balance as applicable based on the above questions and explain why this account is proposed for disposition if the updated account balance is below the materiality threshold (i.e. $1MM).

**9-Staff-262**
**Account 1508 Sub-account LEAP Emergency Financial Assistance Funding Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 15 / Section 4.2.14 / p. 1 (pdf p. 468)**
**Ref 2: EB-2023-0135, Final Rate Order, February 12, 2024, Schedule A – Electricity Accounting Order**

**Preamble:**
Alectra Utilities proposes the clearance of a $3.2MM debit balance in this account, including $0.8M LEAP Agency administrative fees.

The OEB's final rate order issued in February 12, 2024 established LEAP EFA Funding Deferral sub-account and the order states that distributors may record prudently incurred incremental LEAP EFA contributions made on and after March 1, 2024 that are beyond the amounts currently embedded in distribution rates.

**Question(s):**
a) Please explain why LEAP Agencies for Administrative Fees was recorded in this account.
b) Please confirm that Alectra Utilities has recorded prudently incurred incremental LEAP EFA contributions made on and after March 1, 2024 for all rate zones in this account.

**9-Staff-263**
**Account 1508 Sub-account Earnings Sharing Mechanism (Year 9 and 10 of 3 Deferred Rebasing Period)**
**Ref 1: Exhibit 9 / Tab 4 / Schedule 1 / Section 5.2 / p. 1 (pdf p. 509)**
**Ref 2: Exhibit 9 / Alectra_Attach 9-1 DVA Continuity Schedule_HRZ_Updated 20251121**

**Preamble:**
Alectra Utilities states that it has not triggered ESM in years 6 to 8 of the rebasing deferral period (2022-2024). Per reference 2, HRZ has principal activities recorded from 2016 to 2020.

**Question(s):**

a) Please provide the accounting order showing that Alectra Utilities got approval from the OEB to establish this DVA.
b) Please explain the nature of the transactions recorded in reference 2

**9-Staff-264**
**HRZ, BRZ, ERZ, GRZ**
**Account 1508 Sub-account Impact of Post-merger Capitalization Policy Change**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 8 / Section 4.2.7 / p. 1 (pdf p. 437)**
**Ref 2: EB-2022-0185, Decision and Order, December 8, 2022, Table 9.1, p. 24**
**Ref 3: EB-2025-0055, Decision and Rate Order, December 16, 2025, p. 29**

**Preamble:**
OEB staff has provided tables below showing that the amount recorded in the respective rate zone from 2017 to 2021 are different between references 1 and 2.

**Table 9-3-17: Account 1508 Sub-account - Impact of Post-merger Capitalization Policy Change($MM)**

| | Actual | | | | | | | Forecast | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
| HRZ | — | (1.0) | 1.0 | (6.3) | (5.8) | (6.3) | (6.1) | (5.0) | (5.0) | (8.0) | (42.6) |
| Carrying Charges | — | — | — | — | — | — | — | — | — | — | — |
| **Total Proposed for Disposition** | **—** | **(1.0)** | **1.0** | **(6.3)** | **(5.8)** | **(6.3)** | **(6.1)** | **(5.0)** | **(5.0)** | **(8.0)** | **(42.6)** |
| BRZ | 1.2 | 1.7 | 2.2 | 2.1 | 3.0 | 2.4 | 2.5 | 2.9 | 3.2 | 4.6 | 25.8 |
| Carrying Charges | — | — | — | — | — | — | — | — | — | — | — |
| **Total Proposed for Disposition** | **1.2** | **1.7** | **2.2** | **2.1** | **3.0** | **2.4** | **2.5** | **2.9** | **3.2** | **4.6** | **25.8** |
| ERZ | — | (1.9) | (2.9) | (1.3) | (1.4) | (0.9) | (1.2) | (1.7) | (1.4) | (2.5) | (15.3) |
| Carrying Charges | — | — | — | — | — | — | — | — | — | — | — |
| **Total Proposed for Disposition** | **—** | **(1.9)** | **(2.9)** | **(1.3)** | **(1.4)** | **(0.9)** | **(1.2)** | **(1.7)** | **(1.4)** | **(2.5)** | **(15.3)** |
| GRZ | — | — | — | (0.7) | (1.0) | 0.5 | (0.5) | (0.6) | (0.4) | (0.5) | (3.2) |
| Carrying Charges | — | — | — | — | — | — | — | — | — | — | — |
| **Total Proposed for Disposition** | **—** | **—** | **—** | **(0.7)** | **(1.0)** | **0.5** | **(0.5)** | **(0.6)** | **(0.4)** | **(0.5)** | **(3.2)** |
| **Alectra Total - Principal Balance** | **1.2** | **(1.1)** | **0.2** | **(6.3)** | **(5.1)** | **(4.3)** | **(5.3)** | **(4.4)** | **(3.7)** | **(6.5)** | **(35.2)** |
| **Alectra Total - Carrying Charges** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Alectra Total** | **1.2** | **(1.1)** | **0.3** | **(6.3)** | **(5.1)** | **(4.3)** | **(5.3)** | **(4.4)** | **(3.7)** | **(6.5)** | **(35.2)** |

Reference 1

**Table 9.1: Impact Analysis of Capitalization Policy Change**

| Capitalization Policy Impact ($000s) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Enersource RZ | 1,866 | 1,712 | 1,490 | 1,491 | 1,601 |
| Brampton RZ | (1,831) | (1,610) | (1,976) | (2,283) | (3,293) |
| Horizon RZ | | | | 6,512 | 6,092 |
| Guelph RZ | | | | 432 | 367 |
| **Net PP&E Change** | **36** | **102** | **(485)** | **6,153** | **4,766** |
| Enersource RZ | (47) | (89) | (127) | (164) | (204) |
| Brampton RZ | 46 | 86 | 135 | 192 | 275 |
| Horizon RZ | | | | (163) | (315) |
| Guelph RZ | | | | (11) | (20) |
| **Depreciation Impact** | **(1)** | **(3)** | **9** | **(145)** | **(264)** |
| Enersource RZ | 1,819 | 1,622 | 1,364 | 1,327 | 1,397 |
| Brampton RZ | (1,785) | (1,524) | (1,840) | (2,090) | (3,019) |
| Horizon RZ | | | | 6,349 | 5,777 |
| Guelph RZ | | | | 422 | 347 |
| **Alectra Utilities Net Impact** | **35** | **98** | **(477)** | **6,007** | **4,502** |

Reference 2

**Question(s):**

a) Please explain the variance between references 1 and 2 identified by OEB staff above.

b) Please provide "Impact Analysis of Capitalization Policy Change" per Table 9.1 in reference 2 from 2017 to 2026.

c) Please reconcile a) to Table 9-3-17 in reference 1.

d) Per reference 3, the OEB has denied Alectra Utilities' request for approval of proposed DVA to track the impact of changes to DLC policies. Please confirm whether the DLC impact has been included in this account sought for disposition.

   i. If yes, please update the DVA continuity of all the rate zones to exclude the DLC impact

e) Please quantify the differences between actual and forecast allocations.

   i. Please explain the key drivers of the changes to the capitalization policy impacts for the period from 2022 to 2026.

**9-Staff-265**
**HRZ, BRZ, PRZ, ERZ**
**Account 1557 Meter Cost Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 25 / Section 4.2.24 / p. 1 (pdf p. 495)**
**Ref 2: Exhibit 2B / Tab 2 / Schedule 1 / Table 2-2-2 footnotes / p. 2 (pdf p. 16)**
**Ref 3: Exhibit 2B/ Alectra_Attach 2B-1_OEB Appendix 2-BA-Fixed Asset Continuity Schedule_20251121**

**Preamble:**
Per reference 1, Alectra Utilities provides a breakdown of the total incremental costs for Account 1557 which includes incremental capital, OM&A and NBV of Stranded Meters. The total principal balance is $14.1M sought for disposition.

Per references 1 and 2, Alectra Utilities completed the MIST project for all rate zones in 2023. Alectra Utilities also states that 2027 in-service additions and accumulated depreciation balances mostly are related to Account 1557 Meter costs deferral.

Per reference 3, OEB staff notes there was $15.5M in -service additions and $6.4M accumulated depreciation added in 2027.

**Question(s):**
a) Please explain which account the MIST meter cost was recorded in 2027 on the fixed asset continuity schedule.
b) Please explain why stranded meters costs is part of the incremental cost of MIST project per Table 9-3-58 in reference 1?

**9-Staff-266**
**HRZ, PRZ, ERZ**
**Account 1533 Renewable Generation Connection Funding Adder Deferral Account**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 21 / Section 4.2.20 / p. 1 (pdf p. 489)**
**Ref 2: Accounting Procedures Handbook Guidance, March 2015, A.10, p. 10**
**Ref 3: EB-2024-0006, Decision and Rate Order, December 12, 2024, p. 27**

**Preamble:**
Per reference 1, Alectra Utilities is seeking disposition of a credit $0.3M for Account 1533 for HRZ, PRZ and ERZ. Alectra Utilities also proposes to discontinue this account.

Per reference 2, for approved eligible investments as defined under O.Reg. 330/09 under the OEB Act, the variance account will continue to be used for the purpose of

recording variances between the revenue requirement based on actual costs of approved eligible investments and the revenue received from the IESO.

Per reference 3, the OEB approved 2021 RGCRP funding for the Brampton, PowerStream, and Enersource Rate Zones in its decision on Alectra Utilities' 2021 IRM application. The OEB also approved an update to the RGCRP models for these three rate zones by extending the calculations for the RGCRP funding amounts for each year between 2022 and 2026.

**Question(s):**

a) Please confirm the correct name of this account indicated in reference 1 is Account 1533 Renewable Generation Connection Funding Adder Deferral Account, Sub-account Provincial Rate Protection Payment Variances.
   i. If not confirmed, please explain why not.
b) Please explain why there is no balance recorded in BRZ while BRZ also received funding per reference 3.
c) Please provide breakdown of the account balance from 2022 to 2026:
   i. Revenue requirement impacts for the Provincial Rate Protection eligible amounts.
   ii. Provincial Rate Protection payments, as approved by the Board, and received from the IESO in each year.
   iii. Please reconcile (i) and (ii) above to the DVA continuity of related rate zones.

**9-Staff-267**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 19 / p. 1 (pdf p. 487)**
**Ref 2: Exhibit 9 / Tab 3 / Schedule 20 / p. 1 (pdf p. 488)**
**Ref 3: Exhibit 9 / Tab 3 / Schedule 21 / pp. 1-2 (pdf pp. 489-490)**

**Question(s):**

a) For each project/program that contributed to the Renewable Connection accounts 1531, 1532 and 1533, please provide completed Chapter 2 Appendices
   i. Tab 2-JA: Renewable Generation Connection Investment Summary and
   ii. Tab 2-JB: Calculation of Renewable Generation Connection Direct Benefits/Provincial Amount: Renewable Enabling Improvement Investments
b) For each program/project in part (a), please provide a written description of the work undertaken, as well as the number and type of connections supported.

**9-Staff-268**
**Group 2 DVAs**
**Ref 1: Exhibit 9 / DVA Continuity Schedule_20250416 (all rate zones), Tab 2b**
**Ref 2: Exhibit 9 / Tab 1 / Schedule 1 / Table 9-1-2 / p. 3 (pdf p. 3)**

**Preamble:**
OEB staff notes that there is no activity recorded in the following Group 2 DVAs:

1) Account 1508 sub-account Green Button Initiative Costs
2) Account 1508 sub-account Customer Choice initiative Costs
3) Account 1508 sub-account ULO Implementation Cost
4) Account 1508 sub-account Retail Service Charge Incremental Revenue
5) Account 1508 sub-account Local Initiatives Program Costs
6) Account 1508 sub-account Designated Broadband Project Impacts
7) Account 1592 sub-account PILs and Tax Variance for 2006 and Subsequent Years - Sub-Account HST/OVAT Input Tax Credits (ITCs)

**Question(s):**

a) Please confirm Alectra Utilities proposes to discontinue using these accounts on a going forward basis and provide a summary table showing all the continuing/discontinue Group 2 accounts (i.e. reference 2) as applicable.
b) Please also provide Alectra Utilities' position on discontinuing the following Group 2 DVAs (continue/discontinue) since there is no balance as of December 31, 2026, and explain the reason.
    i. Account 1508 sub-account Deferred IFRS Transition Costs
    ii. Account 1521 Special Purpose Charge Assessment Variance Account
    iii. Account 1572 Extra-Ordinary Event Costs
    iv. Account 1556 Smart Meter OM&A Variance
    v. Account 1575 IFRS-CGAAP Transition PP&E Amounts Balance + Return Component
    vi. Account 1576 Accounting Changes Under CGAAP Balance + Return Component
    vii. Account 1508 Deferred IFRS Transition Costs

**9-Staff-269**
**Non-Wires Solutions Deferral Account (NWSDA)**
**Ref 1: Exhibit 9 / Tab 8 / Schedule 3 / Section 9.3 / Appendix C / pdf p. 534**

**Question(s):**

a) Please update the accounting order by recording the carrying charge in Account 6035 Other Interest Expense.

b) Please provide Alectra Utilities' proposal regarding the incentives on NWS and the associated accounting treatment.

**9-Staff-270**
**HRZ, GRZ, PRZ**
**Account 2405 & Account 2425**
**Ref 1: Exhibit 9 / Alectra_Attach 9-1 DVA Continuity Schedule_HRZ_Updated 20251121**
**Ref 2: Exhibit 9 / Alectra_Attach 9-3 DVA Continuity Schedule_PRZ_Updated 20251121**
**Ref 3: Exhibit 9 /Alectra_Attach 9-5 DVA Continuity Schedule_HRZ_Updated 20251121**
**Ref 4: Accounting Procedures Handbook for Electricity Distributors, December 2011**

**Preamble:**
Per references 1, 2 and 3, Account 2405 has two different names (i.e. Other Regulatory Liabilities & Future Income Tax. Account 2425 also has two different names (i.e. Other Deferred Credits & Misc Revenue Overcharge)

Per reference 4, Account 2405 is Other Regulatory Liabilities or Credits and Account 2425 is Other Deferred Credits.

**Question(s):**
a) Please clarify the account name discrepancies noted above.

**9-Staff-271**
**GRZ**
**Account 1508, Other Regulatory Assets, Subaccount Guelph Hydro wireless attachment costs**
**Ref 1: EB-2015-0073, Decision and Rate Order, November 26, 2015, Schedule B**

**Preamble:**
Per reference 1, pursuant to the settlement agreement approved by the OEB, Guelph Hydro shall establish the following Deferral Accounts to record the costs and revenues associated with Wireless Pole Attachments.

**Question(s):**

a) Please provide details of this account:
   i. Why is this account not included in the DVA continuity schedule in this application
   ii. Is there any balance recorded in this account?

**9-Staff-272**
**Ref 1: Exhibit 9 / Tab 3 / Schedule 10 / pp. 3-4 (pdf pp. 448-449)**
**Ref 2: Exhibit 9 / Alectra_Attach 9-8_ICM True-Up Model_2019_Road Authority YRRT_PRZ_20251014**
**Ref 3: Exhibit 2B / Tab 5 / Schedule 1 / p. 2 (pdf p. 143)**

**Question(s):**

a) References 1 and 2 show the variance for capital expenditures between the approved and actual for 2018 and 2019. Variance explanations are provided in reference 3 which states that variances between approved and actual expenditures for 2018 and 2019 are due to the delay of work from 2016 and 2017. Please provide the approved and actual project costs for the entire project, by year and in total, along with variance explanations for material amounts.
   i. Please provide the cost-sharing arrangement details for the project with 2019 York Region Rapid Transit (YRRT).
   ii. Please confirm that the amounts sought for recovery are net of all third party contributions.
b) *Table 9-3-26: ICM True-up – Enersource RZ* in reference 1 shows a $3M underspend on Leaking Transformer – 2019. Why were less transformers replaced in 2019 than the original plan as stated in reference 3? How many transformers were planned to be replaced and how many were replaced?

**9-Staff-273**
**Ref 1: Final Notice of Amendments to the Distribution System Code, June 16, 2025**
**Ref 2: EB-2024-0092, Final Rate Order, March 20, 2025, Extended Horizons Variance Account,**
**Ref 3: Exhibit 9**

**Preamble:**
Appendix C of reference 1 outlines changes to the Distribution System Code to extend the customer revenue horizon to 40 years for residential customers (as defined in Appendix C). On March 20, 2025, the OEB created a Group 2 variance account, the Extended Horizons Variance Account, effective November 18, 2024.

**Question(s):**

(a) Please confirm the capital contributions in the forecast period incorporate the changes to the customer revenue horizon as outlined in reference 1. If not confirmed, please provide revised customer contributions as required by the changes.
(b) The Extended Horizons Variance Account has not been included in Exhibit 9. Please confirm that Alectra Utilities has not recorded material balances in this account for clearance.
(c) Please confirm that Alectra Utilities has incorporated the changes in reference 1 in its customer agreements in the historic and bridge period, as required.

**9-Staff-274**
**Ref 1: EB-2024-0092, Final Rate Order, December 23, 2025**

**Preamble:**
The OEB has established generic deferral and variance accounts (DVAs) for electricity distributors to track the capital costs, customer capital contributions and financing charges related to the Capacity Allocation Model (CAM).

**Question(s):**

a) Please discuss whether Alectra Utilities has thought about the DSC amendments for housing connections and the CAM DVAs.
b) Please confirm that Alectra Utilities does not propose any DVA related to CAM for this rate term.