RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 1-CCMBC-1

Reference: Exhibit 1, Tab 6, Schedule 2, Attachment 1-3, Clearspring Report, Page 16, Table 2 Total Cost Benchmarking Sample

Question: Of the utilities listed in Table 2, which ones are municipally owned electricity distributors with no generation, transmission or natural gas business?

RESPONSE:

Response provided by Clearspring

None of the utilities fit that category. All the utilities in the sample are investor-owned utilities.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 1-CCMBC-2

Reference: Exhibit 1, Tab 8, Schedule 4, Attachment 1-11, Fitch Credit Rating Report, page 11, Simplified Group Structure Diagram Organizational Structure—ALECTRA Inc.

Questions:

a) Of the affiliates of Alectra Utilities Limited (AUL) shown in the exhibit please indicate which affiliates have employees without disclosing the number if it is confidential.

b) For each affiliate list the services provided to it by AUL, and the services provided by it to AUL.

c) Do Ring-Fenced Solar Partnership and Solar Sunbelt General Partnership generate electricity and export it into the AUL distribution system? Please explain if this electricity is net metered and any other related business arrangement.

RESPONSE:

a) Alectra Inc. has 15 employees. Please refer to the response to 4-Staff-197(b). Alectra Utilities has approximately 1504 employees as of December 31, 2025. There are no employees in Ring-fenced Solar Partnership or Solar Sunbelt General Partnership.
The number of employees at Alectra Energy Solutions Inc. is confidential information. The information has been provided (on a confidential basis) in the attachments in response to 1-SEC-1.

b) Please refer to the response to 1-SEC-7-b for copies of the shared services agreement between Alectra Utilities and its affiliates. The services provided to or received by Alectra Utilities are detailed in Schedule 'A' of the agreements.

c) Ring-Fenced Solar Portfolio and Solar Sunbelt General Partnership generate electricity and export it into the AUL distribution system. The electricity is provided to AUL through the IESO's Feed-In Tariff contracts.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-3

Reference: Exhibit 4, Tab 1, Schedule 1, Page 3 and Exhibit 4, Tab 1, Schedule 2, page

Preamble: "Alectra Utilities has emerged from the historical period having integrated five utilities and navigated significant economic challenges while prudently managing costs. However, with the expected growth in electricity demand and aging infrastructure, additional OM&A investments are now needed to sustain service levels and maintain reliability.

Questions:

a) Please explain the apparent contradiction between the claim of "prudently managing costs" and the claim of "increasing backlog of deteriorated assets" in Schedule 2, page 3.

b) Did Alectra's management intentionally defer maintenance or was the deferral unintentional?

RESPONSE:

a) The basis for Alectra Utilities reference to "prudently managed costs" may be found at Exhibit 4 Tab 1 Schedule 1 Section 1.1 Page 2 Lines 31 – 34. Specifically, that reference is: "Between 2019 and 2024, OM&A expenditures grew at a compound annual rate of 2.0%, which is below the average OEB inflation factor for the same period. OM&A per customer increased by only 1.4% annually over this period and was 16% lower than Alectra Utilities' peer group."

With respect to the “increasing backlog of deteriorated assets”, that increase is a result of a mismatch between the asset deterioration rate and the asset renewal rate. Since 2018, the rate of asset deterioration has exceeded the rate of asset renewal. Alectra optimizes capital investments following the process outlined in Exhibit 2A, Tab 1, Schedule 1, Section 5.3.1, pages 95-110 (“Stage 2 – Capital Investment Planning and Optimization”).

b) Alectra Utilities did not defer maintenance. Maintenance activities are primarily designed to mitigate safety risks, sustain asset performance, and ensure service continuity (reference Exhibit 2A, Tab 1, Schedule 1, Section 5.4.1). Capital investments in reducing deteriorated assets appear as offsets to Reactive Capital expenditures rather than O&M cost reductions.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-4

Reference: Exhibit 4, Tab 1, Schedule 2, Page 2, Table 4-1-3: OM&A ($) per Customer

Question: Please explain why the forecast of OM&A Per Customer CAGR ($) for the 2025 - 2031 period is 4.1% when it was only 1.4% for the 2019 - 2024 period.

RESPONSE:

The OM&A Per Customer CAGR ($) for the 2025-2031 period is 4.5%. This CAGR is higher than historical because OM&A is expected to grow at a higher rate over the 2025-2031 period than it did over the 2019-2024 period. Additionally, beginning in 2027, OM&A includes approximately $14MM related to the reset of regulatory accounts for cable locates, OEB costs, and amortization of rebasing costs, which are not reflected in 2024 Actual. Please see Exhibit 4, Tab 1, Schedule 3 for key drivers impacting OM&A over the 2017-2024, 2024-2027 and 2027-2031 period.

RESPONSES TO COALITION OF CONCERNED MANUFACTURERS AND BUSINESSES OF CANADA INTERROGATORIES

INTERROGATORY 4-CCMBC-5

Reference: Exhibit 4, Tab 1, Schedule 2, page 3

Preamble: "Alectra Utilities is managing an increasing backlog of deteriorated assets, which has increased by 49% from the 2018 Asset Condition Assessment results. This trend underscores the necessity of prioritizing maintenance programs and related activities to maintain system reliability. An example of this is the pole replacement program, which is planned to increase from 746 poles in 2025 to 1,300 poles in 2031."

Questions:

a) Please explain why the increasing backlog of deteriorating assets would not be an indication of mismanagement of maintenance since 2018.

b) Please explain why maintenance programs were not prioritized since 2018.

c) Please confirm that pole replacement is a capital program.

d) Will the increase in pole replacement result in a reduction in OM&A?

RESPONSE:

a) An increasing backlog of deteriorating assets is not an indication of mismanagement of maintenance since 2018. Not all deteriorating assets can be managed strictly through maintenance efforts. See response to IR 4-CCMBC-03 (b).

b) Alectra has prioritized and continuously improved its maintenance programs since 2018. For example, asset inspection programs have been harmonized, upgraded to digital platforms and updated to collect more granular data (reference Exhibit 2A Tab 1 Schedule 1 Appendix E Page 3 Section 2.2). Since 2023, these updates have enabled Alectra Utilities to identify, classify and track corrective actions requiring repairs to maintain asset performance (reference IR 4-AMPCO-67). Addressing these corrective actions has been integrated into Alectra Utilities' Asset Inspection contracts to prioritize the completion of repairs at the time of inspection, improving cost efficiency for ratepayers (Reference Exhibit 4, Tab 2, Schedule 16, page 21, lines 7-11, and Exhibit 4, Tab 2, Schedule 17, page 14, lines 10-14). Other examples of successfully prioritizing maintenance includes Alectra Utilities' Switch Maintenance program which has resulted in declining switch failures since 2018 (reference Exhibit 4, Tab 2, Schedule 16, Table 4-2-109) and the adoption of risk based maintenance and repair activities to prioritize and optimize maintenance interventions (reference Exhibit 4, Tab 2, Schedule 17, page 10 line 24 to page 11 line 8).

c) Alectra Utilities confirms that pole replacement is a capital investment. Planned pole replacements are included in Overhead Asset Renewal. Reactive pole replacements are included as Reactive Capital. Please refer to Exhibit 2A, Tab 1, Schedule 1, Page 27, Table 5.2.1 - 6 System Renewal Investments (2027-2031), B01 - Overhead Asset Renewal, and B05 - Reactive Capital for more details on the pole replacement capital investments.

d) Increasing pole replacement rates under the System Renewal investments may result in a relatively minor reduction to OM&A costs where the replacement of the asset avoids non-capital responses under the Overhead Inspections and Maintenance. However, repairs and maintenance programs are intended to address safety risks, sustain asset performance and ensure service continuity (reference Exhibit 2A, Tab 1, Schedule 1, Section 5.4.1). Increasing pole replacement rates under the System Renewal investments will have a more pronounced offsetting impact on Reactive Capital expenditures. Corrective actions for pole repairs (such as repairing broken ground and

cable guards, tightening and repairing down guys, etc.) are important to ensure safety and correct operation of the assets but are not the primary mechanism for reducing risk of asset failure, which is primarily addressed through System Renewal investments. Refer to Exhibit 2A Tab 1 Schedule 1 Appendix B05 Table B05-5 on page 205, which indicates that Equipment Failure, Imminent Failure or Safety Risk driven investments are expected to decrease over time in response to increases in pole replacement rates.

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INTERROGATORY 9-CCMBC-6

Reference: Exhibit 9, Tab 1, Schedule 1, page 3, Table 9-1-2, Alectra Utilities' Group 2 DVA Balances ($MM).

Question: Please reconcile the balances shown for Account 1508 - Incremental Capital Module shown in Table 9-1-2 with the ICM Approved balances shown in Exhibit 2B, Tab 1, Schedule 1, page 5, Table 2-1-3: 2017-2024 OEB Approved Fixed Assets Summary (in $MM).

RESPONSE:

The balances shown for Account 1508 – Incremental Capital Module in Table 9-1-2 and the ICM Approved balances presented in Exhibit 2B, Tab 1, Schedule 1, page 5, Table 2-1-3 represent two distinct items.

The balances shown for Account 1508 – Incremental Capital Module in Table 9-1-2 represent the true-up balances for the OEB-approved ICM projects. These balances for each rate zone are reported in their respective DVA schedule and supported by the associated ICM true-up model. Please refer to the responses to 9-Staff-248 d) ii), 9-Staff-249 d) ii) and 9-Staff-250 c) ii) for the reconciliation of the balances with the associated ICM true-up model.

The ICM Approved balances shown in Exhibit 2B, Tab 1, Schedule 1, page 5, Table 2-1-3 represent the OEB-approved ICM investment for each rate zone to 2024, which is used as part of the inputs to the ICM true-up models in Tab 6 ICMIRR column K cell K27. Please refer to the responses to 9-Staff-248 d) ii), 9-Staff-249 d) ii) and 9-Staff-250 c) ii) for the ICM true-up models.