

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2
3 **INTERROGATORY 3.1-PWU-1**

4
5 Ref (1): Exhibit 1, Tab 3, Schedule 1, Page 2 of 30

6
7 Since the merger, Alectra Utilities' capital budgets have not increased at the pace required
8 to maintain the integrity of the grid, and defective equipment is now responsible for
9 approximately 50% of the customer hours of interruption that occur.

10
11 Ref (2): Exhibit 1, Tab 3, Schedule 1, Page 5 of 30

12
13 Since the merger in 2017, including the addition of Guelph Hydro in 2019, total net savings
14 from operating and capital budgets will reach \$340.7 million over 10 years. Importantly,
15 Alectra Utilities anticipates that sustained savings will total approximately \$44.3 million per
16 year from 2027 onward.

17
18 **Questions:**

19
20 a) Please list major efforts Alectra made to mitigate the challenges posed by
21 inability to increase capital budget at the pace required to maintain the integrity of the
22 grid.

23
24 b) How does Alectra compare the benefits and savings achieved as a result of the
25 merger with the reality that many critical assets showed significant deterioration since the
26 merger?

27
28 **RESPONSE:**

29
30 a) Alectra Utilities annually optimized the allocation of available capital by prioritizing
31 immediate system needs where possible, at the expense of medium and long-term

1 investment needs. This approach resulted in the deferral of certain medium- and long-
2 term investments, including multiple system expansion and capacity projects. Secondly,
3 Alectra Utilities sought to attain incremental capital funding through multiple applications
4 to the Ontario Energy Board (EB-2017-0024, EV-2018-0016, EB-2019-0018, EB-2022-
5 013, EB-2023-004).

6

7 b) The efficiencies and savings realized through the Alectra merger were primarily achieved
8 through corporate and operational integration initiatives, including the elimination of
9 duplicative functions, consolidation of shared services, and the implementation of
10 common enterprise systems and processes. These sustained savings have contributed
11 to improved cost efficiency and have mitigated upward pressure on rates over time.
12 These savings were not intended to, nor could they reasonably be expected to, offset or
13 reverse pre-existing asset condition challenges that developed over multiple decades
14 across the legacy utilities. Asset deterioration reflects historical investment levels, age,
15 and condition of infrastructure inherited at the time of the merger, rather than the
16 outcomes of post-merger operational efficiencies.

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RESPONSES TO POWER WORKERS’ UNION INTERROGATORIES

INTERROGATORY 3.1-PWU-2

Ref (1): Exhibit 2A, Tab 1, Schedule 1, Figure 5.3.2 - 69, Page 221 of 406

Shows Cables Remediated (replaced/injected) vs. % of Very Poor and Poor XLPE Cable Population (2018 to 2031). It shows Poor/Very Poor XLPE population as % of total XLPE population increases, reaching 30% in 2031 in spite of the planned remediation /replacement

Ref (2): Exhibit 2A, Tab 1, Schedule 1, Table 5.3.2 -8, Page 174

Shows Alectra’s inventory of distribution assets

Ref (3): Exhibit 2A Tab 1 Schedule 1, Appendices B01-B04 (Asset Renewals, ACA),

Question:

a) Assuming that the Alectra-recommended spending on replacement of assets in poor and very poor conditions is approved by the OEB, please complete the following partially populated table. In the event figures are inaccurate, please replace and complete with accurate data.

Table 1 – distribution Assets

Asset Category	Total # (or length in KM)	In Very Poor/Poor Condition at the end of 2023 (2023 ACA)		Number of Units planned to be replaced over the 2027-31 Period	Estimated assets in Very Poor/Poor Condition at the end of the Plan (2031)	
		Number of Units	Share (% of total)		Number of Units	Share (% of total)
Distribution Transformers	128,362	9,454				

Asset Category	Total # (or length in KM)	In Very Poor/Poor Condition at the end of 2023 (2023 ACA)		Number of Units planned to be replaced over the 2027-31 Period	Estimated assets in Very Poor/Poor Condition at the end of the Plan (2031)	
Switchgear	3,444	329?				
Overhead Switches	3,192	80				
Overhead Conductors (length, KM)	18,463					
Wood Poles	105,262	9,691	9%			
Concrete Poles	29,110	586	2%			
UG Primary XLPE Cables (length, KM)	23,106					
UG Primary PILC Cables (length, KM)	474					
UG Primary EPR Cables (length, KM)	114					

1

2 **Questions:**

3

4 b) For each asset category above, and assuming the Alectra-recommended
 5 replacement plan is approved and the planned work is actually undertaken,
 6 please confirm whether the share of assets in poor/very poor condition at the end
 7 of the plan (2031) will be higher or lower than the share of assets in poor
 8 condition at the beginning of the Plan (2027)

9

10 c) What would the share of Poor/Very poor Transformers be by the end of the Plan (2031)
 11 under the “Accelerated” and “Reduced” pacing scenarios?

12

13 d) What would the share of Poor/Very Poor Wood Poles be by the end of the Plan (2031)
 14 under the “Accelerated” and “Reduced” pacing scenarios?

1 a) For the most critical and significant Station Assets categories, please provide a
 2 table similar to Table 1 above, assuming the OEB approves the Alectra-recommended
 3 replacement options.

4

5 **RESPONSES:**

6

7 a) Please refer to the populated table, Table 1 - Completed Table.

8

9 **Table 1 - Completed Table**

Asset Category	Total (Units or km)	Very Poor/Poor Assets as of Dec 2023 (2023 ACA)		# of Units/Km Planned Replacement (2027-31)	Estimated Very Poor/Poor Assets by Dec 2031	
		Count	% of total		Count	% of total
Distribution Transformers	128362	9454	7.4%	4790	Not Applicable	
Switchgear	3444	329	9.6%	344		
Overhead Switches	3192	80	2.5%	255		
Overhead Conductors (length, KM)	18464	443	2.4%	110 km of #6 and 4/0 OH conductor (See response to 2-AMPCO-53)	553 km	3.0%
Wood Poles	105262	9691	9.2%	5256	Not Applicable	
Concrete Poles	29110	586	2.0%			

Asset Category	Total (Units or km)	Very Poor/Poor Assets as of Dec 2023 (2023 ACA)		# of Units/Km Planned Replacement (2027-31)	Estimated Very Poor/Poor Assets by Dec 2031	
		Count	Percentage		Count	Percentage
UG Primary XL PE Cables (length, KM)	23106	5114	22.1%	382 km (Replacement only)	7,027 km	30%
UG Primary PI LC Cables (length, KM)	474	39	8.2%			
UG Primary EPR Cables (length, KM)	114	0	0%			

1

2 The quantities of assets planned for replacement over the 2027-2031 DSP period
 3 reflected in Table 1 are based on the planned replacement investments under the three
 4 programs: Transformer Renewal, Underground Asset Renewal, and Overhead Asset
 5 Renewal.

6

7 As described in the response to 2-Staff-69 (part b), Alectra Utilities' Asset Condition
 8 Assessment ("ACA") methodology does not forecast the future quantity (or share) of
 9 assets by Health Index category for wood and concrete poles, distribution transformers,
 10 overhead switches, and switchgear, because the condition assessment for these asset
 11 classes is based on the most recent inspections, testing, and maintenance information,
 12 which evolve over time.

13 For overhead conductors, the estimated deteriorated population of 553 km (3.0%) in 2031
 14 is based on ACA projection results after consideration of the overhead conductor
 15 replacement projects to replace #6 and 4/0 conductors over the 2027-2031 period.

16

17 For underground cables, the ACA projection results indicate that the deteriorated UG
 18 primary cable population is projected to increase from 5,153 km (22%) in 2023 to 7,027

1 km (30%) in 2031, after consideration of the cable replacement projects proposed in the
2 DSP.

3

4 b) With exception of underground cables and overhead conductors (where ACA projection
5 results are available), Alectra Utilities' ACA methodology does not forecast the
6 quantities/share of assets by Health Index categories for future years. Accordingly,
7 Alectra Utilities is not able to confirm whether 2031 share will be higher or lower than the
8 2027 share for those asset classes.

9

10 For UG primary cables, the ACA projection results indicate that the share of Poor/Very
11 Poor UG cable is projected to be higher at the end of the plan than at the beginning of
12 the plan.

13

14 For overhead conductors, the ACA projection results indicate an estimated deteriorated
15 population of 553 km (3.0%) by 2031 which is higher than 443 km (2.3%) in 2023.

16

17 c) Please refer to the response to part b) above.

18

19 d) Please refer to the response to part b) above.

20

21 a) Inventory and number of station assets in "Very Poor" and "Poor" condition categories in
22 2023 and the number of planned replacements over 2027-2031 are provided in Table 2
23 below. Alectra Utilities notes that the forecasted number of station assets in the "Very
24 Poor" and "Poor" condition category in 2031 is not available, as the ACA results are
25 dependent on inspections, testing, and maintenance information that evolve over time.

1 **Table 2 –Station Assets Health Index and DSP Period Replacement Quantities**

Station Asset Class	Total Number (2023)	Very Poor/Poor Condition (2023)	Planned Replacements 2027-2031	Estimated Very Poor/Poor Condition (2031)
Power Transformers	289	12	0	Not Available
Circuit Breakers	1277	144	67	Not Available
Station Switchgear	365	39	14	Not Available

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2
3 **INTERROGATORY 3.1-PWU-3**

4
5 Ref: Exhibit 2A Tab 1 Schedule 1 5.2.1 DSP Overview Page 27 of 406

6
7 “Investment levels for underground renewal need to increase in 2030 and 2031 as the utility
8 concludes the cable injection program and transitions to full cable replacement. Alectra
9 Utilities has determined that the candidates eligible for cable injection will exhaust in 2029.”

10
11 **Questions:**

12
13 a) Please explain what Alectra means by “the utility concludes the cable injection program
14 and transitions to full cable replacement.” Please confirm whether or not
15 Alectra will no longer undertake cable injection programs beyond 2029 and
16 explain why

17
18 b) Please explain the technical criteria used to determine that a cable is no longer a
19 candidate for injection.

20
21 c) On average, by how many years does cable rejuvenation through injection extend the life
22 of an aging cable?

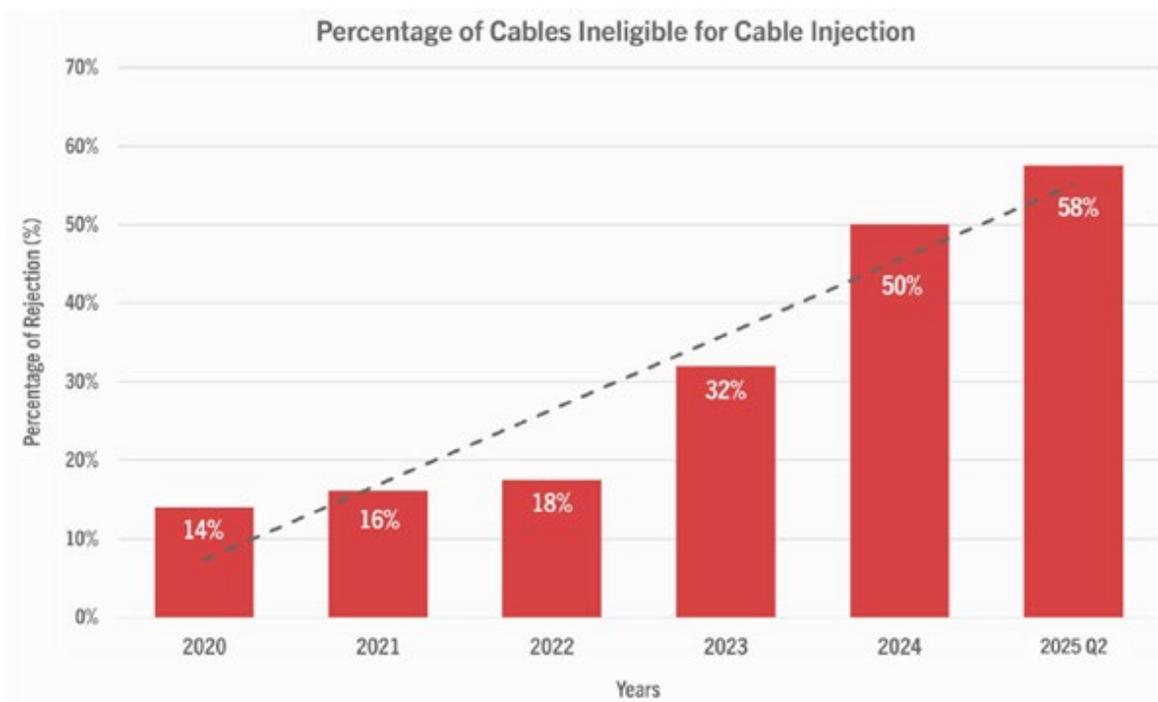
23
24 d) How does the cost of cable injection compare to the cost of cable replacement?
25 For demonstration purpose, please compare the costs of the 51 cable replacements that
26 Alectra undertook for the 2020-2024 period with the 57 cable injection projects that
27 Alectra undertook during the same period, which is cited in *Exhibit 2A Tab 1 Schedule 1*
28 *5.2.1 DSP Overview Page 5 of 406.*

1 **RESPONSE:**

2

3 a) Alectra Utilities will no longer undertake cable injection program beyond 2029 as Alectra
4 has determined that the candidates eligible for cable injection will exhaust in 2029. Please
5 refer to Exhibit 2A, Tab 1, Schedule 1, Appendix B02 - Underground Asset Renewal,
6 page 72 of 653, lines 6 to 14, including Figure B02-7. As illustrated by Figure 1 below,
7 the data consistently indicates a significant increase in the proportion of cables that are
8 ineligible for injection. The pool of viable candidates for injection is rapidly diminishing,
9 making it unlikely that candidates will be available by 2030.

10



11

12 **Figure 1 – Underground Cable Rehabilitation by Cable Injection (2020-2025 Q2)**

13

14 b) Please refer to Exhibit 2A, Tab 1, Schedule 1, Appendix B02 - Underground Asset
15 Renewal, page 71 of 653, Lines 1 to 8. The injection eligibility criteria are stated in the
16 footnote. Since cable injection requires forcing liquid into the core of a direct buried cable,
17 if the cable type is strand-filled or solid core, there would be no space for the fluid to flow

1 through the cable. If the cable neutral had corroded, the cable would imminently fail,
2 regardless of the outcome of the cable injection process. Other factors such as the
3 number of splices and location of the splices also play a part in eligibility but are not
4 'technical' criteria.

5

6 c) Please refer to Exhibit 2A, Tab 1, Schedule 1, Appendix B02 - Underground Asset
7 Renewal, page 71 of 653, Lines 1 to 3. Alectra Utilities expects that cable injection can
8 extend the service life of XLPE cables by up to 20 years.

9

10 d) The total cost of cable replacement projects over 2020-2024 is \$154.6MM with 277 km
11 of cables replaced while that of cable injection projects is \$79.8MM with 714 km of cables
12 injected. However, not all cable remediation projects are equal. Some are straightforward
13 replacements which may be expected to incur average costs, but some are complex due
14 to obstacles in the ground and already congested road allowance and therefore are
15 greater than average costs.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2
3 **INTERROGATORY 3.1-PWU-4**

4
5 Ref (1): Exhibit 2A Tab 1 Schedule 1 Appendix B01 - Overhead Asset Renewal Page 3 of
6 653

7
8 Under the Pole Renewal segment, Alectra Utilities plans to replace 5,256 poles over the
9 2027- 2031 period. This target will only help address about half of the deteriorated poles
10 and will result in a sizable reduction to the deteriorated population remaining on the system.

11
12 Ref (2) Exhibit 2A Tab 1 Schedule 1 Appendix B01 - Overhead Asset Renewal Page 6 of
13 653

14
15 Predictive Analytics (*Chapter 5.3.3 Asset Lifecycle Optimization Policies and*
16 *Practices*) determined that there would be positive value to customers if Alectra Utilities
17 replaced up to 14,540 poles over the 2027-2031 time frame.

18
19 Ref (3): Exhibit 2A Tab 1 Schedule 1 Appendix B01 - Overhead Asset Renewal Page 12 of
20 653

21
22 Additionally, Alectra Utilities' overhead distribution network contains a population of 19,086
23 poles with legacy porcelain insulators and 1,279 first-generation polymeric insulators. The
24 design of these insulators has led to safety issues for Alectra Utilities' crews and reliability
25 issues for the overhead distribution system. Alectra Utilities will replace a subset of these
26 insulators over the DSP period with new polymeric materials.

27
28 **Questions:**

29
30 a) Was the specific information in Ref (2) presented to customers during Alectra's customer
31 engagements? If yes, what was the response?

- 1 b) Please give an example of recorded safety issues encountered by Alectra’s crews due
2 to legacy porcelain and first-generation polymeric insulators
3
- 4 c) Please quantify the “subset of these insulators” planned for replacement during the 2027-
5 2031 period in Ref (3)
6
- 7 d) What would be the cost of replacing all legacy porcelain and first-generation polymeric
8 insulators in Ref (3)?
9

10 **RESPONSE:**
11

- 12 a) No, the referenced information was not specified in the engagement survey.
13

14 The specific pole replacement amount of 14,540 poles cited in Exhibit 2A, Tab 1,
15 Schedule 1, Appendix B01, Section 2.1, Page 6 Lines 12 – 15 was not shared with
16 customers as part of the customer engagement survey as this quantity did not represent
17 the quantity of poles to be replaced in any of the three pacing strategies shared in the
18 surveys. This number was derived from the Predictive Analytics platform and while it
19 shows positive value for customers to replace this amount of poles, as per Exhibit 2A,
20 Tab 1, Schedule 1, Appendix B01, Section 2.1, Page 8 Lines 3 – 13, Alectra Utilities
21 elected to reduce this amount within its pacing strategies to manage both rate impact and
22 feasibility in executing on this increase in pole replacements while respecting customer
23 preferences to improve reliability and avoid outages.
24

- 25 b) Porcelain and first-generation polymeric insulators have been known to cause safety
26 issues related to pole fires and wire-on-ground events. These are explained in Exhibit
27 2A, Tab 1, Schedule 1, Appendix B01, Section 2.1, Page 8 Lines 14 – 22. Figure B01-3
28 on Page 9 and Figure B01-13 on Page 25 show the impact of a pole fire incident from a
29 failed porcelain insulator. Alectra Utilities has recorded 39 pole fire incidents between
30 2023 – 2025. Alectra Utilities is proactively investing in remediating these insulators as
31 cited in part c) below.

- 1 c) Alectra utilities plans to replace over 1900 legacy porcelain and first-generation polymeric
2 insulators over the DSP period.
3
- 4 d) The cost to strictly replace the legacy porcelain and first-generation polymeric insulators
5 based on a total of 20,365 poles cited in Exhibit 2A Tab 1 Schedule 1 Appendix B01 -
6 Overhead Asset Renewal Page 12 of 653 would exceed \$45MM.

1 **RESPONSES TO POWER WORKERS’ UNION INTERROGATORIES**

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3 **INTERROGATORY 3.1-PWU-5**

4

5 Ref (1): Exhibit 2A Tab 1 Schedule 1, Appendices B01 -4, B02 -5, B02 -10, B03 -5

6

7 The reference shows a significant increase in historical spending on asset renewal for
8 the period 2020-24 due to a significant increase in the cost of materials that had outpaced
9 inflation.

10

11 **Cumulative Annual % Increases in Material Costs from 2020 Baseline**

12

Asset	2021	2022	2023	2024
Pole	9.9%	23.4%	39.3%	68.6%
Cable	16.7%	47.6%	37.4%	77.9%
Switchgear	-1.4%	9.6%	16.4%	35.9%
Transformer	12.68%	67.24%	101.46%	12.68 %

13

14 Ref (2): Exhibit 1, Tab 3, Schedule 1, Page 24 of 30

15

16 **Table 1-3-4: Summary of Alectra Utilities planned investments over the 2027-2031**
17 **period**

18

	Forecast Period (Planned) (\$MM)				
	2027	2028	2029	2030	2031
System Access	157.7	180.4	164.2	139.1	138.7
System Renewal	193.1	209.4	257.3	346.1	362.6
System Service	39.2	79.6	150.0	132.0	184.2
General Plant	64.8	85.5	82.6	95.9	71.8
Total	454.8	554.9	654.1	713.1	757.3

1 **Questions:**

2

3 a) Please discuss the impacts, if any, of the significant increase in material cost over
4 the 2020-2024 period on Alectra's ability to invest in Asset Renewal and its
5 contribution to the significant deterioration of assets presented in the current Application.
6 Also, please confirm if any investment plans were deferred or cancelled as a result.

7

8 b) For the four asset categories in Ref (1), please provide the capital expenditures
9 planned for the 2027-2031 period indicating the contribution (in %) of increases in
10 material cost to the year-over-year increases in spending.

11

12 c) What is the contribution in percent of increase in material cost to the year over
13 year increase in capital expenditure on System Renewal for the 2027-31 period
14 provided in Ref (2)?

15

16 d) What is Alectra's plan to deal with similar potential increases in material cost over the
17 2027-31 period?

18

19 **RESPONSE:**

20

21 a) Increases in material costs, which are outside of Alectra Utilities' control, compounded
22 the cost pressure to Alectra Utilities constrained capital budget. The impact of increasing
23 material costs to Alectra Utilities capital program was a reduction and deferral of units
24 initially planned to be completed under the renewal programs. To mitigate the increasing
25 material costs, Alectra Utilities optimized its capital portfolio on an annual basis with a
26 focus on renewing the highest priority and most urgent assets which resulted in the
27 backlog of deteriorated assets continuing to grow. For more details, refer to 3.1-PWU-1
28 (a).

- 1 b) and c) Alectra Utilities applied an annual inflation factor for capital investments over the
2 2027-2031 plan, please refer to 2-SEC-47 (a) for details. The inflation factor applies to
3 the entire capital investment, which includes material and labour costs.
4
- 5 d) While material cost increases are inherently outside of Alectra Utilities' direct control,
6 Alectra Utilities has tried to address material price impacts through material
7 standardization. Material standardization reduced the number of part numbers used by
8 Alectra Utilities, enabling more accurate material demand forecasting. In turn, this
9 enables Alectra Utilities to work with manufacturers and to secure manufacturing slots to
10 align with our material volume requirements. Collaborating and sharing material forecasts
11 with manufacturers ensures that manufacturers and suppliers can plan their production
12 schedules, accordingly, thereby stabilizing costs and improving material delivery.
13 Furthermore, material standardization has enabled Alectra to diversify suppliers, which
14 allows sourcing from the most cost-competitive options available. This diversification of
15 supply reduces dependency on single suppliers and enhances Alectra Utilities' ability to
16 respond to price changes effectively. These strategies are further outlined in Exhibit 4,
17 Tab 2, Schedule 5, Pages 6 to 9, sections 3.2 and 3.3.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2
3 **INTERROGATORY 3.1-PWU-6**

4
5 Ref (1) Exhibit 2A Tab 1 Schedule 1 Appendix B01 - Overhead Asset Renewal Page 3
6 of 653

7
8 Under the Pole Renewal segment, Alectra Utilities plans to replace 5,256 poles over the
9 2027- 2031 period. This target will only help address about half of the deteriorated poles and
10 will result in a sizable reduction to the deteriorated population remaining on the system.

11
12 **Question:**

13
14 a) Please explain the basis for the above statement given that a portion of the pole
15 population currently in "Good" or "Fair" condition will become "Poor" or "Very Poor" over
16 the course of the 2027-31 period.

17
18 **RESPONSE:**

19
20 a) Assets will continue to deteriorate and may move categories over the DSP timeframe.
21 The condition of assets will be re-evaluated throughout the DSP period and as assets
22 move into the Poor and Very Poor categories they will help inform future assessments of
23 replacement pacing. Alectra Utilities will utilize Predictive Analytics with updated ACA
24 data as described in Exhibit 2A Tab 1 Schedule 1 Section 5.3.1 Subsection A.2 Page
25 114 Lines 4 -12 to help determine the appropriate pacing in subsequent DSPs.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

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3 **INTERROGATORY 3.1-PWU-7**

4

5 Ref (1) Exhibit 2A Tab 1 Schedule 1 Appendix B01 - Overhead Asset Renewal Page 6 of
6 653

7

8 At the end of 2023, Alectra Utilities had 10,277 deteriorated poles in Poor or Very Poor
9 condition, which was an increase of approximately 4% compared to the 2018 ACA results,
10 which shows an increase in the pace of deterioration and need to address these investments.
11 A climate vulnerability assessment of the system identified an additional 25,534 poles which
12 pose a risk.

13

14 **Questions:**

15

16 b) Please explain situations in which poles could pose risk of climate vulnerability even when
17 they are not in poor or very poor condition.

18

19 c) Please confirm whether or not Alectra's plan to replace 5,256 poles from 2027-
20 2031 includes a portion of the 25,534 poles which pose risk as identified through climate
21 vulnerability assessment. If yes, how many of the 5,256 poles planned for replacement
22 target poles with risk of climate vulnerability?

23

24 **RESPONSE:**

25

26 b) Refer to Interrogatory Response 2-Staff-66 part c. Poles could pose risk of climate
27 vulnerability when they are 'structurally overloaded', as they do not meet pole loading
28 criteria and lack sufficient strength to withstand their specific climate loading scenarios.
29 For more details, please refer to Exhibit 2A, Tab 1, Schedule 1 Chapter 5.3.2.1 Overview
30 of Distribution Service Area Managed (Section C - Climate Trends, C.1 Detailed
31 Assessment of Structural Resilience of Overhead System - pages 152/153 of 401).

1 c) Alectra Utilities prioritizes the replacement of known deteriorated poles first while
2 continuing to monitor climate vulnerable non-deteriorated poles. As detailed in Exhibit
3 2A, Tab 1, Schedule 1, Appendix B01 – Overhead Asset Renewal Section 2.4.2 (page
4 21 of 653), the overlap between “Structurally Overloaded” poles and those identified as
5 deteriorated (Very Poor or Poor) in the 2023 ACA is 218 Poles which are a part of the
6 5,256 poles planned for replacement between 2027-2031.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

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3 **INTERROGATORY 4.1-PWU-8**

4

5 Ref. (1): Exhibit 4, Tab 1, Schedule 2, Page 2 of 17, Table 4-1-3:

6

Table 4-1-3: OM&A (\$) per Customer

	Actuals						CAGR
	2019	2020	2021	2022	2023	2024	2019*-2024
OM&A (\$MM)	264.50	285.42	274.77	288.62	287.24	292.00	2.0 %
OM&A per Customer (\$)	251.86	269.96	258.04	269.18	266.30	269.40	1.4 %

*2019 is the first year that includes Guelph Hydro Electric Systems Inc.

7

	Bridge		Test	Forecast			CAGR	
	2025	2026	2027	2028	2029	2030	2031	2024-2031
OM&A (\$MM)	311.20	318.79	355.04	371.95	389.48	404.00	415.11	5.1 %
OM&A per Customer (\$)	285.81	291.49	323.28	337.19	351.51	363.01	371.38	4.7 %

8

9 Ref. (2): Exhibit 4, Tab 2, Schedule 12, Page 8 of 13, Table 4-2-87

10

Table 4-2-87: Cable Locates Program Expenditures (\$MM)

Program Name: Cable Locates								
Program Costs (\$MM) – Historic Period								
Year	2017	2018	2019	2020	2021	2022	2023*	2024*
Total	6.36	6.27	5.97	6.26	5.79	5.19	1.96	0.46
Program Costs (\$MM) – Bridge and Forecast Period								
Year	2025*	2026*	2027	2028	2029	2030	2031	
Total	1.50	0.73	8.67	8.94	9.22	9.50	9.80	

*Variance account (1508) applies to Cable Locate program costs in 2023, 2024, 2025, 2026 in the following amounts \$7.29MM, \$7.00MM, \$7.53MM, \$7.75MM, respectively (rounded to nearest \$10,000). The number shown are net of the account balances. Refer to Table 4-2-84 above for more details.

11

1 Ref (3): Exhibit 4, Tab 2, Schedule 3, Page 5 of 22, lines 5-12

2

3 In 2016, the OEB revised its cost assessment model, resulting in an increase in cost
 4 assessment fees. The OEB established Account 1508 Other Regulatory Assets, Sub-
 5 Account OEB Cost Assessment Variance, to record the difference between OEB cost
 6 assessment fees built into rates and the actual assessment fees. In accordance with
 7 the OEB's guidance, Alectra Utilities recorded this difference in the variance account
 8 since 2016. Starting in 2027, Alectra Utilities has forecasted OEB cost assessment
 9 fees to fully capture the increase in assessment fees on a go forward basis. This
 10 represents an increase of approximately \$3.6MM compared to the historical amounts
 11 built into rates.

12

13 **Question:**

14 a) Please provide a revised version of Table 4-1-3 that includes amounts included in the
 15 cable locates and OEB Cost Assessment Variance accounts.

16

17 **RESPONSE:**

18

19 a) The OM&A (\$) per Customer metric has been recalculated in the tables below to
 20 illustrate the inclusion of cable locate and OEB cost assessment amounts included in
 21 the variance accounts (as per Table 9-3-3 and Table 9-3-35).

22

23 **Table 1 - OM&A (\$) per Customer including Cable Locates and OEB Cost**
 24 **Assessment Variance Accounts**

	Actuals						CAGR
	2019	2020	2021	2022	2023	2024	2019-2024
OM&A (\$MM)	265.80	286.62	275.87	290.22	296.64	302.00	2.6%
OM&A per Customer (\$)	253.10	271.09	259.07	270.67	275.02	278.63	1.9%

25

	Actuals	Bridge	Test	Forecast			CAGR	
	2025	2026	2027	2028	2029	2030	2031	2024-2031
OM&A (\$MM)	321.54	329.69	355.04	371.95	389.48	404.00	415.11	4.6%
OM&A per Customer (\$)	295.31	301.45	323.28	337.19	351.51	363.01	371.38	4.2%

26

1 **RESPONSES TO POWER WORKERS’ UNION INTERROGATORIES**

2

3 **INTERROGATORY 4.1-PWU-9**

4

5 Ref. (1): Exhibit 4, Tab 3, Schedule 4, Page 11 of 12, lines 5-13

6

7 Alectra Utilities hires contract and temporary staff to cover absences, vacancies, or support
8 special projects requiring specific skills for a limited time. This approach offers flexibility,
9 helps manage workload changes, and ensures projects stay on track without sacrificing
10 quality or efficiency. Temporary employees are often hired to backfill employees who are on
11 special projects, such as system implementations or long-term corporate projects.
12 Additionally, temporary or contract resources are utilized to provide coverage for employees
13 on extended absences such as maternity or long-term disability leave. In 2024 Alectra
14 Utilities had approximately 39.5 temporary FTE and is forecasting reduced utilization of
15 temporary resources annually to 2031.

16

17 **Question:**

18

19 a) Please provide the annual forecast of temporary FTEs from 2025 to 2031.

20

21 **RESPONSE:**

22

23 a) The table provides actual temporary FTE for 2025 and forecast FTE for 2026-2031.

24

25 **Table 1 - Temporary FTE Forecast 2025 to 2031**

2025	2026	2027	2028	2029	2030	2031
43.9	30.3	11.8	11.0	8.0	5.0	5.0

26

RESPONSES TO POWER WORKERS’ UNION INTERROGATORIES

INTERROGATORY 4.1-PWU-10

Ref. (1): Exhibit 4, Tab 3, Schedule 5, Attachment 4-7, Page 5 of 11

Detailed Findings

At an aggregate level, across all benchmark jobs, Mercer’s review found that Alectra’s total remuneration is within the market competitive range (i.e., within +/- 5% of the comparator market) for both union and nonunionized jobs on a weighted average basis. Specifically, on an overall organization basis, Alectra’s total remuneration has a market variance of 101% (i.e. 1% above 50th percentile) relative to the 50th percentile of the comparator market.

Alectra			Base Salary			Target Total Cash Compensation (“TCC”)			Target Total Remuneration (“TRem”)		
Grade	# of Jobs	# of EEs	Alectra ¹	Market Median	% Var.	Alectra ²	Market Median	% Var.	Alectra	Market Median	% Var.
11	1	2	\$65	\$65	100%	\$68	\$66	103%	\$90	\$76	119%
12	1	8	\$87	\$81	108%	\$91	\$84	109%	\$117	\$94	124%
14	13	86	\$100	\$98	103%	\$107	\$107	102%	\$136	\$122	114%
15	12	48	\$114	\$104	111%	\$122	\$112	110%	\$153	\$128	122%
16	8	105	\$132	\$153	86%	\$141	\$168	84%	\$176	\$196	90%
17	3	13	\$138	\$130	106%	\$152	\$150	102%	\$189	\$177	107%
18	6	23	\$156	\$167	94%	\$172	\$192	91%	\$212	\$225	96%
19	2	4	\$171	\$167	102%	\$196	\$196	100%	\$241	\$239	101%
20	1	4	\$190	\$179	107%	\$219	\$219	100%	\$268	\$254	105%
21 / 22 ⁴	5	5	\$255	\$244	105%	\$319	\$316	102%	\$385	\$389	100%
IBEW & PWU	13	544	\$104	\$109	98%	\$104	\$113	95%	\$131	\$136	99%
Aggregate Total	65	842	\$111	\$116	98%	\$115	\$124	96%	\$144	\$147	101%

Questions:

a) How is the “% Var.” calculated?

1 b) Target Total Remuneration for IBEW & PWU is \$131 for Alectra, which is 96% of the
2 \$136 Market Median. Please explain why the “% Var.” figure is 99% instead of 96%.

3

4 **RESPONSE:**

5

6 **Response provided by Mercer**

7

8 a) The % Var. (i.e. % Variance) in the referenced table is calculated by taking the average
9 of the market variance for each employee in benchmark jobs included in the review.

10

11 b) As mentioned in response (a) above, the % variance is not calculated by dividing the
12 values for Alectra and the market median presented in the referenced table. As such, the
13 96% referenced would not be an accurate reflection of the study’s methodology.

1 **RESPONSES TO POWER WORKERS’ UNION INTERROGATORIES**

2

3 **INTERROGATORY 4.1-PWU-11**

4

5 Ref. (1): Exhibit 4, Tab 2, Schedule 15, Page 1 of 16

6 **Vegetation Management**

7 Program Description: The Vegetation Management Program provides for the
8 effective removal of unwanted plant growth from utility areas of operation. The
9 program has two segments – Vegetation Management Cut Cycle and Reactive
10 Tree Trimming.

11 The work conducted under both segments is mainly executed by external
12 contractors, overseen by internal and external inspectors. Over the forecast
13 period, program costs will grow increase from \$6.16MM in 2024 to \$7.30MM in
14 2031. The increase in costs for this program is mainly due to increasing extreme
15 weather, ageing infrastructure and growing regulatory requirements.

16

17 Ref. (2): Exhibit 4, Tab 3, Schedule 3, Page 2 of 36

Table 4-3-2: FTE by Program

	Historical Period				Bridge Years			Forecast Period			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Overhead Inspections and Maintenance	380.4	371.1	355.7	348.7	390.0	392.0	415.0	430.0	442.0	444.0	445.0
Customer Service	202.2	201.8	213.2	210.9	230.7	222.1	204.3	210.3	231.3	240.3	249.3
Distribution Design	122.1	124.7	129.9	133.5	153.5	158.5	178.0	196.0	206.0	211.0	212.0
Digital and Innovation	111.6	112.3	113.5	120.7	124.0	124.0	127.0	131.5	140.0	145.0	150.0
Network Metering	89.5	93.2	87.7	96.7	105.0	106.8	106.1	107.3	106.3	106.3	106.3
System Control	63.3	69.2	74.2	74.8	92.3	92.3	102.3	106.3	106.3	106.3	106.3
Finance and Treasury	83.3	78.9	76.0	76.1	81.5	79.5	81.5	85.5	92.0	94.0	94.0
Stations	68.3	64.3	65.9	64.7	85.3	85.0	87.0	88.0	89.0	89.0	89.0
Human Resources	75.5	80.8	77.3	80.3	80.2	79.0	80.2	83.2	87.7	87.7	87.7
Asset Management	44.2	41.2	40.9	53.2	65.4	65.8	73.7	81.3	81.3	81.3	81.3
Supply Chain Services	55.5	50.2	52.0	52.0	53.8	52.0	52.5	55.5	58.0	58.0	58.0
Corporate Services	48.3	45.9	42.5	45.1	51.0	51.0	52.5	54.5	56.0	56.0	56.0
Records and Mapping Services	45.2	40.8	44.1	43.0	42.0	42.0	44.0	45.0	45.0	45.0	45.0
Cable Locates	19.6	19.1	18.2	16.7	21.0	19.0	21.0	21.0	21.0	21.0	21.0
Fleet	23.9	20.7	18.9	17.2	18.2	19.0	19.0	19.0	19.0	19.0	19.0
Facilities	17.4	20.0	18.8	19.0	21.0	19.0	19.0	19.0	19.0	19.0	19.0
Program Delivery	9.9	9.7	9.7	10.1	13.0	16.0	16.0	16.0	16.0	16.0	16.0
Vegetation Management	0.8										
Underground Inspections and Maintenance	3.8	2.0	0.3	0.3							
Grand Total	1,464.7	1,445.7	1,438.7	1,462.9	1,627.9	1,623.0	1,679.2	1,749.5	1,816.0	1,839.0	1,855.0

18

:

1 **Questions:**

2

3 a) Reference 1 states “work conducted under both segments is mainly executed by external
4 contractors”. Reference 2 shows there have been no FTEs related to Vegetation
5 Management since 2022. Please confirm vegetation management is done fully by
6 external contractors.

7

8 b) Please provide any cost-benefit analysis prepared by Alectra to support the practice of
9 contracting all or substantially all vegetation management work.

10

11 **RESPONSE:**

12

13 a) Confirmed, vegetation management work is executed entirely by external contractors.

14

15 b) Alectra does not have a cost-benefit analysis comparing internal delivery versus
16 contracted delivery of vegetation management work.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2

3 **INTERROGATORY 4.1-PWU-11A**

4 Ref. (1): Exhibit 4, Tab 2, Schedule 7, Page 9 of 60

Table 4-2-43: Customer Service Resources (Bridge and Test Period)

Customer Service Department	2025	2026	2027	2028	2029	2030	2031
Billing	71.7	67.8	56.7	56.7	57.7	58.7	59.7
Collections & Payments	39.0	36.4	32.0	33.0	37.0	37.0	38.0
Customer Care - Call Centre	70.0	69.5	68.0	69.5	81.0	86.0	92.0
Key Accounts/New Connections	25.0	22.7	22.0	22.5	24.0	26.0	27.0
Customer Excellence	25.0	25.7	25.7	28.7	31.7	32.7	32.7
Grand Total	230.7	222.1	204.3	210.3	231.3	240.3	249.3

5

6 Ref. (2): Exhibit 4, Tab 2, Schedule 7, Page 20 of 60

Table 4-2-48: Breakdown of Internal Agents and Third Party Agents

	2024	2025	2026	2027	2028	2029	2030	2031
Internal Agents	29	59	59	58	60	69	73	78
Third Party Agents	52	61	58	64	62	59	62	57
Total Agents	1	120	117	122	122	128	137	135
% Internal Agents	36%	49%	50%	48%	49%	54%	54%	58%

7

8 **Questions:**

9

10 a) Why is the number of Billing FTEs forecast to decrease from 2025 to 2027?

11 b) Please confirm the total number of agents in Reference 2 should be 81 in 2024 and 135
 12 in 2030.

1 **RESPONSE:**

2

3 a) In 2025, a total of 10 resources were added in the Billing Segment: 3 of the resource
4 additions were permanent hires at the supervisory and specialist levels. The other 7
5 resources were temporarily added in the Billing segment to support the Guelph CIS
6 integration, Guelph water billing and Hamilton water billing exit projects. These
7 temporary resources are required throughout the duration of these projects to ensure
8 operational stability while supporting essential project activities, including gathering
9 business requirements, user acceptance testing, data cleanup, and conversion related
10 tasks. The need for these resources will remain throughout the project executions and
11 related operational stabilization. As the projects conclude, the resource requirements
12 decrease which results in a decrease in the Billing segment FTE's from a budget of 71.7
13 in 2025 to 67.8 in 2026 and then to 56.7 FTE in 2027. These reductions include 7
14 temporary resources and 8 redundant resources.

15

16 b) Alectra confirms the total number of agents in Reference 2, Table 4-2-48, should be 81 in
17 2024 and 135 in 2030.

1 **RESPONSES TO POWER WORKERS' UNION INTERROGATORIES**

2
3 **INTERROGATORY 4.1-PWU-12**

4
5 Ref. (1): Exhibit 4, Tab 2, Schedule 7, Page 29 of 60

6
7 Alectra Utilities currently provides water billing services to the municipalities of Hamilton,
8 Guelph, Markham, and Vaughan. In 2021, Alectra Utilities made the decision to phase out
9 these services and has since been working collaboratively with each municipality to ensure
10 a smooth and orderly transition. Hamilton will be the first to complete its transition in Q4 2025,
11 followed by Guelph in Q2 2026. Markham and Vaughan are expected to complete their
12 transitions before 2029.

13
14 Ref. (2): Exhibit 4, Tab 2, Schedule 7, Page 30 of 60

15
16 The impact of the water billing exit on Customer Service OM&A includes a \$3.6MM annual
17 OM&A cost pressure beginning in 2026 related to the Hamilton contract as mentioned above.
18 This is partially offset by a \$1.2MM reduction in costs in 2027 with the exit of Guelph, followed
19 by a further \$2.3MM decrease in costs 2029 when Markham and Vaughan exit.

20
21 **Question:**

22
23 a) Please provide a table outlining the costs and revenues associated with water billing from
24 2021 to 2025.

25
26 **RESPONSE:**

27
28 a) The requested information is provided in Table 1 below.

1 **Table 1 - Revenue and Costs Associated with Water Billing 2021-2025 (\$)**

	2021	2022	2023	2024	2025 Actual
Water Billing Revenue	10,999,513	11,357,015	11,655,404	12,058,428	12,807,599
Total Variable OM&A Costs from Delivering Water Billing	3,395,775	4,041,377	4,640,792	4,922,094	4,995,629
Total Fixed OM&A Costs Allocated to Water Billing	6,425,563	6,311,182	6,871,183	7,213,693	7,532,874
Total Costs	9,821,338	10,352,559	11,511,975	12,135,786	12,528,503

2