EB-2025-0252

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Alectra Utilities Corporation ("Alectra") pursuant to section 78 of the OEB Act, approving or fixing just and reasonable distribution rates effective January 1, 2027.

INTERROGATORIES TO OEB STAFF

ON BEHALF OF THE

SCHOOL ENERGY COALITION

M-SEC-1
[PEG Empirical Report, p.80; Ex.2B-6-2; Ex.9, Attach 9-10; 4-SEC-87; 2B-SEC-68] In 2025, Alectra made changes to its direct labour capitalization methodology, resulting in increased costs being capitalized. Please discuss the impact of these changes to capitalization policy during the study period on each of total, capital, and OM&A cost benchmark scores.

M-SEC-2
[PEG Empirical Report, p.80] SEC would like to understand the sensitivity of the benchmarking results to changes in forecast costs during the rate term (2027-2031). Please provide the change in the 'CIR Period 2027-2031' period total, capital, and OM&A cost benchmark scores for the following the changes:

a. Increase or decrease in Alectra's forecast capital costs each year between 2027 and 2031 of $1M.
b. Increase or decrease in Alectra's forecast OM&A costs each year between 2027 and 2031 of $1M.
c. Increase or decrease in both Alectra's forecast OM&A and capital costs each year between 2027 and 2031 of $1M.
d. Are the impacts of these changes in parts (a)-(c) linear (i.e. a $2M increase in costs will result in double the impact in the benchmark score)?

M-SEC-3
[PEG Empirical Report] Please provide for each year between 2027 and 2031:

a. The change in the benchmark total, capital and OM&A costs, for each 1% change in customers.
b. The change in the benchmark total, capital and OM&A costs, for each 1% change peak demand.
c. The percentage change in the benchmark total, capital and OM&A costs, for every additional customer.

d. The percentage change in the benchmark total, capital and OM&A costs, for every 1 MW increase in peak demand.

M-SEC-4
[PEG Empirical Report, p.21, 86; PEG Plan Design Report p.6] PEG states that "OM&A and total factor productivity trends were more rapid using cost-weighted averages while the capital productivity trends were slower. Cost-weighted averages are much more sensitive to the productivity trends of a few companies." (PEG Plan Design Report, p.6), and that the "[t]he cost-weighted averages are heavily influenced by the four largest Ontario distributors." (PEG Empirical Report, p.86). PEG also states that it "PEG typically uses size-weighted (even-weighted) averages in X factor studies applicable to larger (smaller) utilities." (PEG Empirical Report, p.21).

a. Please confirm "size-weighted" is the same as "cost weighted"?
b. Considering that Alectra is the second largest Ontario distributor, please explain why PEG nevertheless recommends the simple average rather than the cost-weighted average.

M-SEC-5
[PEG Empirical Report, p.9] PEG states: "Larger distributors averaged a TFP decline in the 2014-2024 period despite more rapid OM&A productivity growth than the Ontario norm because this was offset by a material capital productivity decline. The capital productivity decline of large distributors may reflect in part their greater use of supplemental capital revenue mechanisms that have entailed capital expenditures ("capex") forecasts and, in many cases, the clawback of capital cost underspends."

a. If the OEB were to approve rate frameworks that include mechanisms for OM&A spending above I-X (e.g. OM&A G-Factor, IPD, etc.) is that likely to similarly reduce, if not result in a decline, of OM&A productivity?
b. If the answer to (a) is yes, please discuss what mechanisms the OEB can implement in this application.

M-SEC-6
[PEG Plan Design Report, p.8] PEG states: "Should the Panel elect not to pursue own-cost trending at this time, there remain other ratemaking treatments of capital that merit consideration" including "[u]se the forecast-based RGF approach, but slow capital revenue growth by adding a supplemental capital stretch factor to the formula." Please provide PEG's recommendation on the specific supplemental capital stretch.

M-SEC-7
[PEG Plan Design Report, p.32] PEG summarizes Clearspring's basis for an IPD, which it agrees with in principle, that "applying the standard OEB inflation factor to OM&A revenue is that the 30% weight on the faster-growing labor price index is smaller than it should be in an application to OM&A cost."

a. Please confirm that the inverse would be the case in applying OEB inflation factor to capital costs, if the share of Alectra's non-labour capital costs was higher than 70%.
b. Please explain why the IPD should be based on Alectra's specific OM&A non-labour/labour split and not an external benchmark (e.g. the 30/70% non-labour/labour included in the OEB's annual PEG benchmarking model).

M-SEC-8
[PEG Plan Design Report, p.38] Please provide a revised Table 3 that shows what the G-Factor would be back to 2017.

M-SEC-9
[PEG Plan Design Report, p.38] PEG states: "PEG understands that the area data that are readily available are not time-variant. However, the area served does grow over time. Time-variant line length data are available for Ontario power distributors and grow at a similar pace to customer growth." If line length as part of the G Factor, please provide a revised G-Factor calculation for each year (including all supporting calculations).

M-SEC-10
[PEG Plan Design Report, p.55] Please provide the specific AWE (Ontario) and GDP-IPI forecasts purchased from Toronto Dominion Economic and Signal49.

M-SEC-11
[PEG Plan Design Report, p.58] Please provide PEG's primary recommendation for the CPCI formula in the format of a simplified formula.

Respectfully, submitted on behalf of the School Energy Coalition, this 17th day of April 2026.

Mark Rubenstein
Counsel for the School Energy Coalition