



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DEFENSE DE L'INTERET PUBLIC

ONE Nicholas Street, Suite 1204, Ottawa, Ontario, Canada K1N 7B7

Tel: (613) 562-4002. Fax: (613) 562-0007. e-mail: piac@piac.ca. <http://www.piac.ca>

Michael Buonaguro
Counsel for VECC
(416) 767-1666

January 14, 2011

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2010-0125
Brant County Power Inc. – 2011 Electricity Distribution Rate Application

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Brant County Power Inc.
Attention: Mr. Bruce Noble

BRANT COUNTY POWER INC. (Brant)
2011 RATE APPLICATION (EB-2010-0125)

VECC INTERROGATORIES
(ROUND #1)

QUESTION #1

Reference: Exhibit 1/Tab 1/Schedule 6, page 1

- a) Is Brant fully embedded within Brantford Power? If not, what other supply points are there and what rates are applicable at each?
- b) Please confirm whether Brant is a registered IESO market participant,

QUESTION #2

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

- a) Please provide a schedule that shows the derivation of the 2011 revenues by customer class, including the rates and volumes used.
- b) Do the revenues shown in the table (and also reported in Appendix 2-C) include SS Admin Fee revenues? If so, where are they reported (i.e., what account)? Please provide the annual revenues for 2008-2011.

QUESTION #3

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

- a) Are the customer counts reported here year-end or average annual values?
- b) The second and third tables make reference to "Normalized Average Consumption". Please clarify whether the historical values shown for 2002-2009 are the actual sales for each class or the "weather normalized" sales. If weather normalized please provide:
 - The actual sales by class for each year
 - An explanation as to how the sales for each class were weather normalized.
- c) Please provide a table that shows the average use (per customer) for each class for each year from 2002-2011.
- d) Please explain why the sales to the GS>50 class (i.e., kWh) are higher in the period 2007-2009 than in earlier years even though the number of customers is less.

QUESTION #4

Reference: Exhibit 3/Tab 2/Schedule 1, pages 2-8

- a) Please explain why the regression analysis was limited to the years 2005-2009 and did not include earlier years in the analysis.
- b) Please describe any other model specifications (i.e., combinations of independent variables) that were tested and explain why each was rejected in favour of the proposed model.
- c) Why was a GS>50 “flag” included for 2006?
- d) Please provide the actual prediction model used (i.e., the equation with the coefficient values).
- e) Please provide the historical CDM activity data use in the analysis and provide copies of any source documents relied on that support/explain the values used.
- f) Have the CDM activity values been revised (as necessary) to reflect the most up-to-date estimates as to the unit saving for the various CDM programs included? If not, please provide an updated historical CDM data series (showing the various adjustments made); re-do the regression analysis, and update the purchase forecast for 2010 and 2011.
- g) Please confirm that Brant’s cumulative CDM energy target for the period 2011-2014 is 9.85 GWh.
- h) Please provide the forecast CDM activity values use for 2010 and 2011. Please also explain the basis for the forecast and how it relates to Brant’s CDM target.
- i) Please provide the Ontario GDP forecast used for 2010 and 2011 and indicate when it was prepared.
- j) Is Brant or its Consultant aware of any more recent economic forecasts for Ontario? If so, please provide and update the projection.
- k) Please provide the 2009 actual value and the 2010 and 2011 forecast values for each independent variables used in the regression model.
- l) Please provide the details of the geometric mean analysis used to forecast the customer count for each customer class.

- m) Please provide the details for the third and fourth steps of the methodology (per page 2) wherein the class shares of the total billed load are determined for 2010 and 2011.
- n) Please provide an update as to the current actual customer count by class based on the latest month for which data is available.
- o) Please provide the actual 2010 purchases.
- p) Using the regression model coefficients and the difference between the actual and weather normal HDD and CDD values – please determine the impact of actual vs. normal weather on purchases in 2009 and 2010. Using these results, please adjust the actual purchase values for each year to determine a “weather normal” sales for the year.

QUESTION #5

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

- a) Please provide further details regarding the calculation of \$135,000 in Other Utility Operating Income for 2011.
- b) What is the basis for the Revenue and Expenses from Non-Utility Operations (#4370 and #4375) for the years prior to 2010? Why are there no values for 2010 and 2011?
- c) Please confirm that the Interest and Dividend Income (#4405) does not include any interest debits/credits associated with the deferral/variance accounts.
- d) Is Brant proposing to change any of its existing specific service charges or introduce any new ones for 2011? If yes, please provide details and set out the change in revenue anticipated.

QUESTION #6

Reference: Exhibit 7/Tab 1/Schedule 1

- a) Please confirm whether or not the Demand data in Sheet I8 was updated from that used in the original CA Informational Filing. It seems that it was not, as the I8 Sheets provided in Schedules 1 and 2 appear to be the same.

- b) If part (a) is confirmed, please provide a revised Sheet I8 based on the percentage change in kWh for the respective customer classes as between the two CA runs.
- c) Please confirm that Schedule 2 contains a Cost Allocation run based on 2011 revenue requirement.
- d) Please confirm that Schedule 3 is the CA Informational filing based on 2006 rate application data. Please also confirm that these results are the original filing – prior to any adjustment for the transformer ownership allowance. If not please explain what CA run in the Schedule represents.
- e) Brant has filed the Excel versions of two cost allocation model runs (BCP 2010 CA Model and BCP Model_version 1-2 – run 3 detailed). Please explain what each of these runs represents and how they differ from the run results presented in Exhibit 7/Tab 1/Schedules 2 and 3.

QUESTION #7

Reference: Exhibit 7/Tab 1/Schedule 2

- a) Are the results shown in this Schedule meant to be the 2011 results based on the Board's June 2010 Filing Guidelines (Section 2.8.2)?
 - If no, where are the results based on these guidelines provided? If not part of the filing, please provide.
 - If yes, please indicate if the cost of the transformer ownership allowance have been excluded and if the revenues for GS>50 have been reduced by the amount of the transformer discount received, as required.
- b) With respect to Sheet I6 (page 1), please reconcile the customer counts shown here (ID CAA) versus those reported in Exhibit 3/Tab 2/Schedule 1, page 8.
- c) With respect to Sheet O1 (page 3), please reconcile the following:
 - The Miscellaneous Revenues reported here (\$557,326) versus those reported in Exhibit 6/Tab 1/Schedule 1 (\$606,494)
 - The total Revenue Requirement reported here (\$6,538,679) with that reported in Exhibit 6/Tab 1/Schedule 1 (\$6,466,128).
 - Why Total Revenue (\$6,466,128) does not equal the Total Revenue Requirement (\$6,538,679).
- d) With respect to Sheet O1 (page 3), please explain how the distribution revenue for each class was determined (e.g., \$2,938,680 for Residential).

- e) Please provide a schedule that sets out the derivation of revenue at current rates (\$6,209,190 – per Exhibit 6/Tab 1/Schedule 1, page 2) by customer class.
- f) Please provide a revised response to part (e) which shows the revenue by class net of the transformer discount.
- g) Please provide a revised 2011 Cost Allocation run (i.e., the full excel cost allocation model run):
 - Distribution revenues across the customer classes total \$5,859,634 and the revenue for each individual class is based on the class revenue shares per part (f).
 - Miscellaneous Revenues equal \$606,494
 - Distribution Expenses are as proposed and Revenue Requirement totals \$6,466,128.
 - The customer data in Sheet I6 has been revised as required.
 - The Demand data in Sheet I8 has been updated to reflect 2011 loads based on the response to Question #6 b).

QUESTION #8

Reference: Exhibit 7/Tab 2/Schedules 1 and 2

- a) Is the result shown here meant to be equivalent to the results in Tab 1/Schedule 2 – but prior to the removal of the transformer allowance discount?
- b) If the response to part (a) is yes, please explain why the revenue requirement and revenue is the same in both.
- c) If the response to part (a) is no, please explain the relationship between this run and that presented in Tab 1/Schedule 2.

QUESTION #9

Reference: Exhibit 7/Tab 3/Schedule 1

- a) With respect to the results reported for 2011 Updated CA Model – Existing Rates, please undertake the following:
 - Provide a copy of the CA Model run supporting the results
 - Explain the basis for the \$329,489 deficiency value when Exhibit 6 shows a sufficiency of \$300,388.
 - Explain why the value used for revenues at current rates (\$6,209,190) is before excluding the transformer ownership discount.
 - Explain how the 2011 Adjusted Revenue by customer class was established.

- Explain why the total allocated expenses differ between this result and the one presented just below it for 2011 at Proposed Rates.
- b) With respect to the results reported for 2011 – Updated CA Model Proposed Rates, has Brant filed a Cost Allocation run that supports the customer class allocation shown for the \$6,466,128 in 2011 Expenses? If not, please provide.

QUESTION #10

Reference: Exhibit 8/Tab 1/Schedule 1

- a) Please provide a schedule that sets out the proposed base revenue requirement by customer class that is to be recovered through fixed variable distribution charges.
- b) Please indicate how the revenue offsets (\$557,326) were allocated to customer classes.
- c) Was the cost of the transformer ownership discount allocated directly to the GS>50 class? If not, how is it being recovered?
- d) Why is it more appropriate to use the average of the 5 highest monthly demands as opposed to the average demand over all of the previous 12 months when determining a customer's classification?
- e) Please confirm that if the average is within 5% of the limit, the decision to switch will be totally at Brant's discretion.

QUESTION #11

Reference: Exhibit 8/Tab 1/Schedule 2

- a) What would be the monthly service charge for each customer class if the current (2010) fixed-variable split was maintained for each customer class?

QUESTION #12

Reference: Exhibit 8/Tab 1/Schedule 3

- a) Please provide a schedule that sets out the 2009 Billing quantities used by Brant's host(s) to bill for Network and Connection service.
- b) Please provide a schedule that sets out the revenues the host(s) would receive using 2009 billing quantities and approved 2010 rates.

QUESTION #13

Reference: Exhibit 8/Tab 1/Schedule 4

- a) Please provide a schedule that sets out the 2009 Billing quantities used by Brant's host(s) to bill for LV service.
- c) Please provide a schedule that sets out the LV revenues the host(s) would receive using 2009 billing quantities and approved 2010 rates.

QUESTION #14

Reference: Exhibit 9/Tab 1/Schedule 2

- a) At the top of page 1 Brant states that it is not requesting the disposition of balances as the end of 2009. However, the amounts requested for disposition on page 3 include principal up to December 31, 2009. Please reconcile.
- b) Please reconcile the projected distribution revenue by class shown on page 4 with the revenues by class (and in total) shown in Exhibit 7/Tab 3/Schedule 1, page 1 and Exhibit 3/Tab 1/Schedule 2, page 1.

QUESTION # 15

References: i) Exhibit 10/Tab1/Schedule 1 Page 2
ii) Exhibit 10/Tab1, Indeco Report, pages 3-4 Table 3 and Appendix A (Schedule 2, pages 27-29)

Preamble: "for Calculation of SSM claims the best available information at the beginning of the year was used. This is consistent with the guidance in Section 7.3 of the OEB *Guidelines for Electricity CDM* (OEB2008a)"

- a) Explain why the Residential Every Kilowatt Counts EKC programs 2006-2007 are classed as Third tranche funded as opposed to OPA funded programs, as is the case for the 2008 and 2009 programs. Discuss the implications for SSM eligibility.
- b) When (year and date) did the OPA change its Input assumptions (unit savings and free ridership) for CFLs under the Every Kilowatt Counts Campaigns?
- c) Provide a copy of the SeeLine EKC calculators before and after the change.
- d) Confirm /Show how the assumptions for CFLs and SLEDs used in this claim for programs implemented in 2007 compare to
 - i. post (fall 2006?) OPA EKC calculator change and

- ii. the latest OPA Mass Market Measures and Input Assumptions.
- e) For 2007 Residential CFL and SLED exchanges provide a revised SSM claim using the OPA 2006/07 EKC input assumptions (i.e. revised Schedule 2, pages 27-29 and Table 3 total Residential SSM claim)

QUESTION #16

- References:** i) Exhibit 10/Tab 1/Schedule 1, Tables 3 and 4
ii) Exhibit 10/Tab 2/Schedule 2, IndEco Report, page 7, Tables 1 and 10 (Schedule 2, pages 31-44)

Preamble: “IndEco finds that appropriate measure specifications were used to calculate program energy savings. For the calculation of LRAM claims, values provided by the 2010 OPA Measures and Assumptions list were used for prescriptive measures (OPA 2010a and 2010b).”

- a) For LRAM the OEB Guidelines and Policy Letter of January 27, 2009 Specify that

LRAM

The input assumptions used for the calculation of LRAM should be the best available at the time of the third party assessment referred to in section 7.5.

For example, if any input assumptions change in 2007, those changes should apply for LRAM purposes from the beginning of 2007 onwards until changed again.....

Confirm/discuss how the claim is in conformity with this Guideline and the Board’s Decision regarding Horizon Utilities (EB-2009-0192).

- b) Confirm/Show how the EKC assumptions used in this claim compare to post (2006?) OPA EKC calculator change and to the latest OPA Mass Market Measures and Input Assumptions.
- c) What persistence factors have been applied to the 2006 EKC programs and Measures, specifically CFLs and SLEDs?
- d) The Indeco Report (page 5) lists 4 exceptions to the OPA 2010a and b prescriptive input assumptions for residential CDM:
 - OPA preliminary Results 2009
 - One measure from the 2005 Lighten your Electricity Bill program (indoor timers?)
 - Switch to cold water wash
 - 2005 Garage Door replacement program
- i. Provide a copy of the OPA 2009 Final results and update the OPA program component of the LRAM claim as necessary

- ii. Provide details and support for each of the other 3 listed exceptions including links to, or copies of, sources used.
- e) Confirm the Input Assumptions used by IndEco for the following 3rd tranche CDM programs [Reference - Exhibit 10/Tab 1/Schedule 2, page 32 (page 24 of Appendix A Indeco Report)]
- Residential EKC 2006-- list of measures, # units and unit kwh savings, lifetime and free ridership for each of 2006-2010.
If not included in above
 - Project Porchlight
 - Seasonal LED Exchange
 - Walters Greenhouse Ladies Night CFLs
 - CDM Other admin costs NEPA
- f) For each of the above measures in the current claim, provide the comparable input values from the OPA 2010 Mass Market Measures and Assumptions List
- g) For CFLs installed in 2005/2006 explain why the unit savings is maintained at 104 kWh and the free-ridership is maintained at 10% in the current claim (for 2009 and 2010).

QUESTION # 17

References: i) Exhibit 10/Tab1/Schedule 1, Tables 3, 4 and 5
ii) Exhibit 10/Tab1/Schedule 2, IndEco Report, Tables 4 and 7 and 10 (Schedule 2, page 32)

Preamble: As noted in the above interrogatories, the LRAM claim as filed appears to have a number of exceptions and differences to the use of the OPA 2010 Mass Market Measures and Assumptions input values.

- a) Using as the **only** source of assumptions for the residential sector third tranche LRAM, the OPA 2010 Mass Market Measures and Assumptions adopted by the Board in January 2009, provide a calculation of the residential sector 2009-2010 LRAM claim and supporting LRAM schedules (for 3rd tranche (including Carrying charges) and recalculate the rate riders.
- b) Using the recalculated LRAM together with the SSM claim (from VECC IR#15 e)), amend the residential LRAM/SSM rate riders as necessary.

QUESTION # 18

References: Exhibit 1/Tab 3/Schedule 4, page 5

Preamble: The evidence states that “[p]roductivity measures are a critical component to the success of any company. All team members have, or are in the process of having developed, quantifiable meaningful measures and associated objectives. These measures permit us to benchmark thereby allowing us to both recognize individual success and opportunities for improvement.”

- a) Have productivity measures been developed for each position? If not, please indicate when this exercise is expected to be completed.
- b) Please provide the positions and the quantifiable meaningful measures and associated objectives that have been developed for them to date.
- c) Will there be incentive payments associated with attainment of targets? Have any such estimated amounts been included in the revenue requirement?
- d) Please provide an update with respect to BCP’s benchmarking exercise.

QUESTION #19

References: Exhibit 1/Tab 1/Schedule 8, page 2, \$563.8K loan to affiliate

- a) What is the “prevailing market rate” on this loan and how is it determined?
- b) How did the utility finance this loan, e.g., from retained earnings?
- c) Please provide a copy of the agreement(s) underpinning this loan including the current document in effect along with any predecessor agreements.
- d) Please provide the minutes of the Board of Directors meeting at which this loan was approved along with any other materials provided to the Board related to this loan.
- e) Please provide (i) the principal amount outstanding and (ii) the interest income that BCP has received from its affiliate for each year that the loan has been outstanding, starting when the debt was issued..

- f) Please provide the forecasted interest income in the Test Year and confirm that this amount is included as an offset to the Test Year revenue requirement. If unable to so confirm, please explain.
- g) Please reconcile the \$563.8K principal amount with the amount of \$582.850K amount shown as “Loans to Other Corporation” at Exhibit 4/Tab 8/Schedule 1, page 3.

QUESTION #20

References: Exhibit 1/Tab 1/Schedule 8, page 2, Board of Directors

- a) Please provide the name and affiliation(s) of each member of the utility’s current Board of Directors.
- b) Please provide the name and affiliation(s) of each member of the current Board of Directors of any affiliated entities, e.g., for BCPS Inc and any other affiliates.
- c) Please provide the amount included in the Test Year revenue requirement in respect of (i) the utility’s current Board of Directors and (ii) the current Board of Directors of any affiliated entities.

QUESTION #21

References: Exhibit 1/Tab 1/Schedule 8, page 2, Services provided to Affiliates

- a) Please indicate how BCP determines the rate charged to affiliates for services provided to the affiliates. For example are only direct costs charged or is there a mark-up to reflect overhead costs and return?
- b) Please provide a table showing the annual recoveries from affiliates for services provided for each year that BCP has provided such services.
- c) Please explain how BCP has forecasted these revenues for the Test Year.
- d) When did the utility first adopt the “time sheet” approach?
- e) Prior to using the time sheets, how did BCP determine the appropriate amount to charge for services provided?
- f) Please provide an update with respect to separating the billing systems of BCP and BCPS.

- g) Please provide the actual costs or, if actual costs are unavailable, the estimated costs of separating the billing systems and indicate how these costs have been allocated between BCP and BCPS.

QUESTION #22

References: i) Exhibit 2, Tab 1, Schedule 3
ii) Exhibit 2/Tab 6/Schedule 1, page 48

- a) Please provide a description of each vehicle that was in the utility's fleet in 2006, including the make, model, vintage, mileage, and purpose of each vehicle.
- b) Please provide a description of each vehicle in the utility's fleet in the 2011 Test Year, including the make, model, vintage, mileage, and purpose of each vehicle.
- c) The first reference indicates vehicle disposals only in 2007 and 2008. Please confirm that there were no disposals in other years and no disposals forecast for the Test Year.
- d) Please indicate the amounts received for sale/trade-in/salvage upon disposition of any transportation equipment disposals that have occurred or are forecast to occur in the period 2006-2011 inclusive.
- e) Please indicate how BCP has treated or will treat any amounts received for sale/trade-in/salvage upon disposition of any transportation equipment disposals that have occurred or are forecast to occur in the period 2006-2011 inclusive.
- f) There appear to be inconsistencies between the information provided in the two references cited. For example, the first reference cited indicates that forecast additions to Account 1930, Transportation Equipment, are \$130K in 2011 (Exhibit 2, Tab 1, Schedule 3, page 7.) However the second reference cited only indicates that two ½ ton pickups, at an estimated cost of \$60K in total are scheduled for replacement in 2011 (Exhibit 2/Tab 6/Schedule 1, page 48). As another example, the first reference indicates 2010 additions to Account 1930 as \$325K (Exhibit 2, Tab 1, Schedule 3, page 6) while the second reference indicates a cost of \$310K in 2010 (Exhibit 2/Tab 6/Schedule 1, page 48). Please reconcile the information in the first referenced item with the information in the second.

- g) Please provide a brief justification for (i) each addition to Account 1930 and (ii) each disposal from Account 1930, made or forecast to be made in the period 2006-2011 inclusive.

QUESTION #23

References: Exhibit 2/Tab 5/Schedule 1, page 8

- a) Please update this exhibit to include 2010 capital projects.

QUESTION #24

References: Exhibit 2/Tab 6/Schedule 1, Tables shown on pages 11 and 12

- a) Please provide similar tables for the five-year plan that immediately preceded the 2010-2014 plan shown on pages 11 and 12.

QUESTION #25

References: Exhibit 1/Tab 2/Schedule 2, Budget Overview

- a) Please provide a table showing the capital budget as approved by the Board of Directors and the actual capital expenditure for each year 2006-2010 inclusive. Please provide an explanation for any significant variances between budgeted and actual amounts.
- b) Please provide a table showing the operating budget as approved by the Board of Directors and the actual operating expenses for each year 2006-2010 inclusive. Please provide an explanation for any significant variances between budgeted and actual amounts.

QUESTION #26

References: Exhibit 4/Tab 1/Schedule 1, page 2

- a) Please provide the annual costs of the outsourced collection function.
- b) Please provide a copy of the agreement currently in effect that underpins the outsourced collection function.

- c) Please explain fully and provide numerical support with respect to why BCP expects “that this cost {Junior Collector} will be offset by savings in our outsourced collections costs.”

QUESTION #27

References: Exhibit 4/Tab 2/Schedule 1, page 10

- a) Please explain why BCP expects intervenor costs to total only \$15K in 2011.

QUESTION #28

References: Exhibit 4/Tab 4/Schedule 1, page 2, Appendix 2-K, Employee Costs

- a) The table indicates that union average base wages increased by 36.6%, from \$53,339 to \$72,883, over the three-year period from 2006 to 2009. Please explain why the increase is so large.

QUESTION #29

References: Exhibit 5/Tab 1/Schedule 2

- a) Please provide BCP’s actual (not deemed) capital structure as forecast for 2011.