



THE BOARD OF DIRECTORS

Chair, GAIL REGAN
President, Cara Holdings Ltd.

President, PATRICIA ADAMS
MAX ALLEN
Producer, IDEAS, CBC Radio
ANDREW COYNE
National Editor, Maclean's
GLENN FOX
Professor of Economics, University of Guelph
IAN GRAY
President, St. Lawrence Starch Co
CLIFFORD ORWIN
Professor of Political Science, University of Toronto

Secretary-Treasurer, ANNETTA TURNER
ANDREW ROMAN
Barrister & Solicitor, Miller Thomson
ANDREW STARK
Rotman School of Management, University of Toronto
GEORGE TOMKO
Resident Expert, PSI Initiative, University of Toronto
MICHAEL TREBILCOCK
Chair, Law & Economics, University of Toronto
MARGARET WENTE
Columnist, The Globe and Mail

January 14, 2011

BY EMAIL & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2010-0125
Brant County Power Inc. – 2011 Cost of Service Application
Energy Probe – Interrogatories

Pursuant to Procedural Order No. 1, issued by the Board on December 24, 2010, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in respect of Brant County Power Inc. in the EB-2010-0125 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc: Ed Glasbergen, Brant County Power (By email)
Scott Stoll, Aird & Berlis LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Interested Parties (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

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 Brant
County Power Inc. for an order approving just and
reasonable rates and other charges for electricity
distribution to be effective May 1, 2011.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

January 14, 2011

**BRANT COUNTY POWER INC.
2011 RATES REBASING CASE
EB-2010-0125**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

Ref: Exhibit 1, Tab 1, Schedule 8

- a) **Please provide a copy of the loan agreement between BCP and BCPS.**
- b) **What is the expected average loan balance for 2011?**
- c) **What is the current market rate on this loan?**
- d) **How have the rates charged by BCP for time spent on BCPS activities been calculated?**
- e) **Are the separate billing systems in place?**
- f) **How were the costs of the separate billing systems split between BCP and BCPS? Please explain the rationale for this allocation of costs.**
- g) **Does BCPS have its own Board of Directors?**
- h) **Please confirm that there is no cost associated with the BCPS Board of Directors in the BCP revenue requirement.**

Interrogatory # 2

Ref: Exhibit 1, Tab 2, Schedule 1

- a) **The evidence on page 1 indicates that there is a revenue deficiency from changes in OM&A, amortization, rate of return and PILS and states that with rates currently in effect, BCP estimates that its revenues for 2011 would not be sufficient to provide a reasonable return. Please reconcile these statements with the first sentence in this exhibit that indicates that there is a revenue sufficiency of \$300,388.**
- b) **Please indicate how many months of actual data have been included in the 2010 bridge year forecast.**

Interrogatory # 3

Ref: Exhibit 1, Tab 2, Schedule 5

- a) **Please provide a hard copy of the Revenue Requirement Work Form.**
- b) **Please provide a live Excel version of the Revenue Requirement Work Form.**

Interrogatory # 4,

Ref: Exhibit 2, Tab 1, Schedule 3, page 6

- a) **Please update the 2010 bridge year continuity schedule to reflect actual additions in 2010. If actual figures are not yet available for 2010, please update using the most recent year-to-date actuals available, along with a projection for the remainder of the year.**
- b) **Please explain the \$1,461,350 shown for account 1860 Meters. Does this include spending on smart meters?**

Interrogatory # 5

Ref: Exhibit 2, Tab 2, Schedule 1 & Exhibit 2, Tab 1, Schedule 3, pages 6 & 7

There are a number of accounts shown in the table of Exhibit 2, Tab 2, Schedule 1 for 2010 and 2011 that do not match the corresponding figures on pages 6 & 7 of Exhibit 2, Tab 1, Schedule 3. In particular, there is a mismatch for accounts 1805 & 1905, accounts 1830 & 1845, and accounts 1920 & 1925. In each case, the total of the two accounts is correct, but there is a different allocation of the additions between the different set of schedules. Please indicate which set of tables reflects the correction allocation of the capital additions to the accounts.

Interrogatory # 6

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

- a) **Please update the 2011 cost of power to reflect the October 18, 2010 Regulated Price Plan Price Report.**
- b) **Please confirm that BCP has not estimated the cost of power based on the split between RPP and non-RPP volumes for each of the rate classes shown.**

- c) Please provide an estimate of the RPP and non-RPP volumes for the 2011 test year and indicate how this estimate has been calculated.
- d) Please provide the actual 2010 (or most recent year-to-date 2010, if complete 2010 data is not available) split between RPP and non-RPP volumes for each rate class shown.
- e) Please confirm that based on the October 18, 2010 Regulated Price Plan Price Report, the weighted average Ontario Electricity Market Price Forecast for the May, 2011 through April, 2012 period is \$62.50 per MWh calculated as follows based on the figures provided in Table 1 of the Price Report, along with the Global Adjustment shown in Table ES-1:

	Months	Price
May-Jul	3	35.20
Aug-Oct	3	37.57
Nov-Jan	3	37.87
Feb-Apr	3	33.85
Weighted Average		36.12
Global Adjustment		<u>26.38</u>
Non-RPP Price		62.50

- f) Please confirm that based on the October 18, 2010 Regulated Price Plan Price Report, the Average Supply Cost for RPP Customers for the May, 2011 through April, 2012 period is \$65.04 per MWh calculated as follows based on the figures provided in Table ES-1 of the Price Report, along with the weighted average Ontario Electricity Market Price Forecast calculated in (e) above:

Load Weighted Price for RPP Consumers	42.16
Forecast Wholesale Electricity Price	39.23
Ratio	1.074688
May-Apr Weighted Average	36.12
May-Apr Load Weighted Price for RPP Consumers	38.82
Global Adjustment	26.38
Adjustment to Address Bias	1.00
Adjustment to Clear Existing Variance	<u>-1.16</u>
RPP Price	65.04

- g) Please update the 2011 cost of power to reflect a Non-RPP price of \$62.50 and an RPP price of \$65.04 (as calculated in (e) and (f) above).**

Interrogatory # 7

Ref: Exhibit 2, Tab 5, Schedule 1, page 5

- a) Please update the 2010 bridge year table to show the actual expenditures for 2010, or if not yet available, the estimate of the actual expenditures based on the most recent actual data available, along with projections of what was spent for the remainder of 2010.**
- b) For each of the projects shown for the 2010 bridge year, please indicate if the project has been completed and placed into service by the end of 2010. For any project not completed and not placed into service, please indicate if the project will be completed and placed into service in 2011.**

Interrogatory # 8

Ref: Exhibit 2, Tab 5, Schedule 1

- a) Please explain why the capital expenditures for 2010 and 2011 both include amounts related to smart meters. Have these smart meter expenditures been included in the rate base calculations for 2010 and 2011? Why is the revenue requirement associated with these capital expenditures not included in the smart meter variance account?**
- b) Please provide a description of each of the 2010 and 2011 capital expenditure projects in the same format as shown for 2006 through 2009 projects at pages 9 through 16.**

Interrogatory # 9

**Ref: Exhibit 2, Tab 6, Schedule 1 &
Exhibit 2, Tab 1, Schedule 3, page 7**

- a) What is the date of the Asset Management Plan?**
- b) Was this Asset Management Plan approved by the Board of Directors? If yes, please provide the date of this approval.**

- c) **If a more recent Asset Management Plan is available, please provide a copy. Please also indicate if the Board of Directors has approved this more recent Plan.**
- d) **Please reconcile the 2011 figure of \$2,694,003 shown on page 11 of Exhibit 2, Tab 6, Schedule 1 with the figure of \$2,893,154 shown on page 7 of Exhibit 2, Tab 1, Schedule 3.**
- e) **Please explain the \$1,461,350 shown for retail meters in 2010 on page 12 of Exhibit 2, Tab 6, Schedule 1.**
- f) **Please reconcile the \$130,000 for transportation equipment shown on page 7 of Exhibit 2, Tab 1, Schedule 3 for 2011 with the estimate cost of \$30,000 for each of two vehicles show as 2011 replacements in the vehicle replacement schedule on page 48 of Exhibit 2, Tab 6, Schedule 1.**

Interrogatory # 10

Ref: Exhibit 3, Tab 1, Schedule 1 & Schedule 2

Schedule 1 indicates that distribution revenues have been calculated using the most recently approved rates with delivery rates based on the Rate Order EB-2009-0258 dated April 1, 2010.

- a) **Please confirm that the 2011 test year revenues shown in Schedule 2 have been calculated using the RB-2009-0258 rates. If this cannot be confirmed, please calculate the 2011 distribution revenues shown in Schedule 2 by rate class based on the current rates in place.**
- b) **Is the revenue generated from the provision of services to BCPS included in Other Distribution Revenue? If yes, please indicate where it has been included. If no, please explain how these revenues are reflected in the revenue requirement.**
- c) **Please provide a table showing the revenues and associated costs in each of 2006 through 2011 associated with the provision of services to BCPS.**

Interrogatory # 11

Ref: Exhibit 3, Tab 1, Schedule 3

- a) Please explain the increase in Other Revenue of \$135,000 relating to the Green Energy Act initiatives.
- b) Please provide the cost associated with generating the \$135,000 related to the Green Energy Act initiatives. Where have these costs been included in the revenue requirement?

Interrogatory # 12

Ref: Exhibit 3, Tab 2, Schedule 1

- a) Please confirm that the customer figures shown are year-end figures.
- b) Please explain what is meant by "normalized" average consumption. Please show how the "normalized" figures are calculated. Specifically, please show the calculation of the normalized figure of 79,540,610 kWh for the residential class in 2009.
- c) Please provide the actual normalized consumption figures (for kWh and kW) for 2010 as shown in the table on page 1.
- d) Please provide the actual kWh purchases for 2010.

Interrogatory # 13

Ref: Exhibit 3, Tab 2, Schedule 1

- a) Please provide the estimated coefficients for the purchased kWh prediction model equation.
- b) Please provide all the data used to estimate the equation in a live Excel spreadsheet.
- c) Please explain why data over only a 5 year period, 2005 through 2009 was used to estimate the equation. Was data prior to 2004 not available?

- d) Where any other equations estimated and rejected in favour of the one chosen? If yes, please provide the other equations that were estimated, along with the regression coefficients and statistics and data used to estimate them (if they involved data other than that provided in the live Excel spreadsheet requested in (b) above), along with an explanation as to why the equation was rejected.
- e) Over what period has BCP calculated the average for heating and cooling degree days?
- f) Please provide the sensitivity analysis that was done showing the impact of using 10 year and 20 year weather trend data.
- g) What period did Toronto Hydro Electric System Ltd. use for its heating and cooling degree days in EB-2007-0680)?
- h) How has BCP forecast the increase in Ontario Real GDP? Please provide the forecast increase for each of 2010 and 2011.
- i) What was the forecast change for Ontario Real GDP for 2009? If this is different than -3.6%, please update the Ontario Real GDP to reflect a -3.6% in for 2009.
- j) Please update the forecast to reflect the average increase calculated below based on the most recent provincial economic forecasts available from the 5 major banks in Canada. Please show the impact on the predicted kWh purchases and the billed kWh (total and by rate class) and the revenue sufficiency of using this updated information.

	<u>Forecast Date</u>	<u>2010</u>	<u>2011</u>
CIBC	Sept. 30, 2010	3.4	1.7
TD	Dec. 17, 2010	3.0	2.4
BMO	Dec. 23, 2010	3.3	2.6
Scotiabank	Dec. 7, 2010	3.2	2.1
RBC	Dec., 2010	<u>3.3</u>	<u>3.1</u>
Average		3.24	2.38

- k) How has the BCP target 2011-2014 net cumulative energy savings target of 9.850 GWh (EB-2010-0215/EB-2010-0216 Decision and Order dated November 12, 2010) been reflected in the forecast? In particular, what CDM savings have been reflected in 2009, 2010 and 2011?
- l) Please provide all the data and calculations used to calculate the rate class billed energy (kWh) based on the forecast of customer numbers and historical usage patterns per customer.

- m) Please provide all the data and calculations used to estimate the billed energy forecast for classes that are weather sensitive that ensures that the total billed energy forecast by class correlates to the total weather normalized billed energy forecast.
- n) Please confirm that the "constant" noted on page 3 of the Burman Energy report is a dummy variable used for 2006.

Interrogatory # 14

**Ref: Exhibit 3, Tab 2, Schedule 1 &
Exhibit 8, Tab 1, Schedule 5**

- a) Please explain the difference in the loss factors between that shown on page 4 of the Burman Energy report and those shown in Exhibit 8, Tab 1, Schedule 5.
- b) Please update the loss factors in Exhibit 8, Tab 1, Schedule 5 to include data for 2005.
- c) Please update the billed kWh forecast for 2011 using the average loss factor for 2005 through 2009 from Exhibit 8, Tab 1, Schedule 5.

Interrogatory # 15

Ref: Exhibit 3, Tab 2, Schedule 2

- a) Please update the number of year-end customers shown in the table on page 2 to reflect the actual data for 2010. If 2010 year-end figures are not yet available, please provide a table that shows the number of customers at the end of November, 2010 and November, 2009, along with the difference between these two figures.
- b) Please provide the actual 2010 kWh consumption data (if available) in the same level of detail as shown in the table on page 2.
- c) Please provide the actual 2010 kW consumption data (if available) in the same level of detail as shown in the table on page 3. If complete 2010 data is not yet available, please provide the actual year-to-date figures through November 2010, along with the corresponding figures for the same period in 2009.

Interrogatory # 16

Ref: Exhibit 3, Tab 3, Schedule 1

- a) **Please update the Other Operating Revenue table to reflect actual figures for 2010. If actual figures for 2010 are not available, please provide a table in the same level of detail as shown for the other operating revenue that shows the most recent year-to-date actual figures for 2010, along with the year-to-date figures for the corresponding period in 2009.**
- b) **Please explain the reduction between 2009 and 2010 for Specific Service Charges, Misc. Service Revenues and for Misc. Non-Operating Income.**
- c) **Are all of the revenues and expenses shown in accounts 4375 and 4380 related to CDM? If not, please provide a breakdown of accounts 4375 and 4380 between CDM related figures and non-CDM related figures for each of 2006 through 2011.**
- d) **Please explain why there are no gains from disposition of utility and other plant (account 4355) for 2011. In particular, where does BCP account for the proceeds of disposition of the vehicles forecast to be replaced in 2011?**

Interrogatory # 17

Ref: Exhibit 3, Tab 3, Schedule 2

- a) **Please split the \$135,000 noted under other utility operating income between the new energy generation project and the revenue from MicroFit generators.**
- b) **How many MicroFit generators does BCP currently have? How many are expected by the end of 2011?**

Interrogatory # 18

Ref: Exhibit 4, Tab 1, Schedule 1

With respect to the 2010 additional staff additions:

- a) **Please confirm that both of these positions were filled in 2010.**
- b) **What is the total cost (including benefits) associated with each of these positions in the 2011 test year?**

- c) Please explain the relationship between the \$135,000 in other revenue to the CDM/Green Energy Coordinator (or to the Smart Meter Data Analyst as it is not clear which position is related to this other revenue).

Interrogatory # 19

Ref: Exhibit 4, Tab 1, Schedule 1

With respect to the 2011 additional staff additions:

- a) Please provide the total cost (including benefits) associated with each of these positions that is included in the test year revenue requirement.
- b) Please provide the projected hiring date for each of the positions.

Interrogatory # 20

Ref: Exhibit 4, Tab 1, Schedule 1

With respect to the Sales Manager position please provide the following:

- a) Please describe the renewable energy division business. Why is this business included in the regulated utility?
- b) Where is the offsetting revenue shown that is anticipated to offset this cost?

Interrogatory # 21

Ref: Exhibit 4, Tab 1, Schedule 1

- a) Please provide more specific details as to the need for an Office Manager.
- b) Will the Engineering Manager replace both the Operations Manager and Operations Superintendent over the next 2 to 3 years when the current employees in these positions retire? If not, what are the succession plans for these positions?
- c) Please provide the total cost (including benefits) associated with each of the Operations Manager and the Operations Superintendent in the 2011 test year.

- d) **What is the expected annual cost (including benefits) associated with the Engineering Manager?**
- e) **Please provide the reduction in collection costs included in the 2011 revenue requirement as a result of the Jr. Collection position.**
- f) **Please confirm that BCP is requesting an increase of \$2,800 associated with LEAP from what is currently included in the OM&A expense.**
- g) **Please reconcile the addition of 3 new staff members noted on page 4 with the 5 additions shown on pages 1 and 2.**
- h) **Is the Office Manager role noted on page 4 the same Office Manager role noted on page 1?**

Interrogatory # 22

Ref: Exhibit 4, Tab 2, Schedule 1

- a) **Pease provide further details related to account 5645 and the decrease in costs in 2010 and 2011 as compared to the level recorded in 2009.**
- b) **With respect to the \$856,850 in account 5645 for 2009 the evidence indicates that this amount reflects the total amount of the expense and that there is a revenue offset recorded in the revenue section of the filing. Please indicate where in the evidence this revenue offset is shown and identified.**

Interrogatory # 23

Ref: Exhibit 4, Tab 7, Schedule 1

- a) **How were the depreciation/amortization costs calculated in the 2006 rates proceeding? In particular, were they based on 2004 actual costs? If yes, please explain whether the 2004 costs reflected application of a full year of depreciation on assets added during 2004 or did the costs reflect the application of depreciation in the month following the in-service date of the application?**

- b) Please illustrate how the depreciation expense was calculated in 2006 through 2010 in light of the following examples for 2010:
 - i) account 1860 appears to have depreciation calculated based on the total for depreciation (\$2,851,714) at 4% (i.e. full year depreciation calculated on the 2010 additions);
 - ii) account 1855 appears to be underestimated since 4% of the net for depreciation (\$2,275,749) is more than the depreciation shown, and does not account for the additions in 2010; and
 - iii) account 1850 appears to be underestimated since 4% of the net for depreciation (\$3,744,312) is more than the depreciation shown, and does not account for the addition in 2010.
- c) Please provide a live Excel spreadsheet that shows the calculation of the depreciation expense for each of 2009, 2010 and 2011.
- d) Please provide a version of Appendix 2-M for the 2011 test year that explicitly includes only one-half of the 2011 capital additions in the calculation of the depreciation expense.

Interrogatory # 24

Ref: Exhibit 4, Tab 8, Schedule 1

- a) Please explain the derivation of the 2011 tax rate of 28.50%. Please explain why the 2011 tax rate should not be 28.25% reflecting a federal tax rate of 16.50% and a provincial tax rate of 11.75%.
- b) Please confirm that the Ontario surtax claw-back on the first \$500,000 of taxable income was eliminated effective July 1, 2010 and that the provincial income tax rate on the first \$500,000 of taxable income was reduced to 4.50%.
- c) Has BCP included a tax reduction of \$36,250 related to the Ontario small business tax rate on the first \$500,000 in taxable income (calculated as \$500,000 times the difference between 11.75% and 4.50%)? If not, why not?
- d) Is BCP aware that the Ontario capital tax was eliminated effective July 1, 2010?
- e) Will BCP have any positions eligible for the Ontario apprenticeship training tax credit, cooperative education tax credit and/or the federal apprenticeship job creation tax credit? If yes, please identify the number of positions eligible for each of the credits in 2011.

Interrogatory # 25

**Ref: Exhibit 4, Tab 8, Schedule 1 &
Exhibit 6, Tab 1, Schedule 1**

Please explain the difference in the regulatory net income (before tax) of \$888,212 shown in Exhibit 4, Tab 8, Schedule 1 on page 2 with utility income before taxes of \$989,329 shown in Exhibit 6, Tab 1, Schedule 1, along with a figure of \$88,2312 shown as the utility income after taxes in the same schedule.

Interrogatory # 26

Ref: Exhibit 4, Tab 8, Schedule 1

Please explain the lower opening balance in the 2010 CCA schedule shown on page 67 than the UCC shown at the end of 2009 on Schedule 8 of the 2009 income tax return.

Interrogatory # 27

Ref: Exhibit 6, Tab 1, Schedule 1

Please show how a reduction in utility income before income taxes of \$300,388 results in a reduction in income taxes (grossed up) of \$266,452.

Interrogatory # 28

Ref: Exhibit 7, Tab 1, Schedule 1

Please explain why Brantford Power with a delivery point demand of 1,067 kW is considered a GS < 50 kW customer rather than a GS > 50 kW customer.

Interrogatory # 29

**Ref: Exhibit 7, Tab 3, Schedule 1 &
Exhibit 8, Tab 1, Schedule 7**

- a) Please provide the Board approved ranges for the revenue to cost ratios for each rate class shown.**

- b) Please assume that the revenue-to-cost ratios are adjusted as follows: street light and sentinel light are adjusted as proposed by BCP, unmetered scattered load is reduced to 120%, GS < 50 kW remains at 94% and residential is increased from 81% to 85%. What is the resulting revenue-to-cost ratio for the GS > 50 kW class?
- c) Based on the revenue-to-cost ratios identified in (b) above, please provide a revised Table 8a from Exhibit 8, Tab 1, Schedule 7 showing the customer impacts.

Interrogatory # 30

Ref: Exhibit 8, Tab 1, Schedule 1

Is BCP aware of other distributors that have the proposed wording in their definitions referring to the monthly average demand as proposed by BCP? If yes, please provide examples. If no, how do other distributors define the GS < 50 and GS > 50 kW classes?

Interrogatory # 31

**Ref: Exhibit 8, Tab 1, Schedule 1 &
Exhibit 2, Tab 4, Schedule 1 &
Exhibit 1, Tab 1, Schedule 6**

- a) Please reconcile the statement of the annual current cost of approximately \$375,000 now charged for distribution by Brantford Power Inc. with the figure shown in the working capital allowance calculation in Exhibit 2, Tab 4, Schedule 1.
- b) If the difference is related to amounts paid to Hydro One, please indicate why BCP is not shown as embedded via Hydro One in Exhibit 1, Tab 1, Schedule 6.

Interrogatory # 32

Ref: Exhibit 8, Tab 1, Schedule 5

Please update the table shown on page 2 to include actual data for 2010. If complete 2010 data is not yet available, please update the table to reflect the most recent year-to-date information for 2010 that is currently available.

Interrogatory # 33

Ref: Exhibit 9, Tab 1, Schedule 2

The evidence indicates that BCP will re-file the variance account section of its application using December 31, 2010 audited balances. When does BCP expect to file this information?

Interrogatory # 34

**Ref: Exhibit 9, Tab 1, Schedule 2 &
Exhibit 10, Tab 1, Schedule 1**

Please explain why BCP proposes to rebate balances in the deferral accounts to customers over a two year period, but collect the LRAM/SSM balances over only one year.