

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'Énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

March 7, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Board Staff Technical Conference Questions for Brant County Power
Distribution Inc. EB-2010-0125**

Further to the Board's in Procedural Order No. 3 dated February 24, 2011, please find attached the Board Staff's Technical Conference Questions.

Please forward the attached to Brant County Power Inc. and all intervenors in this proceeding.

Yours truly,

Original signed by

Christie Clark
Case Manager

Enclosure

Brant County Power Inc.
EB-2010-0125
Technical Conference Questions

As identified in Procedural Order No. 3 dated on February 24, 2011, the Board has directed the convening of a transcribed technical conference on March 16, 2011. Parties requesting additional information to the interrogatory responses are to submit questions by March 8, 2011. The following are Board staff's questions.

1. Harmonized Sales Tax

In response to Board staff interrogatory 2, Brant County has indicated that it adjusted the Test Year revenue requirement to account for reductions to OM&A expenses and capital expenditures arising from the elimination of the Provincial Sales Tax and replacing it with the Harmonized Sales Tax. Please provide the estimated reductions separately for OM&A and capital expenditures.

2. Affiliate Relationship Code

In response to Board staff interrogatory 3, Brant County stated that it may not have been compliant in the past with ARC, but has taken steps to correct for this, and mentions now using time sheets and separating the two billing systems.

- a.) Please file the Service Agreement specified in section 2.2.1 of the Affiliate Relationship Code ("ARC").
- b.) How was Brant County Power out of compliance in the past?
- c.) Is Brant County fully in compliance now with the ARC?
- d.) If the answer to c) is no, please explain the elements that are out of compliance and steps that are being taken to correct the infraction.
- e.) Has Brant County communicated the non-compliance with anyone at the Board.
- f.) If the answer to e.) is yes, please file all documents between Brant County and the Board on the non-compliance issue.

3. Depreciation

In response to Board staff interrogatory 5, and in reference to Exhibit 4 Tab 7 Schedule 1, Brant County states that it is using original book value for rate base, however, is using fair market value assessment for the purposes of depreciation. Board staff sees this resulting in either an under or over recovery of the original investments used for rate base through its depreciation expenses.

- a.) Please state what Board Order or Policy, or any Generally Accepted Accounting Principal (“GAAP”) or Generally Accepted Regulatory Principal (“GARP”), that allows for this.
- b.) Please recalculate the fixed asset continuity exhibits and the 2011 depreciation expense based on the original book value. When performing this recalculation, please make the adjustment requested in 5 b) below.

4. Costs of Power and Working Capital Allowance

In response to Board staff interrogatory 26, Brant County filed the RTSR Adjustment Work Form.

- a.) Please update the RTSR Adjustment Work Form for the January, 2011 UTS rates approved by the Board.
- b.) Please update the Cost of Power (“COP”) provided in response to Board staff interrogatory 6.

In response to Board staff interrogatory 6 b), Brant County stated that it is not opposed to using full 2011 working capital costs.

- c.) Please provide the working capital allowance using the full 2011 year’s expenses.

5. Smart Meters

In response to Board staff interrogatory 8 a), Brant County stated that some smart meter assets were included in rate base, however Brant County said that would remove them.

- a.) Please state the costs of these assets by year that are included in rate base, and a description of the nature of these items.
- b.) Please update the net book value for 2011 by excluding these items. This update is to be joined with the update requested in 3 b) above.

6. Brant Renewable Energy

In response to Board staff interrogatory 16, Brant County identified its new division, Brant Renewable Energy (“BRE”), and a new staff position within it.

- a.) Please explain the corporate relationship of BRE with Brant County Power Inc.
- b.) What is the purpose of BRE?

- c.) Please describe how BRE is related to the core business of distributing electricity.
- d.) What are the duties and responsibilities of the new position?

In response to Board staff interrogatory 18, Brant County stated that some of the BRE OM&A costs are for advertising.

- e.) Are any of the advertising costs incurred for the primary purpose of promoting corporate branding or image?

Brant County state that the expenses for running BRE are more than offset by revenues of \$135,000.

- f.) Please provide the details of the \$135,000 in revenue that is forecasted?

7. OM&A

In response to Board staff interrogatory 16, Brant County provided a table of employee positions.

- a.) Are any of the costs for the Smart Meter Data Analyst also included in accounts 1555 and/or 1556?
- b.) Is the hiring of a CDM Communications Coordinator part of a CDM plan?
- c.) If the answer to b) is no, please provide justification for the position.

In response to Board staff interrogatory 17, Brant County states that it will address the OMERS increases through IRM applications.

- d.) Since the first OMERS increase is for 2011, why is Brant County not requesting its costs in the 2011 revenue requirement?
- e.) IRM is an incentive rate setting mechanism and not a cost based mechanism. How does Brant County plan to incorporate the increased costs in an IRM application?

8. PILs

Brant County updated its evidence for the correct tax rates, in response to Board staff interrogatory 20. However, it appears that this update does not include the change Brant County provided as a result of the new 2011 CCA reported in response to Energy Probe interrogatory 26. Please update Board staff interrogatory 20 for the change from the new CCA.

9. Cost Allocation Model

In response to VECC 7, Brant County states that they have reworked the cost allocation model. Please file that model in Excel format.