

AIRD & BERLIS LLP

Barristers and Solicitors

Scott A. Stoll
Direct: 416.865.4703
E-mail: sstoll@airdberlis.com

April 19, 2011

RESS, EMAIL and COURIER

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Brant County Power Inc. ("BCP")
Reply Submissions Regarding the Unsettled Issue
Board File No.: EB-2010-0125**

Pursuant to Procedural Order No. 5, please find attached two paper copies of the Reply Submissions of Brant County Power Inc. regarding the Unsettled Issue in the above-noted proceeding.

An electronic version of the Reply Submissions will be filed through the Board's Regulatory Electronic Submission System today.

If there are any questions, please contact me at your convenience.

Yours truly,

AIRD & BERLIS LLP



Scott A. Stoll

SS/ct
Encl.

cc: B. Noble, BCP
All Intervenors

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

AND IN THE MATTER OF an Application by Brant County
Power Inc. to the Ontario Energy Board for an Order or
Orders approving or fixing just and reasonable rates and
other service charges for the distribution of electricity
as of May 1, 2011.

REPLY SUBMISSIONS OF BRANT COUNTY POWER INC.

REGARDING THE UNSETTLED ISSUE

Scott Stoll
Aird & Berlis LLP
Suite 1800, Box 754
181 Bay Street
Toronto, ON
M5J 2T9
T: (416) 865-4703
F: (416) 863-1515
E: stoll@airdberlis.com

1 **Introduction**

2 Brant County Power Inc. (“**BCP**”) is in receipt of the submissions of Board Staff, the Vulnerable
 3 Energy Consumers Coalition (“**VECC**”) and the Energy Probe Research Foundation (“**Energy**
 4 **Probe**”) which were submitted in accordance with Procedural Order No. 5 in this proceeding.
 5 As the issues raised are effectively repeated by each of the participants, BCP will deal with
 6 each issue rather than addressing the others’ submissions. Unless specifically stated
 7 otherwise, BCP disagrees with the submissions of Staff, VECC and Energy Probe.

8 The Intervenor have fixated on the Revenue to Cost ratio as the primary function in cost
 9 allocation and rate setting. BCP and the Board have recognized that there are other valid rate-
 10 making principles at work in developing proposed rates. BCP has simply used these additional
 11 principles to develop what it considers to be a more appropriate rate structure.

12 **Evidence of Impact**

13 The GS>50kW rate class has lost over 35% of its customers since 2002, from 176 to 115 in
 14 2010.¹ Further, the accepted forecast was for a further decrease of 3 customers. Increasing
 15 rates in excess of the rate of inflation, as the Intervenor’s proposal seeks to do, while technically
 16 acceptable, will not encourage or enhance the prospect of retaining and growing the GS>50kW
 17 rate classification. BCP’s proposal is intended to ensure the utility is providing a fair proposal to
 18 all classifications while recognizing the GS>50kW rate classification has historically been losing
 19 customers.

20 Pursuant to BCP’s proposal, the residential class would be basically flat (nominally flat) but
 21 provide a real reduction if inflation is considered. BCP’s proposal would have GS>50kW rates
 22 increase, nominally, but provide basically a flat profile in real dollar terms. The Intervenor’s
 23 proposal results in nominal and real decrease for residential customers and increases for
 24 GS>50kW customers despite the revenue sufficiency. BCP submits its approach is more muted
 25 and fair to the entire customer base.

26 **Table 1 – Bill Impact Summary**

Rate Classification	BCP Proposed Bill Impact		Intervenor Proposed Bill Impact
Residential			
250kWh	\$0.01 0.02%		-\$0.85 -1.86%
500kWh	\$0.05 -0.06%		-\$1.75 -2.26%
750kWh	-\$0.10 -0.09		-\$2.65 -2.42%
800kWh	-\$0.10 -0.09%		-\$2.83 -2.45%
1000kWh	-\$0.15 -0.11%		-\$3.56 -2.52%

¹ Exhibit 3, Tab 2, Schedule 2, page 2, line 2.

Rate Classification	BCP Proposed Bill Impact		Intervenors Proposed Bill Impact
1250kWh	-\$0.20 -0.12%		-\$4.46 -2.58%
1500kWh	-\$0.25 -0.12%		-\$5.37 -2.62%
2000kWh	-\$0.35 -0.13%		-\$7.18 -2.67%
GS<50kW			
1,000kWh	-\$5.38 -3.76%		-\$4.58 -3.20%
2,000kWh	-\$11.31 -4.26%		-\$9.71 -3.65%
3,500kWh	-\$20.22 -4.49%		-\$17.41 -3.87%
5,000kWh	-\$29.11 -4.59%		-\$25.11 -3.96%
10,000kWh	-\$58.78 -4.71%		-\$50.20 -4.20%
GS>50kW			
50kW	\$58.53		\$90.42
25,000kWh	2.07%		3.20%
75kW	\$72.89		\$120.72
40,000kWh	1.64%		2.71%
100kW	\$38.02		\$106.72
50,000kWh	0.76%		1.9%
250kW	\$217.66		\$377.07
150,000	1.34%		2.31%
500kW	-\$81.68		\$237.14
250,000	-0.29%		0.86%
Unmetered Scattered Load			
USL	-\$4.70 -0.415%		-\$0.91 -0.80%

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2 **EB-2010-0219**

3 In establishing a practice, it is beneficial to understand whether the result is consistent or
 4 inconsistent with the current regime and any proposed changes. BCP did not undertake further
 5 cost allocation, but merely indicated that the proposed result is not only consistent with the
 6 current Board approved ranges, but that it would be consistent with the future range established
 7 by the Board. In BCP's view, its proposal is superior to that of the other parties as it is
 8 consistent with the current approach and the future approach.

1 **Streetlighting and Sentinel Lighting**

2 BCP proposed to move both classifications to the minimum of the Board established range in 1
3 year rather than over 2 years. With respect to Streetlighting and Sentinel Lighting, the
4 increases have been significant in bringing those rate classes to the minimum range, with 115%
5 and 37.6% increases respectively. There should be no further movement prior to the next re-
6 basing. The Intervenor has neglected to deal with any potential issues of rate shock.

7 Further, the other parties have neglected to acknowledge that there is a specific process
8 underway to review the establishment of costing for Streetlighting and Sentinel Lighting. Given
9 that fact, BCP submits these rates should not change from those proposed and agreed to by
10 Intervenor in the proposed Settlement Agreement.

11 **BCP has less Potential for a “Yo-Yo” Effect**

12 The submission of an increased potential for a yo-yo effect is not supported by any evidence
13 and ignores the impact of the revenue to cost ratio at the customer bill. The issue for the
14 Intervenor seems to be to limit the changes to the revenue to cost ratios and ignore the
15 customer impact. BCP's proposal provides a more muted impact for 3 of the 4 rate
16 classifications which reduces the potential for the yo-yo effect. Table 2 below shows the simple
17 average of the proposed percentage changes to the rate classifications. Therefore, the
18 Intervenor's proposal has a greater potential for a yo-yo effect than the BCP proposal.

19 **Table 2 – Average Percentage Impact on the Rate Classes**

Rate Classification	BCP Proposed Bill Impact Average (%)	Intervenor Proposed Bill Impact Average (%)
Residential	-0.09%	-2.42%
GS<50kW	-4.36%	-3.78%
GS>50kW	1.19%	2.27%
USL	-0.415	-0.80%

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21 **Other Comments**

22 BCP disagrees with the position of the Intervenor that there is no cross-subsidization even
23 when the revenue to cost ratios deviate from 100%. Such a statement would mean the
24 Intervenor does not accept the validity of the cost allocation methodology currently employed.
25 BCP submits that we should either accept the cost allocation methodology or require a different
26 approach. BCP has used the approved approach, taken the results and included other rate-
27 making principles to develop its proposal.

28 BCP understands and accepts that there is some acceptable level of variation cost allocation
29 and that the achievement of a “true” or theoretical 100% cost allocation may not be achievable
30 and that a number of approximately 100% is just and reasonable. BCP does not accept the

1 statement that each result within the Board approved range is statistically just as likely to be
2 correct. Precisely because it is a zero sum game – every revenue to cost ratio is not as equally
3 likely - \$1 allocated to one customer is a \$1 dollar that does not have to be allocated to the
4 remaining rate classes. The more extreme the allocation, the less likely it is to be correct.

5 Further, BCP would note that if one accepts the logic that all numbers within the approved
6 ranges are equal, that would mean the BCP proposal is equally as valid as the Intervenor's
7 proposal.

8 **Summary:**

9 BCP request the Board adopt the proposed revenue to cost ratios proposed by BCP. Not only
10 are the rates acceptable, but consistent with other ratemaking objectives.

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12 ALL OF WHICH IS RESPECTFULLY SUBMITTED.

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BRANT COUNTY POWER INC.
By its Counsel



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Scott A. Stoll

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