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**Delivered by E-mail and Courier**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Brantford Power Inc.  
2012 Electricity Distribution Rates – request for deferral of cost of service  
application**

We are counsel to Brantford Power Inc. (“BPI”) in the above-captioned matter. On March 1, 2011, the Board issued a letter identifying the electricity distributors that are expected to file cost of service rate applications in respect of their 2012 distribution rates. BPI last rebased in 2008, and is on the Board’s list for 2012 rebasing.

The Board’s letter provides that:

“A distributor that is on the list attached as Appendix A to this letter and that believes that its next cost of service application should be deferred beyond the 2012 rate year must notify the Board in writing as soon as possible, and in any event no later than **April 29, 2011**, including the reasons for which deferral of rebasing is being sought. The Board may, if appropriate having regard to the distributor’s financial circumstances and other relevant factors, nonetheless require that the distributor’s 2012 rates be set on a cost of service basis.”

Please accept this letter as BPI’s notification that it wishes to defer its next cost of service application to the 2013 rate year. BPI’s reasons for this proposed deferral are as follows:

- BPI has been reviewing its transfer pricing and other matters related to the Board’s *Affiliate Relationships Code for Electricity Distributors and Transmitters* (the “Code”). BPI has a services agreement with the City of Brantford (the “City”) that predates the restructuring of Ontario’s electricity sector under the *Energy Competition Act, 1998*. A copy of the services agreement between BPI and the City, which contains pricing mechanisms for the services provided to Brantford Power by the City, was filed with the Board six years ago in conjunction with Brantford Power’s Distributor Licence renewal application and again in April 2008 in response to interrogatories in Brantford Power’s 2008 electricity distribution rate application.

- On the direction of BPI's Board of Directors, a review of transfer pricing was initiated in 2007, but was suspended pending preparation of BPI's 2008 distribution rate application. The review was subsequently resumed.
- Further to the review, BPI anticipates that it will be undertaking a certain amount of organizational and business process restructuring with respect to the sharing of employees and transfer pricing. BPI further anticipates that that restructuring will take place later this year. BPI will not be in a position to determine the implications of any required restructuring for its rates until later this year or early next year, and consequently, BPI will not be in a position to file a 2012 cost of service rate application with reliable forecasts of its test year rate base and capital budget, OM&A costs and operating revenues until next year.
- BPI acknowledges that the Board has advised that it may still require that a distributor that has indicated its intention to postpone rebasing file a cost of service application. The Board's letter speaks of "having regard to the distributor's financial circumstances and other relevant factors". Although the Board provides no further detail in this regard, BPI respectfully submits that its circumstances do not warrant a requirement that it rebase in 2012. BPI believes that based on the financial information it will be filing at the end of this month pursuant to the Board's Recording and Record Keeping Requirements, it will be clear that BPI is earning a lower return on equity than that approved by the Board in its 2008 cost of service application. BPI expects that this may be one of the "relevant factors" that would be considered by the Board in dealing with a deferral request.
- BPI is prepared to remain on the IRM program for 2012. At this time, BPI is not in a position to advise as to whether it will seek a January 1<sup>st</sup> or May 1<sup>st</sup> effective date for its 2013 rates, but BPI acknowledges the Board's desire that distributors wishing to apply for rates with an effective date of January 1<sup>st</sup> file their applications by the end of the preceding April.

We trust that this letter will be sufficient for the Board's purposes and that the Board will confirm that BPI may defer its cost of service application until next year. Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,  
**BORDEN LADNER GERVAIS LLP**

*Original Signed by James C. Sidlofsky*

**James C. Sidlofsky**  
JCS/ac  
Encl.

cc. George Mychailenko, Brantford Power Inc.  
Heather Wyatt, Brantford Power Inc.