

# **Brant County Power Inc. Motion EB-2009-0063**

## **Board Staff Interrogatories to Brantford Power Inc.**

As identified in the Procedural Order No. 4 issued on October 5, 2009, the Board has determined to proceed by way of written hearing at this point in time and has ordered written interrogatories and responses in the Motion to Review and Vary the Brantford Power Inc. ("BPI" or "Brantford") Decision EB-2007-0698 by Brant County Power Inc. ("BCPI" or "Brant County"). The following are Board Staff's interrogatories.

### **1 GENERAL**

#### **Issue 1.1 Embedded distributor**

##### **1 Ref: Exhibit(s) Distribution System Code Motion Record of Brantford Power Inc.**

The Distribution System Code defines embedded distributors as "a distributor who is not a wholesale market participant and that is provided electricity by a host distributor."

- a) Please explain why BPI has considered BCPI as an embedded distributor, when they are a market participant.
- b) Please explain why they are charged under the General Service 50 to 4,999 kW ("GS>50 kW") rate and not a large user rate, or a customer specific rate.

#### **Issue 1.2 Retailer definition**

##### **2 Ref: Exhibit(s) Retail Settlement Code**

The Retail Settlement Code defines retailer as "a person who retails electricity." Please state with reasons whether a distributor is a retailer of electricity. If distributors are not retailers, please provide your reasons.

#### **Issue 1.3 Physical Relationships**

##### **3 Ref: Exhibit(s) Motion Record of Brant County Power Inc. Motion Record of Brantford Power Inc.**

The Motion Record of Brantford Power Inc. appears to mention three transformer stations in Table 1 which are providing service to BCPI by BPI; the Colborne Street East, the Colborne Street West, and the Powerline Road. However, the Motion Record of Brant County Power Inc. states that there are only 2 stations. Staff is interested in

clarifying this matter and in the physical proximities to BCPI's service territory of the stations, as well as the means of transmitting the power to BCPI.

- a) Please clarify whether there are three transformer stations or two.
- b) For each transformer station please provide the following information:
  - i The voltage of the lines serving BCPI.
  - ii The length of each line to the BCPI territory, and the total length of each line in i. In providing the lengths, use km of roads as defined and used in the informational cost allocation.
  - iii The kW and kWh loads for BCPI and for BPI on each line in a).
  - iv Please provide a schematic drawing showing the location of the stations and the utility boundaries.
  - v Please state the legal entity that owns each transformer station, the shareholders of any transformer station that is not owned by BPI, the percentage ownership of the shareholders, and first date of ownership.

## **2 COSTS TO SERVE BRANT COUNTY POWER**

Board staff is interested in determining what might be the appropriate costs that are incurred by Brantford to serve BCPI, based on the approved 2008 costs of service found in the Board's Decisions, EB-2007-0698 (the "BPI Decision").

### **Issue 2.1 Service Characteristics**

#### **4 Ref: Exhibit(s) Motion Record of Brantford Power Inc.**

At paragraph 49 of the Motion Record of BPI, it states that BCPI was grouped with customers of similar size. Staff is interested in customer characteristics other than demand.

- a) Please describe the services being provided to Brant County, and the assets/costs used to provide these services.
- b) How do these services and underlying costs compare to other customers in the GS>50 kW class.
- c) Please state what services to serve BCPI would be different from other customers in the GS>50 class.

## **Issue 2.2 Rate Base**

### **5 Ref: Exhibit(s) EB-2007-0698, Exhibit 2 Tab 2 Schedule 2**

On this exhibit, BPI submitted in its 2008 COS rates application the variances in gross assets on an account by account bases.

Please provide a schedule on the same account by account basis that contains:

- i the Board approved net approved rate base,
- ii the net approved rate base for which BCPI should be responsible, and
- iii the basis for the allocation.

## **Issue 2.3 OM&A**

### **6 Ref: Exhibit(s) EB-2007-0698, Exhibit 4 Tab 2 Schedule 1**

On this exhibit, BPI submitted in its 2008 COS rates application the OM&A variances on an account by account bases.

Please provide a schedule on the same account by account basis that contains:

- i the Board approved OM&A,
- ii the approved OM&A for which BCPI should be responsible, and
- iii the basis for the allocation.

To provide this information, Board staff is aware that the BPI Decision the Board used an envelope approach for setting the OM&A for 2008. For the purposes of this question, either scale all costs back uniformly, or provide BPI's best estimate for each account.

## **Issue 2.4 Other Distribution Revenues**

### **7 Ref: Exhibit(s) EB-2007-0698, Exhibit 3 Tab 3 Schedule 1**

On this exhibit, BPI submitted in its 2008 COS rates application the other distribution revenues on an account by account bases.

Please provide a schedule on the same account by account basis that contains:

- i the Board approved net approved other distribution revenue,
- ii the other distribution revenue for which BCPI should be responsible, and
- iii the basis for the allocation.

### **Issue 2.5 Rate of Return and Taxes**

#### **8 Ref: Exhibit(s) EB-2007-0698, Exhibit 7 Tab 1 Schedule 1**

On this exhibit, BPI submitted in its 2008 COS rates application the requested utility income. Please restate this table using the 2008 Board approved numbers.

### **Issue 2.6 Cost Allocation**

#### **9 Ref: Exhibit(s) EB-2007-0001 Informational Filing**

- a) Please update Run 2 of BPI's cost allocation informational filing with the forecasted 2008 approved costs, revenues, customer counts and volumes. Make any appropriate adjustments to classifications and allocations and explain the adjustments. Please include the correction for transformer ownership allowance as stated in the revised Chapter 2 Filing Requirements, May 27, 2009.
- b) Please file the 2006 informational filing Run 2 cost allocation as originally filed in EB-2007-0001 with no adjustments. Please ensure that there are no hidden columns on any worksheet.

## **3 VOLUMES AND LOSS FACTORS**

### **Issue 3.1 Brant County Forecast Volumes for 2008**

#### **10 Ref: Exhibit(s) Motion Record of Brant County Power Inc.**

BCPI assert that the volumes were understated for the 2008 forecast year.

- a) What was the basis for developing the 2008 BCPI forecast?
- b) Was BCI consulted?

### **Issue 3.2 Loss Factors**

#### **11 Ref: Exhibit(s) Motion Record of Brant County Power Inc. EB-2007-0698 Rate Schedules**

The Loss Factors ascribed to BCPI are those for < 5,000 kW. Given that BPI does not have a loss factor for customers > 5,000 kW, what would the engineering estimate for loss factor be for loads > 5,000 kW on the facilities serving BCPI?

## **4 DEFERRAL AND VARIANCE ACCOUNTS**

### **Issue 4.1 Appropriateness of any DVA charges to BCPI from BPI**

#### **12 Ref: Exhibit(s) EB-2007-0698, Approved Rate Schedules**

- a) Board staff's understanding is that the clearing of the deferral accounts resulting in the credits on the rate schedule was over an 8 month period and are no longer in place. Please state if this understanding is correct, and the reasons it is incorrect.
- b) Conceptually staff is interested in whether any deferral and variance accounts should be collected from another utility receiving only delivery service from an electricity distributor. Please state the cost causality and if there is no cost causality the reasons for making a levy.

## **5 RATE IMPACTS**

Board staff is interested in the effects on rates if the Board finds that a specific rate for BCPI is warranted.

### **Issue 5.1 Rebalanced 2008 Rates**

#### **13 Ref: Exhibit(s) EB-2007-0001 Informational Filing**

##### **EB-2007-0698 Exhibit 9 Tab 1 Schedule 9 Appendix A**

As a result of the developing of any rate for BCPI, adjustments to distribution revenue levels may be needed to the remaining rate classes to ensure that the revenue requirement is met. Please:

- i redesign the rates, and provide the revenue to cost ratios that will produce the revised revenue levels, and
- ii provide impacts compared to the approved 2008 rates similar to the comparisons found in EB-2007-0698 Exhibit 9 Tab 1 Schedule 9 Appendix A.

## **6 RTS**

### **Issue 6.1 Appropriate Settlement for RTS Costs**

#### **14 Ref: Exhibit(s) Motion Record of Brant County Power Inc.**

##### **EB-2007-0698, Approved Rate Schedules**

It appears that a billing error occurred and that BPI was not charging BCPI for the RTS charges, Network and Connect, which they were incurring on behalf of BCPI. This error

began in February 2006. However, as of May 1, 2008, BPI started to collect for RTS Network and RTS Connect from BCPI under the GS>50 rate.

The costs for RTS Network should be recorded in Account 4714, and for RTS Connect in Account 4716. Associated revenues are recorded in Account 4066 RTS Network and 4068 RTS Connect. Any differences by year end should be recorded in Account 1584 RSVA Network and 1586 RSVA Connect.

- a) For the period from February 2006 to April 2008 were there any revenues recorded from BCPI in the revenue accounts 4066 and 4068?
- b) For the period from May 2008 to October 2009 were there any revenues recorded from BCPI in the revenue accounts 4066 and 4068?
- c) If the answer to b) is yes, for what month and please state the amounts collected from BCPI?
- d) Are the differences between the costs and revenues for RTS Network and Connect for BCPI recorded in Accounts 1584 and 1586 for the period mentioned above?

## **7 IMPLEMENTATION**

### **Issue 7.1 Implementing any new rates**

It is possible that new rates could result from this Motion. Board staff is interested in finding an appropriate means of implementing the Board's findings if rates change. The current rates for both utilities are final. BPI has been charging BCPI for service under GS >50 to BCPI since 2008.

Currently, BCPI has ceased making payments and state that they will make the required payments, if any, as directed by the Board.

If the Board were to find that the changes to the existing rates are appropriate, does BPI have a view as the whether these changes should be applied prospectively only or retroactively as well? Please state specifically how BPI would propose to effect these changes were they to be required.

### **Issue 7.2 Implementing the RTS finding**

Upon resolution of the issues around the RTS billing error, does BPI have a view on the methodology for settling the amount?