

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 Brantford 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, 2008 (EB-2007-0698);

AND IN THE MATTER OF a Motion by Brant County Power Inc. to review and vary the implementation of the Board's Interim Order dated April 21, 2008 in the rates proceeding;

AND IN THE MATTER OF a Motion by Brant County Power Inc. to review and vary the implementation of the Board's Decision dated July 18, 2008 and the Board's Order dated August 29, 2008 in the rates proceeding

BRANTFORD POWER INC.

RESPONSES TO BRANT COUNTY POWER INC. ("BCPI") INTERROGATORIES

DELIVERED DECEMBER 17, 2009

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IR# 1 – Load Forecasts

Reference:

- Dec. 20, 2007 Filing
 - Exhibit 3, Tab 2, Schedule 2, Pg. 5 of 5, Table 3.2.2-4
 - Exhibit 2, Tab 4, Schedule 1, pg. 4 of 4

The “Test Year Normalized Forecast” (2008) indicates GS > 50kW forecast of 1,635,606. It is understood that this value includes all GS> 50 kW customers including all Brant County Power meter points (three) and the other new large use customer.

- a) Please fill in the following chart for (all years) reconciling to table 3.2.2-4. If load forecasts for the other large use customer are deemed confidential, please fill in remaining areas and indicate such.

RESPONSE:

Please see the following completed table:

	Historical Actual Normalized (2006)	Bridge Year Normalized (2007)	Annual Change (kW)	Annual Change (%)	Test Year Normalized (2008)	Annual Change (kW)	Annual Change (%)
BCP – Powerline	0	0	0	0	27,265	27,265	n/a
BCP – Colborne West	0	0	0	0	37,489	37,489	n/a
BCP – Colborne East	0	0	0	0	105,652	105,652	n/a
Other L/U	0	0	0	0	0	0	0
Remaining GS> 50 kW	1,463,650	1,477,561	13,911	0.95	1,465,200	-12,361	-0.84
Total	1,463,650	1,477,561	13,911	0.95	1,635,606	158,045	10.70

NOTES TO TABLE:

- BCPI load was forecast using weather-normalized Embedded Distributor kWh calculated by Hydro One for BPI’s response to the OEB’s Cost Allocation Information Filing. BPI used the average actual kW at each of the three points to prorate the total weather-normalized load among the three BCPI delivery points.
- With respect to the 27,265 kW, 37,489 kW and 105,652 kW for each of the three BCPI delivery points noted in 2008, while present during the previous two years, was not required in any previous distribution rate submission and therefore was not used for rate setting until the 2008 rate year.

b) Please fill in the following chart reconciling to total Network/Connection forecast of \$10,055,737 found in exhibit 2, tab 4, schedule 1, pg. 4 of 4.

RESPONSE:

Please see the following completed table:

Class	Billing Determinent (kWh/KW)	Wholesale Rate	Network & Connection Expense Forecast in \$	Billing Determinent (kWh/KW)**	Retail Rate	Network & Connection Revenue Forecast in \$ (2008)
Residential	294,990,955 kWh	\$ 0.01	\$ 2,949,909	294,990,955 kWh	\$ 0.0126	\$ 3,848,293
GS<50KW	110,476,190 kWh	\$ 0.01	\$ 1,104,762	110,476,190 kWh	\$ 0.0112	\$ 1,283,115
GS>50KW	589,977,774 kWh	\$ 0.01	\$ 5,899,778	1,488,105 KW	\$ 3.8355	\$ 5,918,763
Street Light / Sentinel Light / Unmetered	10,128,775 kWh	\$ 0.01	\$ 101,288	N/A	N/A	\$ 112,436
RSVA Adjust						\$ (1,106,870)
Total			\$ 10,055,737			\$ 10,055,737

** add loss factor of 1.037

NOTE TO TABLE:

- It should be noted that BPI did not budget the transmission revenues for Street Light, Sentinel Light or Unmetered Scattered Load separately as their totals are only 1% of total transmission revenues.

IR# 2 – Load Forecasts

Reference: Exhibit 3, Tab 2, Schedule 2, Page 1 of 5, Table 3.2.2-1

Question:

- a) Please specify, for each Brant County Power Inc.'s meter points, the first year and the value forecasted, kW and kWh, for such point.

RESPONSE:

Point	Year	Amount
BCP – Powerline Road	2008	27,265 kW, 12,363,792 kWh
BCP – Colborne West	2008	37,489 kW, 17,772,951 kWh
BCP – Colborne East	2008	105,652 kW, 47,136,959 kWh

- b) Please specify the amount included in the forecast, kW and kWh, for each subsequent year available.

RESPONSE:

Point	2005	2006	2007	2008
Powerline Road	0	0	0	27,265 kW, 12,363,792 kWh
Colborne West	0	0	0	37,489 kW, 17,772,951 kWh
Colborne East	0	0	0	105,652 kW, 47,136,959 kWh
Total Forecasted	0	0	0	170,406 kW, 77,273,702 kWh

IR# 3 – Load Forecast

Reference: Response to Board Staff Interrogatory 10.1 (b)

Question:

- a) Please confirm the annual yearly energy delivered figures provided in table 10.1.b were included in the 2008 forecast?**

RESPONSE:

BPI did not include the kWh and kW figures (for the years 2004, 2005 and 2006) from table 10.1.b in the 2008 forecast. BCPI load was forecast using weather-normalized Embedded Distributor kWh calculated by Hydro One for BPI's response to the OEB's Cost Allocation Information Filing.

- i. If yes, please specify the forecasted total yearly energy delivered to: (1) the GS>50kW customer class, (2) Brant County Power; and (3) remaining GS>50kW customers.**

RESPONSE:

N/A

- ii. If no, please specify the forecasted total yearly energy delivered to: (1) the GS>50kW customer class, (2) Brant County Power; and (3) remaining GS>50kW customers.**

RESPONSE:

	Forecasted Total Energy (2008)
GS> 50 kW	588,310,448 kWh
BCP (all points)	0 kWh
Remaining GS> 50 kW	588,310,448 kWh

BPI did not include any energy delivered to BCPI in the kWh figure forecasted for the GS>50kW class customers as BPI does not bill BCPI for commodity. BPI does not recover revenue for kWh delivered to BCPI. BPI applied to recover revenue for kW delivered to BCPI.

IR# 4 – Cost Allocation Methodology

Reference:

- Board Staff IR Response May 15, 2008 – IR # 10.3 a)
- Dec. 20, 2007 Filing – Exhibit 4, Tab 2, Schedule 1

USoA Account	Accounts	Expense Type	Approved Amount (2008 Test) (Ref b)	Embedded Distributor	Allocation %
5405	Supervision	G&A	\$0	\$494	N/A
5410	Community Relations - Sundry	G&A	\$125,171	\$1,145	0.9%
5420	Community Safety Program	G&A	\$13,920	\$362	2.6%
5515	Advertising Expense	G&A	\$0	(\$3)	N/A
5605	Executive Salaries and Expenses	G&A	\$429,070	\$4,060	0.9%
5610	Management Salaries and Expenses	G&A	\$723,218	\$3,226	0.4%
5615	General Administrative Salaries and Expenses	G&A	\$726,087	\$9,181	1.3%
5620	Office Supplies and Expenses	G&A	\$52,654	\$3,928	7.5%
5630	Outside Services Employed	G&A	\$179,500	\$694	0.4%
5635	Property Insurance	G&A	\$0	\$387	N/A
5645	Employee Pensions and Benefits	G&A	\$110,367	\$2,174	2.0%
5650	Franchise Requirements	G&A	\$53,871	\$1,125	2.1%
5655	Regulatory Expenses	G&A	\$215,000	\$2,179	1.0%
5660	General Advertising Expenses	G&A	\$26,000	\$353	1.4%
5665	Miscellaneous General Expenses	G&A	\$187,617	\$12,972	6.9%
5670	Rent	G&A	\$0	\$4,676	N/A
5675	Maintenance of General Plant	G&A	\$0	\$539	N/A
5680	Electrical Safety Authority Fees	G&A	\$20,000	\$78	0.4%
6105	Taxes Other Than Income Taxes	G&A	\$12,298	\$3,782	30.8%
6205	Donations	G&A	N/A	\$81	N/A
5315	Customer Billing	Cust Rel Cost	\$509,848	\$1	0.0%
5705	Amortization Expense - Property, Plant, and Equipment	Dep and Amort	\$3,027,657	\$55,005	1.8%
5710	Amortization of Limited Term Electric Plant	Dep and Amort	\$0	\$2,395	N/A
5005	Operation Supervision and Engineering	Distribution	\$266,919	\$3,551	1.3%
5010	Load Dispatching	Distribution	\$17,887	\$205	1.1%
5012	Station Buildings and Fixtures Expense	Distribution	\$39,832	\$2,757	6.9%
5014	Transformer Station Equipment - Operation Labour	Distribution	\$6,778	\$200	3.0%
5015	Transformer Station Equipment - Operation Supplies & Expenses	Distribution	\$55,950	\$59	0.1%
5020	Overhead Distribution Lines and Feeders - Operation Labour	Distribution	\$3,298	\$24	0.7%
5025	Overhead Distribution Lines & Feeders - Operation Supplies & Expenses	Distribution	\$15,081	\$531	3.5%
5040	Underground Distribution Lines and Feeders - Operation Labour	Distribution	\$1,139	\$31	2.7%
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	Distribution	\$20,669	\$150	0.7%
5085	Miscellaneous Distribution Expense	Distribution	\$129,239	\$3,464	2.7%

5105	Maintenance Supervision and Engineering	Distribution	\$306,914	\$9,075	3.0%
5110	Maintenance of Buildings and Fixtures - Distribution Stations	Distribution	\$4,337	\$75	1.7%
5114	Maintenance of Distribution Station Equipment	Distribution	\$17,703	\$1,042	5.9%
5120	Maintenance of Poles, Towers and Fixtures	Distribution	\$167,336	\$7,225	4.3%
5125	Maintenance of Overhead Conductors and Devices	Distribution	\$212,429	\$11,833	5.6%
5135	Overhead Distribution Lines and Feeders - Right of Way	Distribution	\$364,402	\$12,595	3.5%
5145	Maintenance of Underground Conduit	Distribution	\$72,896	\$889	1.2%
5150	Maintenance of Underground Conductors and Devices	Distribution	\$121,982	\$2,579	2.1%
6110	Income Taxes	PILS Input	\$1,889,507	\$38,956	2.1%
6005	Interest on Long Term Debt	Interest	\$2,098,892	\$39,815	1.9%
Total				\$243,890	

IR #4 – Cost Allocation (cont'd)

Board staff noted Brantford had indicated in the informational filing that the revenue requirement was approximately \$300,000 for the embedded distributor. Brantford stated that it wanted to ensure customers are treated fairly.

- a) Please explain the basis for the estimate of \$300,000 per year statement, as opposed to the total of \$243,890 which results from a summation of the table.

RESPONSE:

As already discussed in question 10.3 of Responses to Board Staff Interrogatories on page 115, filed May 5th, 2008, the estimate of \$300,000 was based on the class revenue requirement. Although the total expenses amount to approximately \$243,894, the allocated net income amounted to \$58,782. The class revenue requirement is the sum of expenses of \$243,894 plus the allocated net income of \$58,782 for a total of \$302,676.

- b) Please explain the basis upon which the allocation to the embedded distributor class was made for each account included in the table.

RESPONSE:

As discussed in greater detail in BPI's response to Board Staff Interrogatory – Issue 2.1, Question 4, the basis of the allocation to the embedded distributor class was the allocation factors included in the OEB's Cost Allocation Model, which was based on the Board's Cost Allocation Review consultation and proceeding [EB-2005-0317].

- c) Are there any underground assets that service Brant County Power? If so, please describe the assets.**

RESPONSE:

As discussed in BPI's response to Board Staff Interrogatory Issue 2.1, Question 4, there are underground assets along the main feeder at the Powerline Road connection point from the Powerline Municipal Transformer Station to the overhead system at a length of approximately 60 meters.

However, as BPI's distribution system is an integrated system that enables BPI to switch and deliver load from any of the three transformer stations, alternate switching configuration may utilize underground assets.

- d) The allocation for Account 5645 is approximately 2%. The allocated costs for Accounts 5606 (0.9%), 5610 (0.4%) and 5615 (1.3%) are much lower. Please explain the rationale and reconcile the variation in the stated percentages.**

RESPONSE:

It is important to note that the table prepared and provided by BCPI above compares 2008 Test Year figures (in the column titled "Approved Amount (2008 Test)") with data that was submitted in BPI's 2006 Cost Allocation Informational Filing (the column entitled "Embedded Distributor"), which actually reflected 2004 data. Therefore, this information is not directly comparable. BPI did not use the data filed in the Cost Allocation Information Filing in the 2008 EDR Application.

The rationale for the allocation of costs is that the costs allocated on an account-by-account basis were allocated using the allocation factors in the OEB's Cost Allocation model. That model represented the culmination of a lengthy consultation process conducted by the OEB. BPI does not choose the percentage allocations – they are generated by the model. Because BPI did not use the results of the Cost Allocation Information filing in its 2008 EDR application to propose the creation of new classes, the 2008 Test Year costs were not allocated to an embedded distributor class

In response to Board Staff Interrogatory Issue 2.6, Question 9(a) and (b), BPI has updated Run 2 of the Cost Allocation model, which applies the allocation factors in the Cost Allocation Model to 2008 Board-approved data and has included the updated model in its response to that interrogatory

As was discussed extensively in BPI's 2008 EDR application and interrogatory responses with respect to the variance between 2006 Board approved financial data and 2008 test year data, BPI, in 2006, undertook significant accounting improvements

and implemented a new capitalization policy resulting in significant differences in the accounting treatment and reporting of 2008 financial data from previous years.

- e) Please explain why Accounts 5405, 5635, 5670, 5675 and 5710 each have a total balance of \$0 yet significant costs are allocated to the embedded distributor class.**

RESPONSE:

In the column on BCPI's table entitled "Embedded Distributor", the amounts in accounts 5405, 5635, 5670, 5675 and 5710 are from BPI's 2006 Cost Allocation Information Filing and are allocated to the embedded distributor class according to the Board approved Cost Allocation Information Filing model. The amounts in the column of BCPI's table entitled Approved Amount (2008 Test) are from BPI's forecasted 2008 Test Year budget. As discussed above in response to question 4 (d), these two amounts are not directly comparable.

There are costs allocated to the embedded distributor class in the Cost Allocation Model because in 2004, the source of the financial data in the cost allocation model, costs had been booked to accounts 5405, 5635, 5675 and 5710.

Because BPI did not use the results of the Cost Allocation Information filing in its 2008 EDR application to propose the creation of new classes, the 2008 Test Year costs were not allocated to an embedded distributor class.

In response to Board Staff Interrogatory Issue 2.6, Question 9(a) and (b), BPI has updated Run 2 of the Cost Allocation model, which applies the allocation factors in the Model to 2008 Board-approved data and has included the updated model in its responses to the Board Staff Interrogatories as Attachment F(a).

- f) Please explain why the allocation of account 6105 to the embedded distributor class exceeds 30%**

RESPONSE:

As BCPI is comparing 2004 data to 2008 data (please see BPI's response to Question 4 (d) and 4 (e), above), this is not a reasonable comparison to make. Again, BPI emphasizes that the results of the Cost Allocation Information Filing were not used in the 2008 EDR Application.

- g) What criteria or factors does Brantford use to determine the “fairness” of a proposed rate. Are there any specific revenue-to-cost-ratios? If so, please specify.**

RESPONSE:

BPI notes that Board Staff requested BPI to update Run 2 of its Cost Allocation Model using Board-approved 2008 financial information. BPI has updated its model as requested and has filed the model as an attachment to Board Staff Interrogatory Issue 2.6, Question 9(a) and (b).

As discussed in greater detail in BPI's response to Board Staff Interrogatory – Issue 2.1, Question 4 and Issue 5.1, Question 13, BPI submits that the allocation factors included in the OEB's Cost Allocation Model, which was based on Board's Cost Allocation Review consultation and proceeding [EB-2005-0317] and the revenue-to-cost ratios set out in the OEB's report entitled Application of Cost Allocation for Electricity Distributors dated November 28, 2007 are appropriate criteria or factors to determine “fairness”.

IR #5 – Regulatory Assets

- a) **Confirm if the electricity supplied to Brant County Power Inc. by Brantford is included in the calculation for the billing determinants for Brantford's regulatory assets? If so, please provide a summary of the amounts that were included and for which meter points.**

RESPONSE:

Yes, the electricity supplied to BCPI by BPI is included in the calculation for the billing determinants for BPI's regulatory assets. The amounts included by meter points are as follows: Powerline Road 27,265 kW; Colborne Street West 37,489 kW; and Colborne Street East 105,652 kW for a total of 107,406 kW.

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