

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto ON, M4P 1E4

**RE: Brant County Power Inc. – 2<sup>nd</sup> Generation 2010 IRM Application (EB-2009-0258) –  
Response to Board Staff and Brantford Power Inc. Interrogatories**

Please find attached responses to both Board Staff and Brantford Power Inc. interrogatories.  
If there are any questions please contact me directly.

Sincerely,

Ed Glasbergen  
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## Staff Interrogatories

### 2010 IRM2 Electricity Distribution Rates Brant County Power Inc. ("Brant County Power") EB-2009-0258

1. Ref: 2010 IRM3Rate Generator – LV

Sheet "C3.1 Curr Low Voltage Vol Rt" of the 2010 IRM3Rate Generator are shown as below under the caption Rate Generator.

Rate Description	Low Voltage Volumetric Rate	
Select Tariff Sheet Disclosure	Yes - Shown on Tariff Sheet	
Metric Applied To	All Customers	
Method of Application	Distinct Volumetric	
Rate Class		Current Low Voltage
Residential	kWh	0.000737
General Service Less Than 50 kW	kWh	0.000689
General Service 50 to 4,999 kW	kW	0.314879
Large Use	kW	0.340035
Unmetered Scattered Load	kWh	0.000697
Sentinel Lighting	kW	0.202139
Street Lighting	kW	0.233431

- a) Please confirm that current low voltage volumetric rate adder is embedded in the distribution volumetric rate and not "Tariff Sheet Disclosure".

**For the record, Brant County Power has filed an IRM2 model as we have not yet performed a COS rate application. This will be filed in Aug 2010 for May 2011 rates.**

**Brant County Power confirms that on the current rate order (2009 rates) that the LV rate was embedded in the distribution charges and not specifically identified on the tariff sheet.**

- b) Please confirm that the cumulative Price Cap Index value of 1.03336 should be applied to Low Voltage rates.

**Brant County confirms that the PCI should be applied to the LV rates.**

## 2. Ref: 2010 IRM Deferral Variance Account 1588 -Power

The 2008 ending balances reported in the 2010 IRM Deferral Variance Account workform prepared by Brant County Power shows the split for account 1588 – Power and Global Adjustment. On October 15, 2009 the Board issued “Regulatory Audit and Accounting Bulletin 200901” which clarified the accounting rules for reporting the 1588 – Global Adjustment sub-account.

	Account Number	Total Claim
<b>Account Description</b>		<b>H = C + D+ E + F + G</b>
RSVA - Power (Excluding Global Adjustment)	1588	(222,076 )
RSVA - Power (Global Adjustment Sub-account)		808,554

- a) Has Brant County Power reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?

**Brant County Power has reviewed the Accounting Bulletin 200901 and has followed the direction for 2009 activity.**

**Currently BCP is in the middle of two processes that will impact the variance account balances. The first is a motion before Board (EB-2009-0063) which will impact both the 1584 RSVA Network & 1586 RSVA Connection accounts. The 2<sup>nd</sup> is an independent 3<sup>rd</sup> party rebuild of variance account balances from Jan 1 2005 to Dec 31, 2009. This will ensure that all OEB guidelines have been followed for variance balances and interest calculations.**

- b) Has Brant County Power made adjustments subsequent to filing the 2010 IRM3 application and need to re-file an updated 2010 IRM Deferral Variance Account workform?

**Brant County will need to re-file the 2010 IRM deferral Variance Account workform after completion of both issues identified in a) above.**

### 3. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 1588 – Global Adjustment.

*The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.*

*This method was factored on two premises; a) that the recovery/refund of a variance unique to a subset of customers within a rate class would not be unfair to the rate class as a whole and b) that the distributors' billing systems would not be able to bill a subset of customers within a rate class, without placing a significant burden to the distributor.*

*For these reason the Board's original Deferral Variance Account workform was modelled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.*

*Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.*

*What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."*

Board staff would like to poll Brant County Power on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does Brant County Power agree that this proposal would be fair to all customers? Why or why not?

**Brant County agrees that a separate rate rider needs to be utilized for RPP and Non-RPP customers. This will ensure that customers pay for the outstanding variance balances they have contributed to (cost causality).**

- b) If the Board were to order Brant County Power to provide such a rate rider, would Brant County Power's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would Brant County Power see with this rate rider?

**Brant County Power's billing system would allow for this treatment.**

- c) If Brant County Power were to be unable to bill in this fashion what would Brant County Power consider proposing in the alternative?

**N/A**

#### 4. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the Billed kWh for Non-RPP customers identified on Sheet “B1.3 Rate Class And Bill Det” of the workform.

Rate Class	Billed kWh for Non-RPP customers
	D
Residential	0
General Service Less Than 50 kW	333,384
General Service 50 to 4,999 kW	123,241,231
Large Use	0
Unmetered Scattered Load	0
Sentinel Lighting	0
Street Lighting	0

- a) Please identify if these values estimated values or actual values and specify the applicable period.

**These values are actual as the current data provides. These may change after the 3<sup>rd</sup> party variance account rebuild discussed in earlier IR responses. Part of the rebuild will focus on the GA account and will include a review of Non-RPP billing determinants.**

- b) If the above values are estimated please explain why Brant County Power is unable to determine actual.

**N/A**

- c) As discussed in question 12 above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would Brant County Power support using the numbers above as the most reasonable denominator to be used for rate determination.

**The numbers above are currently the most reasonable; however, we reserve the ability to change these figures after the 3rd party variance rebuild is finalized.**

- d) If Brant County Power were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does Brant County Power believe that the rider be applied to customers in the MUSH sector? If not, would Brant County Power have the billing capability to exclude customers in the

MUSH sector if a separate rate rider were to apply for the disposition of the 1588  
– Global adjustment sub-account?

**Brant County believes that the MUSH sector should receive a rate rider co-or  
elated to the time the MUSH sector contributed to the Non-RPP customer class.  
Depending on the Boards ruling, this may require a 3rd rate rider for 1588 COP  
variance account (1 – Non-RPP, 2 – RPP & 3 – MUSH).**

**Again, BCPs billing system can handle this process fully.**

## 5. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

	Account Number	Total Claim
Account Description		H = C + D+ E + F + G
LV Variance Account	1550	533,031
RSVA - Wholesale Market Service Charge	1580	(598,363 )
RSVA - Retail Transmission Network Charge	1584	(2,005,191 )
RSVA - Retail Transmission Connection Charge	1586	(1,935,932 )
RSVA - Power (Excluding Global Adjustment)	1588	(222,076 )
RSVA - Power (Global Adjustment Sub-account)		808,554
Recovery of Regulatory Asset Balances	1590	1,144
Disposition and recovery of Regulatory Balances Account	1595	0
Total		(3,418,833 )

- Please complete the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting your most recent model (either the one filed with your application or a more recent version if available). Please contact your case manager to assist you.
- Please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reasons for variances.
- Please confirm that Brant County Power has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If Brant County Power has used other practices in the calculation please explain where in the filing and why.
- Please confirm that Brant County Power has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If Brant County Power has used other calculations please explain where in the filing and why.

- e) Please confirm that Brant County Power has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If Brant County Power has not complied with this requirement please explain why not?

#### **Response for a) to e)**

**Brant County will refile the work form and will ensure all guidelines are met immediately after the completion of the 3rd party rebuild of the variance accounts from Jan 1 2005 to Dec 31 2009. This is scheduled to be completed by end of Jan 2010. There will need to be yet another refile after EB-2009-0063 has been finalized and a decision has been rendered.**

#### **6. Ref: PIL's Adjustment**

Sheet "D2.1 PIL's Adjustment Worksheet Cell D31" in the Rate Generator workform shows 2006 EDR Base Revenue Requirement From Distribution rates as \$5,687,533 while the 2009 IRM sheet "D2.1 Federal Tax Adjustment Worksheet Cell D31" shows \$5,215,639.

- a) Please reconcile these two figures, providing a full explanation for any differences.

**The two referenced sheets point to different cells in the specific K-Factor calculations. The 2010 reference points to a DRR values that does not account for transformer allowance credits while the 2009 reference does. The difference is the consistent transformer allowance value of \$188,326 identified as line M in the K-Factor calculations sheet. BCP submits that as these values pull directly from other portions of the model via equations, this may be a reference issue with the Boards model.**

#### **HST Interrogatory**

#### **7. Harmonized Sales Tax**

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

In the event that PST and GST are harmonized effective July 1, 2010:

- a) Would Brant County Power agree to capture in a variance account the reductions in OM&A and capital expenditures?

**Brant County agrees that the net HST implications (OM&A reductions plus any cost increases) should be tracked through a variance account.**

- b) Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?

**Nothing specific.**

## **Brantford Power Inc – Interrogatories**

1. Please confirm that the amounts recorded in BCPI's Account 1584 – RSVA - Network and Account 1586 – RSVA – Connection, of which BCPI is seeking to dispose in its 2010 IRM Application, are under dispute in its review motion in respect of the Board's Decision in Brantford Powers Inc.'s 2008 electricity distribution rate application (Board File No EB-2009-0063), currently before the Ontario Energy Board

**BCP confirms the above.**

2. For each month during the period of January 1, 2005 to the most recent month available, please provide the following information:
  - (a) What were BCPI's approved Retail Transmission Rates – Network Service Rate, and Retail Transmission Rates – Line and Transformation Connection Service Rate?
  - (b) What amounts did BCPI recover from customers for Retail Transmission – Network Services and Retail Transmission – Line and Transformation Connection Services?
  - (c) What amounts did BCPI pay to various parties for transmission network and connection service (i.e. wholesale and retail)? Please list the amounts by party and connection point.
  - (d) What amounts including interest did BCPI record in Account 1584 – RSVA – Network and Account 1586 – RSVA – Connection?

### **Response**

**2 (a) See Table next page.**

	Effective				
	01-May-05	01-May-06	01-May-07	01-Nov-08	01-May-09
<b>Residential</b>					
RTR - Network Service Rate		\$ 0.0057	\$ 0.0057	\$ 0.0035	\$ 0.0039
RTR - Line and Transformation Connection Service Rate		\$ 0.0050	\$ 0.0050	\$ 0.0030	\$ 0.0032
<b>General Service Less Than 50 KW</b>					
RTR - Network Service Rate		\$ 0.0052	\$ 0.0052	\$ 0.0032	\$ 0.0036
RTR - Line and Transformation Connection Service Rate		\$ 0.0045	\$ 0.0045	\$ 0.0027	\$ 0.0028
<b>General Service Greater Than 50 KW</b>					
RTR - Network Service Rate		\$ 2.1218	\$ 2.1218	\$ 1.2895	\$ 1.4346
RTR - Line and Transformation Connection Service Rate		\$ 1.7882	\$ 1.7882	\$ 1.0885	\$ 1.1479
<b>Unmetered Scattered Load</b>					
RTR - Network Service Rate		\$ 0.0052	\$ 0.0052	\$ 0.0032	\$ 0.0036
RTR - Line and Transformation Connection Service Rate		\$ 0.0045	\$ 0.0045	\$ 0.0027	\$ 0.0028
<b>Sentinel Lighting</b>					
RTR - Network Service Rate		\$ 1.6083	\$ 1.6083	\$ 0.9774	\$ 1.0874
RTR - Line and Transformation Connection Service Rate		\$ 1.4113	\$ 1.4113	\$ 0.8591	\$ 0.9060
<b>Street Lighting</b>					
RTR - Network Service Rate		\$ 1.6002	\$ 1.6002	\$ 0.9783	\$ 1.0820
RTR - Line and Transformation Connection Service Rate		\$ 1.3824	\$ 1.3824	\$ 0.8415	\$ 0.8874

**2 (b) & (c)**

**BCP is providing annualized balance figures. BCP has several connection points and receives service invoices from the IESO, Hydro One and BPL.**

**See also attachment – “Appendix A – filed May 8, 2008”**

<b>Account</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
4066	-1746253	-1519029	-1062252	-679954	-613053
4068	-1589883	-1161170	-824774	-530011	-472661
4714	1,994,350	1,901,568	1,489,914	1,449,535	788,474
4716	1,598,743	1,692,246	1,311,005	1,272,770	666,586

**2 (d)**

**BCP is providing annualized figures.**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>1584</b>	-248,097	-382,539	-427,662	-769,581	-175,421
<b>1586</b>	-244,580	-531,076	-486,231	-742,759	-193,925