

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 Comments**

**Retail Transmission Rates (Network and Connection)**

As part of the 2<sup>nd</sup> Generation IRM process, the OEB (through guideline G-2008-0001) provided the preliminary mandatory changes to the retail transmission rates (RTR) that mirror and reflect the approved changes to the Uniform Transmission Rates (Network 3.5% and Connection - 2.2%).

These values have been updated to a net increase to Network of 15.6% and Connection of 5.2% when compared to the rates in effect prior to July 1, 2009. Brant County would like change the applied for rates to align with these updated values (see updated chart to original filing below).

Along with this mandatory change, BCP is providing a trend analysis on the actual change in the 1584 & 1586 variance accounts. This trend analysis is to ensure that retail rates are appropriate to ensure as close as possible to 100% cost recovery for Transmission expenses without having drastic re-occurring variance either owing to or owed from end use rate payers.

In 2008 BCP received a decision (EB-2008-0110) adjusting RTR for both a change in UTR and to minimize the change in the 1584 and 1586 variance account balances. BCP requested and receive approval for a reduction in RTR by 39%.

Subsequent to this decision, it has comes to BCP attention that Brantford Power (BP) has not been billing all Transmission charges on all BP feeders supplying BCP customers. As a result historical transmission costs have been under stated.

BCP is providing (see appendix B) a schedule that outlines the current expense and revenue occurrences for Q1 & Q2 2009 which include the projected excluded BP transmission charges.

Normally, BCP would supply 2 years worth of history for this trend analysis; however as RTRs were adjusted effective Nov. 1, 2008 (EB-2008-0110) it seems inappropriate to use data prior to this adjustment period to perform an accurate trend analysis. In order to ensure revenues and expenses for the same period, BCP is providing the 2009 actual results for this trend analysis. See chart below.

Network Variance							Connection Variance						
	Expenses	Revenues	Variance	BP Est Costs	Total Variance	Cummulative Variance	Expenses	Revenues	Variance	BP Est Costs	Total Variance	Cummulative Variance	
Q1 2009	166,875	233,777.00	-66,902.00	47,436.14	-19,465.86	-19,465.86	130,898.00	200,778.00	-69,880.00	41,090.20	-28,789.80	-28,789.80	
Q2 2009	192,953	147,176.00	45,777.00	42,817.47	88,594.47	69,128.61	160,513.00	112,420.00	48,093.00	36,203.37	84,296.37	55,506.57	
Total	359,828.00	380,953.00	-21,125.00	90,253.61	69,128.61		291,411.00	313,198.00	-21,787.00	77,293.57	55,506.57		
Trend (total variance / revenues)			18.15% decrease to customer							17.72% decrease to customer			
G-2008-0001 regulated changes			15.60% Increase to customer							5.20% decrease to customer			
Cummulative Change			33.75%							22.92%			

The Network expenses (including BP missing costs) drive an under recovery of 18.15% and the Connection expenses (including BP missing costs) drive an under recovery of 17.72%. This adjustment off-sets the 39% reduction granted in 2008.

It is BCP view that the requested net adjustment for Network retail rates of 33.75% (UTR @ 15.6% plus Trend @ 18.15%) and Connection retail rates of 22.92% (UTR @ 5.2% plus Trend @ 17.72%) will ensure that RTR track wholesale charges (expenses) as close to 100% recovery as possible, given the information at hand today.

## Deferral and Variance Model

Brant County Power is striving towards finalizing the variance account rebuild with a target of Mar. 1, 2010. This timeline is tight but may be achieved. There still remains the issue of the decision re: EB-2009-0063 (Brantford Power Transmission Expenses) that may or may not be resolved. BCP will require the right to adjust any approved remittance / recovery of variance balances upon a final decision from the Board Panel on this matter.

If there are any questions with the application, please contact me directly.

Sincerely



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