Ex. Tab Schedule Contents of Schedule

**7 – Cost Allocation**

1 1 Cost Allocation – 2011 Rebasing Application

2 2011 Cost Allocation Sheets (incorporate transformer allowance removal)

3 2004 (Run 3) Informational Filing Cost Allocation Sheets

2 1 Treatment of Transformer Ownership Allowance

2 2011 Cost Allocation Output 1 (O1) - prior to transformer adjustments outlined in filing guidelines

3 1 Revenue to Cost Ratios

**COST ALLOCATION OVERVIEW**

**Introduction:**

The purpose of this Exhibit is to summarize the approach to cost allocation. On September 15, 2006 the OEB issued directions on the Cost Allocation Methodology for

Electricity Distributors (the “Directions”). On November 15, 2006, the Board issued the Cost Allocation Information Filing Guidelines for Electricity Distributors (“the Guidelines”), the Cost Allocation Model (the “Model”) and User Instructions (the “Instructions”) for the Model.

Brant County Power (BCP) has utilized the model used for the Cost Allocation in the 2006 EDR process, updated for all test year data (load profiles, customer counts, expenses, net fixed assets, projected capital values etc.). Specifically Brant County Power updated the model in the following specific input sheets:

* I2 – LDC Class
  + Brant County has only utilized the applied for rate classes
    - Residential
    - General Service < 50 kW
    - General Service 50 to 4,999 kW
    - Unmetered Loads
    - Sentinel Lights
    - Street Lights
* I3 – TB Data
  + Brant County Power has utilized the 2011 projected TB to generate expense and rate base accounts that mirror the 2011 applied for revenue requirement.
* I4 – BO Assets
  + Brant County Power has reviewed and revised specific engineering estimates originally used in the 2006 EDR informational filing.
  + All Asset categories are based on 2011 projected net fixed assets.
  + All balance check cells are “balanced”.
* I5 – Misc. Data
  + Updated to use current approved (May 1, 2010) distribution rates and smart meter rate adders.
* I6 – Customer Data
  + All customer data, with the exception of the 30 year weather normalized amount (no update available) including using the 2010 actual loss factor.
* I7.1 – Meter Capital
  + Updates to the 2011 projected customer counts.
* I7.2 – Meter Reading
  + Updates to the 2011 projected customer counts.
* I8 – Demand Data
  + Was not updated as new NCP and CP statistics were not available.
* I9 – Direct Allocation
  + Not utilized.

For comparison purposes Brant County Power is providing both 2004 informational filing and updated 2011 proposed allocation results (i.e. I6, I8, O1, O2 and E4).

Brant County Power does have 1 delivery point registered to another LDC (Brantford Power), however, does not propose to use a specific embedded rate class due to the small demand profile for this point.

The 2011 projected annual consumption and demand for this Brantford Power delivery point is 1,067kW which represents less than 0.16% of total load and consumption. Brant County Power considers this point to be a GS < 50kW customer and will use the cost allocation results for this class in total.























































**Treatment of Transformer Ownership**

Brant County Power has utilized the 2004 information filing cost allocation model (with updates for 2011 test year). Brant County Power has adjusted the model as described in the Filing Guidelines.

Brant County Power is providing a version of 2011 updated Cost Allocation Model O1 – prior to removal of transformer revenues and expenses as required. Please see next page.



**Revenue to Cost Ratios**

The proposed revenue to cost ratios are within the Board approved range. The residential and GS customers have equivalent revenue to cost ratios which Brant County Power suggests is fair and reasonable. Existing rates showed the GS>50kW classification having a revenue to cost ratio that was unreasonably high. Brant County Power has moved the Streetlight and Sentinel Lights to the minimum of the Board approved range in the first year rather than phasing such a cost in over 2 years. Brant County Power would propose to move Streetlights and Sentinel to approximately a 1:1 revenue cost ratio during its next rebasing.

