

October 12, 2012

Ontario Energy Board  
PO Box 2319  
2300 Yonge St  
Toronto, ON M4P 1E4  
Attn: Board Secretary

**RE: Brant County Power Inc. (BCP) – Smart Meter Disposition Application  
(EB-2012-0265)**

Please find BCPs reply submission to both the Board Staff submission dated September 28, 2012 and VECC submission dated October 3, 2012.

We have provided comment on 6 topics including:

1. Reversal of 2006 OM&A Costs (to 2007 Capital) – **Board Staff Issue**
2. Cost Overruns – **Board Staff & VECC Issue**
3. Utilized Tax Rates – **Board Staff Issue**
4. Meter Reading Cost Savings – **VECC Issue**
5. Functionality beyond Minimum Standards – **VECC Issue**
6. Full Cost Causality by Customer Class – **VECC Issue**

If you have any questions or concerns, please contact me directly.

Sincerely,



Ian McKenzie  
Director of Finance and Regulatory Affairs

### **Reply Submission**

Brant County Power Inc. (BCP) is providing a reply submission re: EB-2012-0265.

BCP is replying to issues raised by Board Staff and VECC through submissions dated September 28, 2012 and October 3, 2012 respectively.

#### **1. Reversal of 2006 OM&A Costs in 2007 (moved to capital) – Identified by Board Staff**

There seems to be some confusion from the responses to Board Staff IR #6 responses. Specifically the Costs that were moved from 2006 OM&A to Capital in 2007 total approximately \$2,500. The costs were incorrectly recorded as OM&A in 2006 and were subsequently moved to capital in 2007. The reporting provided by BCP for all years is on a net basis (i.e. 2007 OM&A expenses were understated by the \$2,500 2006 OM&A costs discussed). The end result is that cumulative costs are appropriately recorded in the provided Smart Meter models.

These costs were originally recorded in 2.5.3 Other AMI – Program Management costs.

#### **2. Cost Overruns (Budget to Actual) – Identified by Board Staff and VECC**

Board Staff have referenced a difference of \$457,251 between actual costs reported and original budgeted amounts, a request to further delineate and provide further rational for these cost overruns was requested.

Further delineation is not feasible due to the fact that original budgets and cost recordings do not align with the data reporting structure required by the Board as part of the smart meter disposition process. The only reconciliation that BCP can provide is on an aggregate basis, which was already provided.

With respect to the cost overruns, the initial budget was prepared a significant amount of time before actual expenditures commenced. The main driving force behind the identified cost overruns (compared to budget) is due to technology changes and requirements between the budgeted values and the actual technologies deployed to ensure proper functionality.

BCP points to evidence provide by both VECC and Board Staff discussing the Provincial average cost per meter of \$227. BCP's average unit cost is less than \$205 and is 10% below the provincial average of installed meters. BCP submits that this was achieved through proper cost management and collaboration with the NEPA group to ensure the most efficient roll-out of the government mandated smart meter program.

BCP submits that the costs provided in the evidence trail of this proceeding were prudently spent and should be approved for disposition.

### **3. Utilized Tax Rates – Identified by Board Staff**

BCP has provided 2 sets of tax rates through the evidentiary process of this proceeding. The set provided in response to Board Staff IR # 8 utilize actual taxes paid as submitted to the CRA and calculated by our Auditors. BCP does not object to minor revisions to the tax rates utilized, however, does require clarification on what the Board's expectation of the proper rates to utilize are.

As requested by Board Staff through their submission, the 2011 approved tax rate was 21% and for 2012 was 15.5%. BCP has not made these revisions to the Smart Meter model.

BCP proposes that the Board make a determination of the proper tax rates to be utilized for the entire 2006 to 2012 period and BCP will incorporate one final change incorporating all tax rate adjustments as part of the decision process.

### **4. Meter Reading Savings Identified in VECC IR # 5 – Identified by VECC**

BCP has not incorporated the identified savings in to the Smart Meter model as submitted.

### **5. Functionality Exceeding Minimum Standards – Identified by VECC**

All of the costs identified (\$14,000 capital and \$17,000 OM&A) pertain to the implementation of TOU pricing. This includes customer programming, training, web presentment changes and various other activities required to roll-out TOU pricing initiative.

## **6. Full Cost Causality by Customer Class – Identified by VECC**

As discussed in IRR's and other submissions, BCP does not have the data available to calculate customer class specific rate riders on a full cost causality basis. This gap in data is partially driven by the difference in reporting standards between initial instructions received from the Board and the standards expected in final disposition applications.

Many other LDCs in the Province have experienced similar difficulties in calculating the requested full cost causality as requested by VECC. BCP submits that the estimation process submitted through the IRR process is the best data available and is appropriate to use in the determination of customer class specific rate riders.

### **Revised Models**

As BCP is not submitting any revisions to models currently filed with the Board, we are not providing any additional excel models with this submission. BCP will provide updates as required as part of the decision process.

All of which is respectfully submitted.