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April 29, 2008

Delivered by Courier & E-mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2007-0698
Brantford Power Inc.
Application to the Ontario Energy Board for Electricity Distribution
Rates and Charges as of May 1, 2008

We are counsel to Brantford Power Inc. ("BPI") with respect to the above-captioned matter. Please find accompanying this letter two hard copies of BPI's responses to the interrogatories of the School Energy Coalition in this proceeding, together with an electronic version of same.

Should you have any questions or require further information, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Original Signed by James C. Sidlofsky

James C. Sidlofsky
JCS/dp

Encls.

cc: G. Mychailenko, BPI
H. Wyatt, BPI
N. Butt, BPI
K. Mitchell, BPI
Intervenors of Record

Vancouver
•
Toronto
•
Ottawa
•
Montréal
•
Calgary

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

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.

BRANTFORD POWER INC.

2008 ELECTRICITY DISTRIBUTION RATE APPLICATION

RESPONSES TO SCHOOL ENERGY COALITION (“SCHOOLS”) INTERROGATORIES

FILED: APRIL 29, 2008

Applicant

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EB-2007-0698

BRANTFORD POWER INC.

2008 ELECTRICITY DISTRIBUTION RATE APPLICATION

**RESPONSES TO THE SCHOOL ENERGY COALITION (“SCHOOLS”)
INTERROGATORIES**

INDEX

Responses to Schools Interrogatories

Attachments

Reference:

A	Schools Question 1a
B	Schools Question 2
C	Schools Question 3
D	Schools Question 8b

**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. for an Order or Orders
approving or fixing just and reasonable rates and
other charges for the distribution of electricity
commencing May 1, 2008.**

**BRANTFORD POWER INC. RESPONSES TO
INTERROGATORIES OF THE
SCHOOL ENERGY COALITION**

DELIVERED APRIL 29, 2008

1. Shared Service Agreement

Ref a: Ex 1/3/13

Ref b: Ex 1/3/1/Appendix A/pg12 (Audited Financial Statements for 2006)

In Ref a, it states that Brantford Power Inc. purchases services under a Service Agreement from its affiliate service provider (the City).

In Ref b, Note 4 to Brantford Power Inc.'s 2006 Audited Financial Statements, it also states that BPI has entered into a shared service agreement with the City, whereby the City provide administrative, customer care, maintenance and operational services for BPI.

- a. Please provide a copy of the afore-mentioned Service Agreement.

RESPONSE:

A copy of the Service Agreement between the City and BPI accompanies these responses as Attachment A hereto.

- b. Please provide a schedule showing payments by BPI under the Service agreement from 2002 (or earliest year available) to 2008.

RESPONSE:

2002	\$	7,218,594
2003	\$	6,101,858
2004	\$	7,609,638
2005	\$	7,064,061
2006	\$	7,413,417
2007	\$	8,387,757
2008	\$	8,613,084

- c. Please provide a schedule showing, for the years 2002 (or earliest year available) to 2008, the proportion of each of BPI's Operation, Maintenance, Billing and Collections, Community Relations, and Administrative and General Expenses represent payments to the City of Brantford and/or Brantford Hydro Inc. and/or Brantford Energy Corporation.

RESPONSE:

		2008	2007	2006	2005	2004	2003	2002
Operations	% to the City	76%	88%	83%	91%	93%	91%	99%
Maintenance	% to the City	78%	79%	64%	63%	83%	90%	100%
Billing & Collecting	% to the City	91%	91%	90%	86%	87%	84%	86%
Community Relations	% to the City	75%	55%	34%	100%	100%	100%	100%
Admin and General	% to the City	70%	72%	82%	78%	86%	84%	62%
Admin and General	% to Brantford Energy Corporation	7%	7%	8%	5%	4%	4%	4%

There were no payments from Brantford Power to Brantford Hydro in the years 2008 to 2008.

- d. Please provide a schedule, for the years 2002 to 2008, showing payments to Brantford Power Inc. for any services provided to any of the entities mentioned above.

RESPONSE:

Charged to Brantford Hydro

Year	Amount
------	--------

2003	\$	-
2004	\$	-
2005	\$	24,977.55 Pole rental
2006	\$	30,490.72 Pole rental
2007	\$	29,815.00 Pole rental
2008	\$	30,709.00 Pole rental

Charged to City of Brantford

Year	Amount
2003	\$ 112,101.55
2004	\$ 128,130.09
2005	\$ 402,686.22
2006	\$ 420,913.39
2007	\$ 164,007.92
2008	\$ 158,021.32

The services provided to the City of Brantford related to municipal road relocations.

2. Fixed Assets Continuity Schedule

Ref a: Ex 2/2/1/pg10, 11

Ref b: Ex 2/2/2/pg3

Ref c: Ex 2/1/2

There appears to be an error in Ref a in the calculation of the closing balances for gross asset, accumulated depreciation and NBV for 2007 & 2008. The amount of “total adjustments” does not appear to be included in the calculation of the closing balances. This also affects the calculations in Ref b and Ref c.

Please confirm. If the above statement is correct, please provide restated schedules.

RESPONSE:

A replacement table has been provided. A copy of the revised Exhibit 2, Tab 2, Schedule 1 accompanies these responses as Attachment B hereto.

The amounts in ‘total adjustments’ and the closing balances for all years have been corrected. However, the final balances were not affected. Therefore there will be no amendment required for Exhibit 2, Tab 2, Schedule 2 page 3 (Gross Assets), or Exhibit 2, Tab 1, Schedule 2 (Rate Base).

3. Materiality Analysis on Gross Asset Value – 2006 Actual to 2006 Approved Variance

Ref: Ex 2/2/3/pg1

The 2006 actual gross asset closing balance has increased by \$15,220,324 or 29% compared to 2006 approved level. BPI has identified the following factors contributing to the increase:

- 2006 actual gross assets value comprises two years of spending (2005 & 2006);
- Revised capitalization policy has improved the recognition in capital costs of indirect / overhead costs related to BPI's capital program;
- Mayfair Phase 2 voltage conversion project;
- General inflation;

a. Please separately provide 2005 and 2006 gross asset value by line item.

RESPONSE:

Please refer to Attachment C, an updated version of the Gross Assets table to replace Exhibit 2, Tab 2, Schedule 2 page 1 in the Application. The 2005 Gross Asset values have been reported separately in the column to the left of 2006 Board Approved.

b. Please separately provide the capitalized indirect/overhead costs (which was fully expensed under the previous policy) subsequent to the change in BPI's capitalization policy.

RESPONSE:

The amount of 2006 indirect/overhead costs previously fully expensed under the previous policy is \$1,041,575.

c. Please separately provide the cost of Mayfair Phase 2 voltage conversion project included in 2006 rate base;

RESPONSE:

The value of the Mayfair 2 voltage conversion project included in the 2006 rate base was \$702,250.00 as set out in the OEB's Decision in BPI's 2006 Electricity Distribution Rate Application (RP-2005-0020 EB-2005-0342)

- d. Has BPI conducted any study justifying the change of its capitalization policy? If yes, please provide a copy of the study. If no, please also justify the necessity of the change.

RESPONSE:

BPI has not conducted a study justifying the change of its capitalization policy. BPI, as part of its ongoing review of business processes, undertook a review of its existing capitalization policy and related accounting processes with the following objectives:

- Identification of possible process improvements with the goal of improving the resulting accounting and reporting;
- Documentation and enhancement of the existing capitalization policy including providing relevant guidance for its interpretation in a BPI setting; and
- Confirmation that the Capitalization Policy conformed with the guidance provided in the OEB's Accounting Procedures Handbook (the "APH") (Article 340 – Allocation of Costs and Transfer Pricing and Article 410 – Property Plant and Equipment)

Page 18 of Article 410 of the APH – Property Plant and Equipment – states, "The Cost of a capital asset includes direct construction or development costs (such as materials and labour), and overhead costs directly attributable to the construction or development activity". This Article further indicates that "Electric Utilities will be allowed to include in the cost to the utility for funds used for the purposes of construction."

Page 6 of Article 340 of the APH – Costs and Transfer Pricing – provides guidance regarding the principles concerning the allocation of direct and overhead costs. Among these are the following, which are directly relevant to BPI's change in capitalization policy:

"3 –The general method for charging indirect costs should be on a fully allocated costs basis.

...

7 –The methods used in the allocation of costs should be documented and reviewed on a regular basis"

Article 340 defines "fully allocated cost basis" as "the fully allocated costs of the services and products include their direct cost plus a proportional share of indirect costs."

BPI's previous capitalization policy did not provide for the inclusion of any indirect/overhead costs in the cost of Property Plant and Equipment. It also did not reflect any recognition of an allowance for use of funds during construction. As both of these items are explicitly provided for in the APH, BPI determined that an amendment to its Policy was justified.

4. Materiality Analysis on Gross Asset Value – 2007 to 2006 Actual Variance

Ref: Ex 2/2/3/pg5

BPI has stated in the Evidence that part of the 2007 bridge year over 2006 actual variance for gross assets is caused by a change in accounting practice. Specifically, costs pertaining to overhead assets had been combined and apportioned on a percentage basis to Accounts #1830, #1835, #1840, and #1845 prior to 2007. Starting in 2007, such asset costs were booked directly to the appropriate USoA account through the internal work order system.

SEC has hence checked both the 2007 opening and 2006 closing gross asset balances and identified the following discrepancies.

Reconciliation of Gross Asset 2006 Closing Bal and 2007 Opening Bal by Account:

<i>Account</i>	<i>2006 Closing Bal</i>	<i>2007 Opening Bal</i>	<i>Diff</i>
#1805	208,241	208,241	-
#1815	4,469,541	4,229,079	240,462
#1820	140,683	140,683	-
#1830	2,508	11,920,113	(11,917,605)
#1835	18,450,940	9,279,964	9,170,976
#1840	10,164	9,941,502	(9,931,338)
#1845	21,951,877	9,273,909	12,677,968
#1850	12,422,296	12,422,296	-
#1855	470,619	470,619	-
#1860	6,499,397	6,499,397	-
#1930	2,297,774	2,297,774	-
#1940	90,072	90,072	-
#1955	1,176	1,176	-
#1970	547,972	547,972	-
#1995	(1,015,463)	(1,015,463)	-
#1808	1,192,568	1,192,568	-
Total	67,740,365	67,499,902	240,463

Please confirm if the above table is correct or not. If yes, the rate base calculation will also need to be corrected.

RESPONSE:

Please refer to Attachment C, initially referred to in BPI's response to Schools' Question #3. The variance of \$240,463 in account 1815 corresponds to the amount transferred from account 1610 - Miscellaneous Intangible Assets. The amount that was transferred

out of account 1610, which is a non-distribution asset account, represented legal fees incurred in the development of a Transformer station. That relationship necessitated a Partnership Agreement between BPI and Brant County Power, as well as other documentation related to the project such as the Asset Purchase Agreement.

The Partnership agreement was signed on December 6, 2004. BPI has a 5/8 ownership interest, and Brant County Power has a 3/8 ownership interest.

5. Revised Accounting Treatment for Capitalization

Ref: Ex 2/3/4

BPI has adopted a revised capitalization policy since September 2006; to allocate its capital project related indirect and overhead costs to OM&A and capital. Prior to the change in capitalization policy, all capital project related indirect and overhead costs were fully expensed.

a. Please quantify revenue requirement impact of this change.

RESPONSE:

	2008 EDR Current Capitalization Policy	2008 Revised with Former Capitalization Policy Applied	2008 Change Increase/(Decrease)
Rate Base	70,178,567	68,334,083	1,844,484
Deemed Equity Capitalization	46.7%	46.70%	
Deemed Debt Capitalization - Long Term	49.3%	49.30%	
Deemed Debt Capitalization - Short Term	4.0%	4.00%	
Deem Equity Return	8.68%	8.68%	
Deem Debt Return - Long Term	6.04%	6.04%	
Deem Debt Return - Short Term	4.77%	4.77%	
Equity Return	2,842,903	2,768,184	74,719
Debt Return	2,224,894	2,166,417	58,477
Direct Operations, Maintenance and Admin. (Pre Alloc)	6,337,050	6,337,050	-
Indirect Operations, Maintenance and Admin.(Pre Alloc)	2,737,924	2,737,924	-
Transfer of Indirect Overhead to Capital & Recoverable Programs	(922,456)	-	(922,456)
IESO Prudential Costs	60,000	60,000	-
Depreciation (excl. vehicles)	3,027,658	2,924,699	102,959
PILs	2,342,186	2,319,486	22,700
Total Revenue Requirement	18,650,159	19,313,760	(663,601)

With the current capitalization policy, the revenue requirement is \$18,650,159. Prior to the implementation of the current capitalization policy, the revenue requirement would have been \$19,313,760. As a result of the adoption and implementation of the current capitalization policy, BPI was able to reduce its 2008 revenue requirement by \$663,601

- b. Please provide the impact that this change will have on BPI's OM&A per customer- i.e. what would BPI's 2008 OM&A per customer be as-filed and what would it be assuming the old capitalization method?

RESPONSE:

OM&A would increase by \$922,456 in 2008 if the current capitalization policy had not been implemented. In the absence of the current capitalization policy, OM&A would be \$9,122,542. With the current capitalization policy 2008 OM&A is \$8,200,077.

48,186 customers have been forecasted for 2008.

To arrive at OM&A expenses, the Power Supply Expense, Amortization Expense and Taxes were removed from the total.

With previous capitalization method = $\$9,122,542 / 48,186 = \$189.32/\text{customer}$

With current capitalization method = $\$8,200,077 / 48,186 = \$170.18/\text{customer}$

The table below shows how OM&A was calculated in the rate application.

OM&A COSTS	2008 Test
Operation (Working Capital)	
5005-Operation Supervision and Engineering	266,919
5010-Load Dispatching	17,887
5012-Station Buildings and Fixtures Expense	39,832
5014-Transformer Station Equipment - Operation Labour	6,778
5015-Transformer Station Equipment - Operation Supplies and Expenses	55,950
5016-Distribution Station Equipment - Operation Labour	2,140
5017-Distribution Station Equipment - Operation Supplies and Expenses	3,946
5020-Overhead Distribution Lines and Feeders - Operation Labour	3,298
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	15,081
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers- Operation	16,167
5040-Underground Distribution Lines and Feeders - Operation Labour	1,139
5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	20,669

5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	3,594
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	494,376
5070-Customer Premises - Operation Labour	6,531
5075-Customer Premises - Materials and Expenses	0
5085-Miscellaneous Distribution Expense	129,239
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	6,866
5096-Other Rent	0
Distribution Expenses - Operation Total	1,090,412

Maintenance (Working Capital)

5105-Maintenance Supervision and Engineering	306,914
5110-Maintenance of Buildings and Fixtures - Distribution Stations	4,337
5112-Maintenance of Transformer Station Equipment	0
5114-Maintenance of Distribution Station Equipment	17,703
5120-Maintenance of Poles, Towers and Fixtures	167,336
5125-Maintenance of Overhead Conductors and Devices	212,429
5130-Maintenance of Overhead Services	219,810
5135-Overhead Distribution Lines and Feeders - Right of Way	364,402
5145-Maintenance of Underground Conduit	72,896
5150-Maintenance of Underground Conductors and Devices	121,982
5155-Maintenance of Underground Services	222,899
5160-Maintenance of Line Transformers	173,973
5165-Maintenance of Street Lighting and Signal Systems	0
5170-Sentinel Lights - Labour	0
5172-Sentinel Lights - Materials and Expenses	0
5175-Maintenance of Meters	0
5178-Customer Installations Expenses- Leased Property	0
5185-Water Heater Rentals - Labour	0
5186-Water Heater Rentals - Materials and Expenses	0
5190-Water Heater Controls - Labour	0
5192-Water Heater Controls - Materials and Expenses	0
5195-Maintenance of Other Installations on Customer Premises	0
Distribution Expenses - Maintenance Total	1,884,681

Billing and Collections

5305-Supervision	147,522
5310-Meter Reading Expense	405,512
5315-Customer Billing	509,848
5320-Collecting	327,828
5325-Collecting- Cash Over and Short	0
5330-Collection Charges	2,459
5335-Bad Debt Expense	200,000
5340-Miscellaneous Customer Accounts Expenses	709,340
Billing and Collections Total	2,302,509

Community Relations

5405-Supervision	0
5410-Community Relations - Sundry	125,171
5415-Energy Conservation	0
5420-Community Safety Program	13,920
5425-Miscellaneous Customer Service and Informational Expenses	0
5505-Supervision	0
5510-Demonstrating and Selling Expense	0
5515-Advertising Expense	0
5520-Miscellaneous Sales Expense	0
	<hr/>
Community Relations Total	139,091

Administrative and General Expenses

5605-Executive Salaries and Expenses	429,070
5610-Management Salaries and Expenses	723,218
5615-General Administrative Salaries and Expenses	726,087
5620-Office Supplies and Expenses	52,654
5625-Administrative Expense Transferred Credit	0
5630-Outside Services Employed	179,500
5635-Property Insurance	0
5640-Injuries and Damages	0
5645-Employee Pensions and Benefits	110,367
5650-Franchise Requirements	53,871
5655-Regulatory Expenses	215,000
5660-General Advertising Expenses	26,000
5665-Miscellaneous General Expenses	187,617
5670-Rent	0
5675-Maintenance of General Plant	0
5680-Electrical Safety Authority Fees	20,000
5685-Independent Market Operator Fees and Penalties	60,000
	<hr/>
Administrative and General Expenses Total	2,783,384

Amortization Expenses

5705-Amortization Expense - Property, Plant, and Equipment	3,027,657
5710-Amortization of Limited Term Electric Plant	0
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
	<hr/>
Amortization Expenses Total	3,027,657

Power Supply Expense

4705-Power Purchased	59,480,167
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4708-Charges-WMS	6,234,557
4710-Cost of Power Adjustments	0
4712-Charges-One-Time	0
4714-Charges-NW	10,055,737
4716-Charges-CN	0
4730-Rural Rate Assistance Expense	0
Power Supply Expense Total	<u>75,770,461</u>
Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	<u>12,298</u>
Taxes Other Than Income Taxes Total	<u>12,298</u>
Income Taxes	
6110-Income Taxes	<u>2,025,315</u>
Income Taxes Total	<u>2,025,315</u>
Total Operating Costs	<u>89,035,808</u>

6. Capital Expenditures

Ref: Exhibit 2/3/1, pp. 26-35

- a. Under “New Lines and Equipment”, BPI lists the “potential projects to be undertaken in 2008”. Does BPI have specific projects it intends to undertake in 2008? If not, why should (half of) \$1,238,811 be added to the test year rate base for this item?

RESPONSE:

BPI notes that the New Lines and Equipment capital budget pool was \$1,810,759.00 in 2006 and \$1,464,937.00 in 2007. The projected 2008 amount of \$1,238,811.00 is less than budgeted amounts in the 2006 actual and 2007 Bridge years. Although at the time of filing the Application the four listed projects were based on the best available advice from developers, electricians and engineering firms and were less certain, BPI now intends to proceed with the below mentioned projects this year. There will be no impact on estimated cost with the additional projects listed. This is consistent with expenditures in the New Lines and Equipment capital budget pool from previous years.

Updated list of projects/service requests

1. Kingspan, Fenridge Drive
2. Great Canadian Food Store, Loblaw's Companies Ltd., Henry Street
3. Bell Lane Retirement Village, Diana Blvd.
4. Brantford Mall, King George Road
5. Laurier University Student Centre, Dalhousie Street
6. Apotex Chemical, Spalding Drive
7. Store Image, Elgin Street
8. New Alta, Adams Blvd.
9. A. F. White, Adams Blvd.
10. Rictor Web, Easton Blvd.
11. City of Brantford Landfill Dump site, Morrison Blvd.
12. McDonalds, Stanley Street
13. Price Chopper, Clarence Street

7. Load Forecast

Ref: Ex 3/2/2/pg3

BPI has stated that the retail NAC is calculated by dividing the class weather normal retail KWh for 2004 by the number of customers in class in 2004. The class weather normal retail KWh for 2004 is determined by dividing the class weather normal wholesale KWh for 2004 by the class loss factor.

Data from the following table was extracted from Ex 3/2/2/pg3, Table 3.2.2-2 & 3.

There appears to be a difference between the “Retail NAC calculated” as per the methodology described above and the “Retail NAC” reported on Ex 3/2/2/pg3 Table 3.2.2-3.

a. Please verify the calculation in the table below.

	2004 Weather Actual			2004 Weather Normal			Retail NAC Calculated	Retail NAC
	Wholesale KWh	Retail KWh	Loss Factor	Wholesale KWh	Customer	Retail KWh		
	A	B	C=A/B	D	E	F=D/C	F/E	
	Ex 3/2/2/pg3			Ex 3/2/2/pg3				Ex 3/2/2/pg3
Residential	280,077,031	272,962,945	1.0261	284,000,199	31,901	276,786,463	723	732
GS<50	101,415,303	97,811,277	1.0368	104,878,351	2,454	101,151,258	3,435	3,464
GS>50	583,207,331	553,624,643	1.0534	587,883,379	391	558,063,503	118,939	118,939

RESPONSE:

BPI confirms that the calculations in the table above are correct. BPI provided year-end numbers in the Customer Connections (2004) column of table 3.2.2-3 in the original Application.

As part of the original Application, BPI filed Appendix “A” to Ex. 3/2/3 – a spreadsheet titled, “Data_BPI Load Forecasts E3_T2_S3_AA.xls” (the “BPI Spreadsheet”). BPI determined the Retail NAC for the Residential and GS < 50 kW classes from the average of the NAC calculated for the 12 months of 2004 for the particular class. The monthly value for the Retail NAC was determined by dividing the weather-normalized retail energy by the number of customers at the end of the month. This involved dividing the data in column I of the “Residential” Sheet by the customer numbers in column D. In the “GS<50” sheet, BPI divided the data in column O by the customer numbers in column J.

BPI determined the Retail NAC for the GS > 50 kW class by dividing the average weather-normalized retail energy for 2004 by the number of customers in the class at

year-end. Specifically, in the “GS>50” sheet BPI divided the data in cell Z35 by 12, and divided the result by the value in cell U34.

- b. If the Retail NAC will have to be revised, please confirm or provide updated Table 3.2.2-4 and other affected calculations in the Application.

RESPONSE:

BPI confirms the customer numbers and energy values in Table 3.2.2-4 in the original Application remain unchanged. The Retail NAC does not need to be revised.

8. OM&A Costs – Meter Expense Variance: 2006 Actual vs. 2006 Approved

Ref: Ex 4/2/3/pg2

	2006 Approved	2006 Actual	Variance
Account 5065 Meter Expense	\$187,306	\$359,201	\$171,895

BPI has stated that the variance was driven by the following 3 factors:

- Allocation of indirect costs in accordance with the new capitalization policy,
 - Inventory write off in 2006 to account for scrap meter inventory,
 - Increase in FTE complement by one position.
- a. Please separately provide the amount of variance for the 3 factors mentioned above.

RESPONSE:

The variances in respect of the 3 factors mentioned above are:

Allocation of indirect costs	\$ 53,549
Inventory write-off	\$ 36,143
Increase in salaries and benefits	\$105,002
	<hr/>
	\$194,694
other immaterial charges	(\$ 22,799)
	<hr/>
	\$171,895

- b. BPI has stated in Ex 4/2/3 that the impact of the new capitalization policy in 2006 was to redistribute indirect costs to both OM&A and capital. As a result, OM&A costs declined and capital expenditures increased by a comparable amount. It appears that the increase in Meter expense is not a direct result of the change in capitalization policy. Please explain.

RESPONSE:

It is important to note that the new capitalization policy resulted in a two-staged cost allocation process as outlined on the flow chart accompanying these responses as Attachment D. First, the applicable share of indirect costs is attributed 100% to the applicable direct expense activity. This initial cost allocation process determines the fully absorbed gross costs of each distinct department or service area. At this stage no costs have been capitalized. As a result of this indirect cost allocation step, a department or service area that does not support the capital program may have different reported costs than was historically the case as it now has absorbed its share of indirect costs.

The second cost allocation step accomplishes the capitalization of indirect costs by transferring an appropriate amount of these fully absorbed costs to the capital and recoverable works programs based on the labour units supporting these non OM&A cost activities. Once this allocation is completed, the costs remaining in OM&A represent the fully absorbed OM&A costs.

The resulting level of OM&A costs will depend on the amount of indirect costs assigned to a particular department or service area in the first cost allocation step and the extent that department or service area contributes to the capital and recoverable works programs in the second stage of the cost allocation process. A department or service area not involved in the capital program could reflect a change in the reported OM&A, as it will now include its respective share of indirect costs.

Increase in allocation of indirect costs net of capitalization contributed \$53,549 to the variance discussed in part (a) to this interrogatory. Therefore the increase in Meter expense is a direct result of the change in capitalization policy.

The flowchart in Attachment D illustrates the capitalization policy cost allocation process.

9. OM&A Costs – Miscellaneous Customer Account Expenses Variance: 2006 Actual vs. 2006 Approved

Ref: Ex 4/2/3/pg5

	2006 Approved	2006 Actual	Variance
Account 5340 Misc. Customer Accounts Expense	\$124,472	\$503,980	\$379,508

BPI has stated that the variance was driven by the following 4 factors:

- Additional costs for 2 FTE positions,
- Increased inter-department charges from Metering Business Unit to Customer Service Business Unit,
- Reclassification of Customer Service Related costs,
- Allocation of indirect costs in accordance with the new capitalization policy,

- a. Please separately provide the amount of variance for the 4 factors mentioned above.

RESPONSE:

Variance Explanation:

Customer Service SLA:		
Additional Cost of 2 FTEs	141,682	
Reclass of CS costs	34,057	
Inter-dept charges-Metering dept.	38,148	
Other	<u>(13,602)</u>	
		200,285
Allocation of Indirects		148,900
Other immaterial items		<u>30,323</u>
		<u><u>379,508</u></u>

- b. Please provide reasons justifying the increase on inter-department charges. Does the change only affect Metering Business Unit and Customer Service Business Unit or is this a company-wide change affecting all internal service receivers and providers?

RESPONSE:

Meter technicians perform work for the Customer Service (“CS”) department. This has been identified in part a) beside the heading “Inter-dept charges-Metering dept.” in the variance explanation. Typically the meter technicians will assist the CS department at month end, with verification of meter reads and with transfers and new connections. The workflow will vary from budget as dictated by actual requirements of Metering and Customer Service departments during the year. Overtime may form part of this cost. This scenario is not company-wide. An appropriate decrease in BPI’s Metering department budget offsets this charge (the offset takes place in more than one metering department account).

- c. BPI has stated in Ex 4/2/3 that the impact of the new capitalization policy in 2006 was to redistribute indirect costs to both OM&A and capital. As a result, OM&A costs declined and capital expenditures increased by a comparable amount. It appears that the increase in Misc. Customer Accounts Expense is not a direct result of the change in capitalization policy. Please explain.

RESPONSE:

As part of the implementation of the revised Capitalization Policy, BPI enhanced the approach to accounting for fleet costs. Under the new method, all fleet costs are accumulated in a clearing account. Specific fleet costs are assigned to operations, maintenance, recoverable and capital work orders based on the actual time used, costed at the standard charge out rates for each vehicle class. Any deviations from the allocated standard costs and the actual fleet costs tracked in the clearing account are further allocated to the applicable accounts using the same ratio determined by the initial allocation process. This approach is fully consistent with the accounting improvements implemented through the revised capitalization policy. Please refer to the general explanation of the cost allocation process in the new Capitalization Policy as outlined in BPI’s response to Schools Question 8b above, together with the flow chart accompanying these responses as Attachment D.

The increase in allocation of indirect costs net of capitalization under the new policy contributed \$148,900 to the variance identified in part (a) to this interrogatory. Therefore a significant portion of the increase in Misc. Customer Accounts Expense is a direct result of the change in capitalization policy.

10. OM&A – Employee Pensions and Benefits Variance: 2006 Actual vs. 2006 Approved

Ref: Ex 4/2/3/pg7

	2006 Approved	2006 Actual	Variance
Account 5645 Employee Pensions and Benefits	\$156,243	\$49,204	-\$107,039

BPI has stated that the variance was driven by a reduction in present value of future benefits.

Pension Expense is a net amount calculated by adding together five factors, including service cost, interest on the projected benefit obligation, expected return on plan assets, amortization of unrecognized prior service cost, and amortization of the cumulative unrecognized net gain or loss from previous periods.

Please explain:

- a. How employee pensions and benefits flow through to BPI directly when the majority of its services are provided under the Service Agreement with the City of Brantford.

RESPONSE:

The employee pensions and benefits booked to Account 5645 represent costs incurred by BPI for various life insurance, health care-related and dental coverage plan liabilities for certain retired employees of the former Hydro-Electric Commission of the City of Brantford, being the predecessor entity of BPI. Travel, dental, vision and semi-private health care coverage end when the retiree reaches 65 years of age. Life insurance and extended health care coverage continue until the retiree's death.

Except for employee pension and benefits costs relating to BPI's Chief Executive Officer who is an employee of BPI, all other current benefit and pension costs are included in fees for services charged by the service provider, the Corporation of the City of Brantford, to BPI.

- b. If BPI tracks employee pensions and benefits costs, why does it not also track staff compensation costs generally?

RESPONSE:

As discussed above in the response to Interrogatory 10a, the employee pension and benefit costs tracked in Account 5645 pertain to retired employees of the Hydro-Electric Commission of the City of Brantford and do not pertain to current employee pension and benefits costs. Current costs are included in service fees charged by the service provider, the Corporation of the City of Brantford.

- c. Whether BPI's pension plan is a defined benefit or defined contribution plan,

RESPONSE:

BPI's pension plan is a defined benefit plan.

- d. On a weighted-average basis, the rates used for the assumed discount rate, rate of compensation increase, and expected long-term rate of return on plan assets, and the assumptions used to determine benefit obligations and net benefit cost;

RESPONSE:

No actuarial study was completed prior to 2007. An Actuarial Study was completed for BPI's year ended December 31, 2007.

2006 Actual pension expense was the combination of actual premiums paid and the change in the liability amount from 2005. An internal present value calculation of premiums paid and life insurance payouts was used to calculate projected benefit obligation in 2006. Liability/obligation declined by \$49,000 between 2005 and 2006. This was caused primarily by a decline in the retiree population as a result of 3 deaths.

The rates used in present value calculations are summarized in table the below.

	2006 Approved	2006
Rates:		
Discount Rate	6%	6%
Rate of compensation increase (retiree benefits only)	N/A	N/A
Return on plan assets (no plan assets)	N/A	N/A
Inflation Rate	3%	3%
Assumptions:		

Benefit coverage provided to age	65	65
Life and extended health continued to retiree's death		
Life expectancy in years		
Male	75	75
Female	81	81

- e. Any substantive commitments, such as past practice or history of regular benefit increases used to account for benefit obligation;

RESPONSE:

No actuarial study was completed prior to 2007. Benefit liability vs Benefit obligation calculations are based on actual premiums plus expected inflationary increases.

- f. An explanation of any significant changes in the plan assets or the benefit obligation.

RESPONSE:

The obligation is unfunded since no assets have been segregated and restricted to provide the post-retirement benefits.

The benefit obligation declined based on the calculation described in response to d) above. There are normal updates to the data used in the calculation such as when deceased persons are removed, premiums are updated, etc.

11. OM&A Costs – Meter Expense Variance: 2007 vs. 2006 Actual

Ref: Ex 4/2/3/pg9

	2006 Actual	2007	Variance
Account 5065 Meter Expenses	\$359,201	\$544,927	\$186,726

BPI has stated that the variance was driven by 2 factors:

- Increase in labour and material costs due to change in business unit work plans,
- Increases in standard fleet charges

a. Please separately provide the amount of variance for each factor identified above.

RESPONSE:

Increase in standard fleet charge	\$ 44,253
Increase in Labour and Materials	\$142,473
	<hr/>
	\$187,726

b. By how much has standard fleet charge been increased in 2007? Is the increase of the standard charge related to any change (decrease) of the estimated volume of activity?

RESPONSE:

The standard fleet hourly rates have not changed. The increase in the standard fleet charge is due to estimated increased volume of activity.

12. OM&A Costs – Regulatory Expenses Variance: 2007 vs. 2006 Actual

Ref: Ex 4/2/3/pg10

	2006 Actual	2007	Variance
Account 5655 Regulatory Expenses	\$88,064	\$207,954	\$119,890

BPI has stated that its 2006 actual balance is anomalous as no major regulatory projects were completed in 2006.

- a. Please explain what major regulatory projects requiring external contracted resources were completed in 2007.

RESPONSE:

The following major regulatory projects requiring external resources were completed in 2007:

PROJECT	COST	ONGOING vs. ONE-TIME
Cost Allocation Information Filing	\$8,284.00	One-time - Note: A further cost allocation study to review usage and cost by class will be performed in preparation for BPI's next cost of service rate application
2007 Rate application. Written hearing and interrogatories	\$35,425.05	One-time
2008 Rate application. Application filing	\$96,073.71	Comprises only costs pertaining to the preparation and filing of the rate application. Costs relating to the interrogatories, written hearing and final submissions are accruing in 2008. Note also that similarly, costs pertaining to the 2011 cost of service rate application will be incurred commencing in 2010
2006 Conservation and Demand Management Total Resource Cost analysis	\$9,540.00	One-time
Transfer Pricing Study	\$7,233.67	NOTE that work on the Transfer Pricing Study commenced in 2007 but was deferred to 2008 pending preparation of the 2008 cost of

		service rate application. Work will be substantially completed in 2008 with some follow-up work in 2009
--	--	---

- b. Please explain whether BPI requires any external contracted resources for its 2008, 2009 & 2010 regulatory activities, and if yes, what is BPI's best estimate of the amount to be spent in those years.

RESPONSE:

Yes, BPI anticipates that it will require external resources for 2008, 2009 and 2010 regulatory activities. Examples of anticipated activities and their estimated costs are set out in the following tables:

2008

PROJECT	ESTIMATED COST
2008 rate application. Written hearing and interrogatories	\$60,000.00
Transfer Pricing Study	\$55,000.00

2009

PROJECT	ESTIMATED COST
2009 Smart Meter Rate Adder rate application	\$10,000.00
Transfer Pricing Study	\$10,000.00
Cost Allocation Study [preparatory to 2011 rate application]	\$95,000.00

2010

PROJECT	ESTIMATED COST
2011 Cost of Service rate application	\$95,000.00
Other unspecified projects	\$20,000.00

These are the projects that have been determined at this time. BPI does however endeavor to do compliance reviews with respect to OEB Codes on a 3-year cycle, and these reviews will likely also require external contracted resources.

13. OM&A Expense

Ref. Exhibit 4/2/1 and 4/2/3

Account 5665- Miscellaneous General Expenses

The balance for this account is \$1,036,833 in 2006 Board approved, (\$112,105) in 2006 actual, \$172,618 in 2007, and \$187,617 in 2008. The evidence states that there was a reallocation of costs out of this account in 2006 that accounts for the large variance from 2006 Board approved to 2006 actual. [see Exhibit 4/2/3, pg. 7]. For 2007, the evidence states that the accounting treatment for standard fleet charges “was substantially revised in 2007 through the creation of Fleet Business Unit, which collects all costs related to fleet. Those costs are subsequently charged to specific direct and capital costs through standard fleet charges.” [Ex. 4/2/3, pg. 10] Please:

- a. Provide a more detailed explanation as to why this account went from a negative balance in 2006 actual to a positive balance of \$172,618 in 2007.
- b. Explain the 2008 forecast of \$187,617.

RESPONSE – a & b:

Please refer to question 9c) for details on how the Capitalization policy affects accounting for fleet costs.

The summary below highlights on a comparative basis the accounts, which reflected the fleet costs, illustrating the impact of amounts no longer mapped to USoA 5655.

FLEET CLEARING BUSINESS UNIT	<u>2006</u> <u>ACTUAL*</u>	<u>2007 Bridge</u>	Impact on 5655
Fleet Home Account	(553,827)	(519,727) from 5655	553,827
Licences	6,430	5,500 from 5655	(6,430)
Amort Exp - Vehicles	215,691	249,561 from 5705	
Insurance and Risk Mgmt - Vehicles		20,000	
Transit (fuel & repairs for vehicles)	176,849	175,000 from 5655	(176,849)
Works Dept (fuel & repairs for vehicles)	11,357	10,000 from 5655	(11,357)
Fleet Expenses Operations	59,314	59,664 from 5655	(59,314)
	<u>469,641</u>	<u>519,725</u>	<u>(253,950)</u>

Net Recovery deficit/(surplus)	(84,186)	(2)	299,877
Indirects	45,979	-	(45,979)
Net Recovery deficit/(surplus) after Indirects	<u>(38,207)</u>	<u>(2)</u>	<u>253,898</u>

* Fleet clearing business unit introduced in 2007; 2006 actuals presented for illustrative purposes only.

a. Fleet related accounts no longer mapped to 5665

Summary:

2006 Actual	(112,105)
Fleet accounts re-mapped	253,900
Change in remaining accounts (non-Fleet)	30,823
2007 Bridge	<u>172,618</u>

b. 2008 Forecast:

2007 Bridge	172,618
Fleet accounts re-mapped	-
Change in remaining accounts (non-Fleet)	14,999
2008 Test	<u>187,617</u>

Change in remaining accounts (non-Fleet) refers to amounts that are cleared to remove all vehicle related charges. The amount that remains for the 2008 Test Year represents the management fees paid to the Brantford Energy Corporation.

14. OM&A Expenses

Ref. Exhibit 4/2/3

Re Account 5340 - increase from \$536,497 in 2007 to \$709,340 in 2008 (variance of \$172,843). Please:

- a. Separately identify what portion of the increase is due to increase in customer service fees and what portion is due to resulting increased allocation of indirect costs (and identify what they are);

RESPONSE:

The variance can be quantified as follows:

Allocation of indirect costs	\$ 68,616
Customer Service fees	\$104,227
	<hr/> \$172,843

- b. Explain why customer service fees are increasing by such an extent.

RESPONSE:

Customer Service increases quantified:

Wages and benefits	\$ 44,831
Postage	\$ 13,306
Telephone	\$ 2,629
Contracted meter read	\$ 3,168
Inter-department charges	\$ 29,574
Std fleet charges	<u>\$ 10,719</u>
	\$104,227

The drivers of wage and benefit increases were a combination of the job evaluation study in which several positions were reviewed (see next paragraph), cost of living increases, and regular grid movements.

The service provider –the City of Brantford – undertook a job compensation study of all of its executive, management and non-union positions, the results of which were implemented in 2006. All such positions were evaluated using typical compensation measurement factors such as education, work experience, financial management and accountability and working conditions and a new grid structure was created to ensure internal equity among the positions. The outcomes were subsequently compared against municipal sector salary comparators and in the case of City of Brantford employees providing services to BPI, some electricity distribution sector salary comparators were

used. Information relating to specific individuals is restricted from disclosure under the *Municipal Freedom of Information and Protection of Privacy Act*.

15. OM&A Expenses

	2006 Actual	2007	2008	% Change 2007 vs. 2006	%Change 2008 vs. 2006
Operating	793,192	1,176,926	1,090,412	48.38%	37.47%
Maintenance	1,521,089	1,870,016	1,884,681	22.94%	23.90%
Billing & Collections	1,900,231	2,145,847	2,302,509	12.93%	21.17%
Community Relations	326,422	190,140	139,091	-41.75%	-57.39%
Admin and General	1,984,087	2,634,367	2,783,384	32.77%	40.29%
Total	6,525,021	8,017,296	8,200,077	22.87%	25.67%
2007 vs. 2006 (\$)		\$1,492,275			

Variance explained in Ex. 4/2/3:

<u>Account</u>	<u>Variance</u>
5065 Meter Expense	\$186,726
5150- Maintenance Line Transformers	\$99,948
5415- Energy Conservation	(\$179,751)
5655- Regulatory Expenses	\$119,890
5665- Miscellaneous General	\$284,723
<u>Total Variance explained</u>	<u>\$511,536</u>
Unexplained variance- 2007 vs. 2006 (\$1,492,275 less \$511,536)	<u>\$980,739</u>

- a. As is shown from the tables above, the variance explanations in provided at Exhibit 4/2/3 do not explain the large percentage increases Operating, Maintenance, Billings and Collections, and Administrative and General expenditures from 2006 to 2007. The OM&A cost table at Exhibit 4/2/1, pg. 1-4 show large percentage increases in many of the line items (eg. 38% increase for account 5005; 521% increase in account 5010, etc.) Please provide a detailed explanation for the increase in each account that increases by more than 5% in a single year. Please explain the drivers for the increase, and what proportion represents increased payments to the City of Brantford.

RESPONSE:

While BPI has provided explanations of variances by USoA account over 5 per cent in a single year from 2006 to 2008 on a USoA account basis for the purpose of responding to this question, including numerous cases in which those variances are entirely immaterial and some cases in which the variance is less than \$1,000.00, there are several factors that have contributed to these variances. As discussed in greater detail in the response below, some of the variances pertain to improvements in accounting practices, in part; to better

comply with the requirements of the OEB's Accounting Procedures Handbook. Such accounting-related improvements include:

- Changes in the allocation of indirect costs to direct and capital costs, discussed in greater detail in SEC IR 3d.
- Changes in methodologies for reclassifying costs among USoA accounts
- Changes in methodologies for distributing fleet-related costs and labour home accounts to USoA accounts. Changes to methodology for allocating fleet-related costs are discussed in greater detail in the responses to SEC IRs 13, 11 and 9c.

Additionally, some of the variances pertain to actual increases in costs. The factors driving those actual cost increases are described at a more consolidated level in the responses to SEC IR 16 pertaining to shared services costs and SEC IR 17 pertaining to purchased services costs. While BPI has undertaken to the detailed USoA account analysis requested, BPI is of the view that changes in accounting practice inhibit an effective understanding of variances from 2006 to 2008 on an individual account basis and further that the responses to SEC IRs 16 and 17 provide a more meaningful explanation of the factors driving cost increases. Please note that where "City of Brantford service billings" are referred to as a driver for an increase, BPI is simply indicating that the increase is passed on to BPI through the City's regular monthly process of billing BPI for services provided by the City.

As discussed in greater detail in SEC IR 17, BPI notes that some of the variances from 2006 actuals to 2007 Bridge Year and 2008 Test Year costs result from cost containment programs implemented by BPI up to 2006 as a prudent management response to its initial loss position entering the deregulated market place in 2000. In the variance analysis below, this cost containment program factor has been described as "budget underspending".

Finally, BPI notes that with over 40 Distribution Operations and Maintenance accounts, it is difficult to predict where the actual expenditures will occur. Changes in work plans and priorities occur annually resulting in increases and decreases in labour and material costs year over year.

Account	2006 Actual	2007 Bridge	Variance	%
5005 - Operation Supervision and Engineering	\$ 205,800	\$ 284,763	\$ 78,963	38.4%

Explanation:

Factors driving the variance over 5% include:

- Job evaluation study for all City of Brantford management staff completed during 2006 - the increase is reflective of the elevation of certain utility management positions. Please see question 14 b) for details
- Change in indirect cost allocation contributed \$44,169 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 40.0%

Account	2006 Actual	2007 Bridge	Variance	%
5010 - Load Dispatching	\$ 9,292	\$ 57,747	\$ 48,455	521.5%

Explanation:

Factors driving the variance over 5% include:

- New software agreement for SCADA system
- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Maintenance agreement costs

Proportion of increase represented by City of Brantford payments:

- 97.8%

Account	2006 Actual	2007 Bridge	Variance	%
5012 - Station Buildings and Fixtures Expense	\$ 28,746	\$ 36,656	\$ 7,910	27.5%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$6,576 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 25.8%

Account	2006 Actual	2007 Bridge	Variance	%
5014 - Transformer Station Equipment - Operations Labour	\$ 591	\$ 3,092	\$ 2,501	423.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 100.0%

Account	2006 Actual	2007 Bridge	Variance	%
5016 - Distribution Station Equipment - Operation Labour	\$ 1,548	\$ 2,275	\$ 727	47.0%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$400 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 49.9%

Account	2006 Actual	2007 Bridge	Variance	%
5020 - Overhead Distribution Lines and Feeders - Operation Labour	\$ 3,023	\$ 3,676	\$ 653	21.6%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Indirect cost allocation results in shifts in costs between accounts

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- -4.5%, a result of a decrease in costs payable to the City which was less than the increases in 3rd party spending (therefore an increase in indirect costs) i.e. payments to the City decreased from 2006 Actual to 2007 Bridge causing the negative change. For greater clarity, while payments to the City decreased by approximately \$35, these were offset by increased payments to 3rd parties in the amount of approximately \$690, resulting in an overall variance of \$653.

Account	2006 Actual	2007 Bridge	Variance	%
5025 - Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$ 8,145	\$ 19,562	\$ 11,417	140.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$2,074 to variance.

Drivers for increase include:

- City of Brantford service billings- Please refer to 17a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 54.8%

Account	2006 Actual	2007 Bridge	Variance	%
5035 - Overhead Distribution Transformers - Operation	\$ 4,625	\$ 16,334	\$ 11,709	253.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Increase in cost of supplies provided by a 3rd party contributed to the \$10,000 variance
- Change in indirect cost allocation contributed \$1,156 to variance

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 2.3%

Account	2006 Actual	2007 Bridge	Variance	%
5045 - Underground Distribution Lines & Feeders - Operation Supplies and Expenses	\$ 11,471	\$ 19,228	\$ 7,757	67.6%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$2,955 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 64.1%

Account	2006 Actual	2007 Bridge	Variance	%
5065 - Meter Expense	\$ 359,201	\$ 545,927	\$ 186,726	52.0%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$80,095 to variance.
- Increases in standard fleet charges due to increased activity (no change in per unit charge) for vehicles used by Meter Technicians contributed \$44,253 to variance. Please refer to question 11 for details
- Increase of \$8,381 in education spending.
- MSP services moved from USoA 5310 contributed \$21,718 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 63.2%

Account	2006 Actual	2007 Bridge	Variance	%
5070 - Customer Premises - Operation Labour	\$ 806	\$ 1,541	\$ 735	91.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Indirect cost allocation results in shifts in costs between accounts.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 86.4%

Account	2006 Actual	2007 Bridge	Variance	%
5085 - Miscellaneous Distribution Expense	\$ 96,962	\$ 130,949	\$ 33,987	35.1%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$22,201 to variance.
- Increase in cost of supplies provided by 3rd party amounted to \$7,344.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- -7.2% – please see the discussion under Account 5020, above, for an explanation of a negative proportion.

Account	2006 Actual	2007 Bridge	Variance	%
5105 - Maintenance Supervision and Engineering	\$ 245,710	\$ 302,980	\$ 57,270	23.3%

Explanation:

Factors driving the variance over 5% include:

- Job evaluation study for all City of Brantford management staff completed during 2006 – the increase is reflective of elevation of certain utility management positions. Please see question 14 b) for details
- Change in indirect cost allocation contributed \$63,748 to variance. This increase was offset by a decrease in other charges.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 2.8%

Account	2006 Actual	2007 Bridge	Variance	%
5110 - Maintenance of Buildings and Fixtures - Distribution Stations	\$ 745	\$ 4,394	\$ 3,649	489.8%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 91.9%

Account	2006 Actual	2007 Bridge	Variance	%
5114 - Maintenance of Distribution Station Equipment	\$ 8,864	\$ 14,587	\$ 5,723	64.6%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$2,284 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 62.6%

Account	2006 Actual	2007 Bridge	Variance	%
5125 - Maintenance of Overhead Conductors and Devices	\$ 190,931	\$ 209,803	\$ 18,872	9.9%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$49,643 to variance. This increase was offset by a decrease in other charges.
- Contracted services declined by \$29,815.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 38.3%

Account	2006 Actual	2007 Bridge	Variance	%
5130 - Maintenance of Overhead Services	\$ 196,674	\$ 215,368	\$ 18,694	9.5%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$51,139 to variance. This increase was offset by a decrease in other charges.
- Supplies declined by \$18,769 and contracted services declined by \$5,413.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- -3.6% – please see the discussion under Account 5020, above, for an explanation of a negative proportion.

Account	2006 Actual	2007 Bridge	Variance	%
5135 - Overhead Distribution Lines and Feeders - Right of Way	\$ 328,908	\$ 355,047	\$ 26,139	7.9%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$5,326 to variance.
- Increase for tree trimming contract through the City of Brantford was \$13,900 because contracted tree trimming services costs increased

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 81.0%

Account	2006 Actual	2007 Bridge	Variance	%
5145 - Maintenance of Underground Conduit	\$ 51,871	\$ 60,364	\$ 8,493	16.4%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$13,473 to variance. This increase was offset by a decrease in other charges.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 316.8%, a result of an increase in costs payable to the City which was greater than decreases in 3rd party spending (therefore a decrease in indirect costs) i.e. payments to the City increased from 2006 Actual to 2007 Bridge while payments to 3rd parties and indirect costs decreased. For greater clarity, while payments to the City increased by approximately \$25,500, these were offset by reduced payments to 3rd parties in the amount of approximately \$17,000, resulting in an overall variance of \$8,493.

Account	2006 Actual	2007 Bridge	Variance	%
5150 - Maintenance of Underground Conductors and Devices	\$ 82,796	\$ 127,553	\$ 44,757	54.1%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$21,375 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 53.6%

Account	2006 Actual	2007 Bridge	Variance	%
5155 - Maintenance of Underground Service	\$ 171,741	\$ 238,880	\$ 67,139	39.1%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$44,445 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 65.6%

Account	2006 Actual	2007 Bridge	Variance	%
5160 - Maintenance of Line Transformers	\$ 71,971	\$ 171,919	\$ 99,948	138.9%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$18,326 to variance.
- Supplies increased by \$65,345. Budget was under spent in 2006. Please refer to question 17a) for details

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 20.6%

Account	2006 Actual	2007 Bridge	Variance	%
5305 - Supervision	\$ 127,741	\$ 146,974	\$ 19,233	15.1%

Explanation:

Factors driving the variance over 5% include:

- Change in indirect cost allocation was \$19,233.

Drivers for increase include:

- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5310 - Meter Reading Expense	\$ 383,430	\$ 424,086	\$ 40,656	10.6%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Increased costs booked to Customer Services from Metering and Settlement redeploying a Meter Technician FTE to assist with such customer service work as final meter reads and meter checks. The redeployment of the Meter Technician is discussed in greater detail in the reponse to SEC IR 16
- Change in indirect cost allocation contributed \$49,975 to variance. This increase was offset by a decrease in contracted services of \$23,528.
- Decline in contracted services reflects MSP services moved to USOA 5065.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 35.5%

Account	2006 Actual	2007 Bridge	Variance	%
5315 - Customer Billing	\$ 443,457	\$ 509,230	\$ 65,773	14.8%

Explanation:

Factors driving the variance over 5% include:

- Change in indirect cost allocation contributed \$66,209 to variance.

Drivers for increase include:

- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- -0.6% – please see the discussion under Account 5020, above, for an explanation of a negative proportion.

Account	2006 Actual	2007 Bridge	Variance	%
5320 - Collecting	\$ 283,868	\$ 326,610	\$ 42,742	15.1%

Explanation:

Factors driving the variance over 5% include:

- Change in indirect cost allocation was \$42,742.

Drivers for increase include:

- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5330 - Collecting Charges	\$ 666	\$ 2,450	\$ 1,784	267.9%

Explanation:

Factors driving the variance over 5% include:

- Indirect cost allocation on-going refinements results in shifts in costs between accounts

Drivers for increase include:

- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5335 - Bad Debt Expense	\$ 157,089	\$ 200,000	\$ 42,911	27.3%

Explanation:

Factors driving the variance over 5% include:

- Bridge year was based on historical trend plus allowance for significant bankruptcy that occurred during 2007; please refer to OEB Staff Interrogatory 1.4, Page 11 for a more detailed explanation.

Drivers for increase include:

- Changing conditions in the general economy that may result in plant or business closures

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5340 - Miscellaneous Customer Accounts Expense	\$ 503,980	\$ 536,497	\$ 32,517	6.5%

Explanation:

Factors driving the variance over 5% include:

- Change in indirect cost allocation contributed \$59,072 to variance. This increase was offset by a decrease in other charges.
- Decline in reclass of charges from Customer Service was \$26,555; i.e. Customer Services costs are distributed or reclassified among Accounts 5315, 5320, 5330, 5335 and 5340 annually in preparation of the USoA-based Trial Balance. Given this reclassification process, any variance not reclassified to Accounts 5315 to 5335 is booked to Account 5340, contributing to the year-over-year variance.

Drivers for increase include:

- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5410 - Community Relations - Sundry	\$ 86,475	\$ 123,966	\$ 37,491	43.4%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

- Change in indirect cost allocation contributed \$805 to variance.
- Supplies increased \$35,000. Budget under spent in 2006. Please refer to 17a) for details

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- -0.5% – please see the discussion under Account 5020, above, for an explanation of a negative proportion.

Account	2006 Actual	2007 Bridge	Variance	%
5420 - Community Safety Program	\$ 9,046	\$ 15,024	\$ 5,978	66.1%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Change in indirect cost allocation contributed \$2,329 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 59.2%

Account	2006 Actual	2007 Bridge	Variance	%
5605 - Executive Salaries and Expenses	\$ 377,446	\$ 410,353	\$ 32,907	8.7%

Explanation:

Factors driving the variance over 5% include:

- Job evaluation study for all City of Brantford and Brantford Power management staff completed during 2006. 2006 Actual is lower than normal due to elimination of bonus that was typically accrued back to prior year. This contributed \$26,405 to variance. Please see question 14 b) for details of job evaluation study.

Drivers for increase include:

- City of Brantford Job Evaluation study. Please see question 14 b) for details

Proportion of increase represented by City of Brantford payments:

- -1.4% – please see the discussion under Account 5020, above, for an explanation of a negative proportion.

Account	2006 Actual	2007 Bridge	Variance	%
5610 - Management Salaries and Expenses	\$ 598,244	\$ 684,152	\$ 85,908	14.4%

Explanation:

Factors driving the variance over 5% include:

- Job evaluation study for all City of Brantford and Brantford Power management staff completed during 2006, increase is reflective of elevation of certain utility management positions. This factor contributed \$60,057 to the variance. Please see question 14 b) for details of the job evaluation study
- Change in indirect cost allocation contributed \$25,383 to variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 69.9%

Account	2006 Actual	2007 Bridge	Variance	%
5620 - Office Supplies and Expenses	\$ 36,138	\$ 75,746	\$ 39,608	109.6%

Explanation:

Factors driving the variance over 5% include:

- Supplies increased \$29,835
- Bank service charges increased \$7,703.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 75.3%

Account	2006 Actual	2007 Bridge	Variance	%
5630 - Outside Services Employed	\$ 44,693	\$ 79,000	\$ 34,307	76.8%

Explanation:

Factors driving the variance over 5% include:

- Reclassified audit fees from accounting department indirect costs

Drivers for increase include:

- Account reclassification

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5645 - Employee Pensions and Benefits	\$ 49,204	\$ 111,389	\$ 62,185	126.4%

Explanation:

Factors driving the variance over 5% include:

- Increase in pension costs for retirees, \$15,470, as well as estimated change in future employee benefit liability, \$46,715.

Drivers for increase include:

- City of Brantford billings for retiree pension premiums
- Actuarial study which was completed December 31, 2007

Proportion of increase represented by City of Brantford payments:

- 24.88%

Account	2006 Actual	2007 Bridge	Variance	%
5650 - Franchise Requirements	\$ 50,444	\$ 54,247	\$ 3,803	7.5%

Explanation:

Factors driving the variance over 5% include:

- Estimated increase in EDA fees and other industry association fees

Drivers for increase include:

- Industry changes requiring increased involvement of the EDA (Smart Meters, Financial Instruments, International Financial Reporting Standards (IFRS))

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5655 - Regulatory Expenses	\$ 88,064	\$ 207,954	\$ 119,890	136.1%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year. The 2006 Actual balance is anomalous in that no major regulatory projects requiring external contracted resources were completed in 2006

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Regulatory environment

Proportion of increase represented by City of Brantford payments:

- 18.5%

Account	2006 Actual	2007 Bridge	Variance	%
5665-Miscellaneous General Expenses	(112,105)	172,618	284,723	254.0%

Explanation:

Factors driving the variance over 5% include:

- Enhanced approach to accounting for fleet costs was implemented in 2007. The result of new approach changed mapping of accounts from 5655 to new fleet clearing account. This change contributed \$253,900 to the variance.
- For further explanation please refer to response to Q13a.

Drivers for increase include:

- Change in accounting for fleet costs.

Proportion of increase represented by City of Brantford payments:

- 169.7% – please see the discussion under Account 5145, above, for an explanation of a proportion greater than 100%.

Account	2006 Actual	2007 Bridge	Variance	%
5680 - Electrical Safety Authority Fees	\$ 13,714	\$ 18,000	\$ 4,286	31.3%

Explanation:

Factors driving the variance over 5% include:

- Increase in estimated ESA fees

Drivers for increase include:

- ESA annual fees

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2006 Actual	2007 Bridge	Variance	%
5685 - Independent Market Operator Fees and Penalties	\$ 49,125	\$ 70,000	\$ 20,875	42.5%

Explanation:

Factors driving the variance over 5% include:

- Estimated increase in IESO prudential

Drivers for increase include:

- IESO prudential

Proportion of increase represented by City of Brantford payments:

- 0.0%

b. Please provide a similar explanation for the increase from 2007 to 2008.

RESPONSE:

Account	2007 Bridge	2008 Test	Variance	%
5012 - Station Buildings and Fixtures Expense	\$ 36,656	\$ 39,832	\$ 3,176	8.7%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 93.1%

Account	2007 Bridge	2008 Test	Variance	%
5014 - Transformer Station Equipment - Operations Labour	\$ 3,092	\$ 6,778	\$ 3,686	119.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 100.0%

Account	2007 Bridge	2008 Test	Variance	%
5015 - Transformer Station Equipment - Operation Supplies and Expenses	\$ 31,246	\$ 55,950	\$ 24,704	79.1%

Explanation:

Factors driving the variance over 5% include:

- Estimated increase in contractor costs for operation of transformer station, \$13,963, and communication cost increases between station and SCADA system, \$10,117.

Drivers for increase include:

- Third party contracts for operation of transformer station

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2007 Bridge	2008 Test	Variance	%
5017 - Distribution Station Equipment - Operation Supplies and Expenses	\$ 3,426	\$ 3,946	\$ 520	15.2%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 105.9% – please see the discussion under Account 5145 in BPI's response to Interrogatory 15a, above, for an explanation of a proportion greater than 100%.

Account	2007 Bridge	2008 Test	Variance	%
5045 - Underground Distribution Lines & Feeders - Operation Supplies and Expenses	\$ 19,228	\$ 20,669	\$ 1,441	7.5%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 114.4% – please see the discussion under Account 5145 in BPI's response to Interrogatory 15a, above, for an explanation of a proportion greater than 100%.

Account	2007 Bridge	2008 Test	Variance	%
5070 - Customer Premises - Operation Labour	\$ 1,541	\$ 6,531	\$ 4,990	323.8%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 155.5% – please see the discussion under Account 5145 in BPI's response to Interrogatory 15a, above, for an explanation of a proportion greater than 100%.

Account	2007 Bridge	2008 Test	Variance	%
5114 - Maintenance of Distribution Station Equipment	\$ 14,587	\$ 17,703	\$ 3,116	21.4%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 103.5% – please see the discussion under Account 5145 in BPI's response to Interrogatory 15a, above, for an explanation of a proportion greater than 100%.

Account	2007 Bridge	2008 Test	Variance	%
5145 - Maintenance of Underground Conduit	\$ 60,364	\$ 72,896	\$ 12,532	20.8%

Explanation:

Factors driving the variance over 5% include:

- Change in business unit work plans and priorities from year to year resulting in increase in labour and material costs from 2006 Actual to 2007 Bridge Year
- Contracted construction charges anticipated to increase by \$8,000.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 39.8%

Account	2007 Bridge	2008 Test	Variance	%
5340 - Miscellaneous Customer Accounts Expense	\$ 536,497	\$ 709,340	\$ 172,843	32.2%

Explanation:

Factors driving the variance over 5% include:

- Reclassification of charges from Customer Service expected to increase by \$104,227; i.e. Customer Services costs are distributed or reclassified among Accounts 5315, 5320, 5330, 5335 and 5340 annually in preparation of the USoA-based Trial Balance. Given this reclassification process, any variance not reclassified to Accounts 5315 to 5335 is booked to Account 5340, contributing to the year-over-year variance.
- Increases caused by a several factors that include salaries and benefits, postage, fleet charges and charges from other departments (Please refer to question 14 for details)
- Change in indirect allocation contributed \$68,616 to the variance.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details
- Indirect cost allocations

Proportion of increase represented by City of Brantford payments:

- 60.3%

Account	2007 Bridge	2008 Test	Variance	%
5610 - Management Salaries and Expenses	\$ 684,152	\$ 723,218	\$ 39,066	5.7%

Explanation:

Factors driving the variance over 5% include:

- Increase in FTE complement with resulting increase in employee compensation.

Drivers for increase include:

- City of Brantford service billings. Please see question 17 a) for details

Proportion of increase represented by City of Brantford payments:

- 174.9% – please see the discussion under Account 5145 in BPI's response to Interrogatory 15a, above, for an explanation of a proportion greater than 100%.

Account	2007 Bridge	2008 Test	Variance	%
5630 - Outside Services Employed	\$ 79,000	\$ 179,500	\$ 100,500	127.2%

Explanation:

Factors driving the variance over 5% include:

- 2008 budget includes allowance for contract staff and consulting costs in anticipation for changes required to implement International Financial Reporting Standards (IFRS) and completion of 2008 EDR application process.

Drivers for increase include:

- CICA Accounting changes
- 2008 EDR application

Proportion of increase represented by City of Brantford payments:

- 5.5%

Account	2007 Bridge	2008 Test	Variance	%
5665 - Miscellaneous General Expenses	\$ 172,618	\$ 187,617	\$ 14,999	8.7%

Explanation:

Factors driving the variance over 5% include:

- Estimated increase in cost allocation from parent company

Drivers for increase include:

- Parent company costs will increase due to IFRS changes

Proportion of increase represented by City of Brantford payments:

- 0.0%

Account	2007 Bridge	2008 Test	Variance	%
5680 - Electrical Safety Authority Fees	\$ 18,000	\$ 20,000	\$ 2,000	11.1%

Explanation:

Factors driving the variance over 5% include:

- Estimated increase in ESA fees

Drivers for increase include:

- ESA fees

Proportion of increase represented by City of Brantford payments:

- 0.0%

16. Intra-Company Cost Allocation

Ref: Ex. 4/2/4, pg. 6

- a. Please explain why “% of Total Assets” or “% of square footage utilized” is used as the allocator rather than time estimates for Records Management, Telephone services, general financial services, inventory and stores, legal services, and human resources services.

RESPONSE:

The service provider – the City of Brantford – provides a variety of services to municipal departments and the Energy group of companies, which includes Brantford Energy Corporation, BPI, Brantford Hydro Inc. and Brantford Generation Inc. Allocation of costs to Brantford Generation Inc. have been addressed in BPI’s response to Board Staff Interrogatory 1.8.

As the service provider does not track costs on an hourly basis or time estimate basis for records management, telephone services, general financial services, inventory and stores, legal services and human resources services, “Percentage of Total Assets” is used as a cost effective way to allocate costs. Allocation on a “Percentage of Total Assets” basis rather than time estimates is considered more cost effective for BPI because there are different levels of services provided by the City to the other members of the Energy group of companies. Accordingly, it is possible that an even greater percentage of costs could be allocated to BPI if time estimates were used instead.

As previously mentioned in BPI’s response to question 12a), BPI commenced a Transfer Pricing Study in 2007 and it will continue in 2008. This study will allow BPI to identify cost drivers more accurately.

For property management-related services which include such costs as lease fees, contracted services such as janitorial, snow removal, grass cutting, security and HVAC maintenance services and minimal compensation costs, “Percentage of square footage utilized” is used as a more appropriate cost driver than time or estimates of time.

- b. Please explain the 15% increase in shared services costs (from \$4.1 million to \$4.7 million) between 2006 and 2008.

RESPONSE:

The total variance from 2006 to 2008 in shared services costs of \$600,000 was driven by cost increases in the following service areas: Customer Services, I.T. Services and Property Management.

Principal cost drivers for each service area are discussed in greater detail below.

Customer Services principal cost drivers include:

Increases in compensation costs resulting from annual economic adjustments and grid movements; salary re-evaluations for management and non-union staff (please refer to question 14 b) for details on the Job Evaluation study); increased costs booked to Customer Services from Metering and Settlement as a result of redeploying an additional Meter Technician FTE to customer service work for such activities as final meter reads and meter checks; and increases in postage costs. BPI also notes that in 2006, for a one-year period ending in 2007, the Metering and Settlement function staff complement increased by one FTE to provide understudy and training opportunities for a pending retirement, and. Please refer to question 14 b) for a detailed breakdown of Customer Service expenses.

IT Services principal cost drivers include:

- New Project Coordinator position budgeted for 2008 in the amount of \$91,345.00; the person assuming this proposed position will be the project coordinator for special utility projects including software upgrades such as GIS, new projects such as asset management, and systems integration projects.
- Data and system integration projects to interface multi-functional IT systems
- Custom Programming – BPI typically budgets \$100,000 for custom programming to its Daffron Customer Information System that is required by changes in the electricity market or regulatory environment. Such custom programming costs are trued-up annually from the budgeted amount to reflect actual costs. In 2006, BPI budgeted \$100,000 for custom programming but there were no actual custom programming related costs and actual costs were trued up accordingly. In the 2008 test year budget, the amount for custom programming was reduced from \$100,000.00 to \$60,000.00. Because this provision of \$100,000.00 was not spent in 2006, the \$60,000.00 comprises an increase from 2006 Actual to 2008 Test. As BPI plans to

implement its Smart Metering Program in 2009 with planning and development work being undertaken in 2008, this budget for custom programming that may be required to support smart meters is seen as prudent.

- Increases to salary and benefits costs as a result of annual economic adjustments and grid movements through wage and salary ranges; as well, 2006 staffing costs were lower than typical because staffing levels were not at full staff complement due to staff turnover.
- Finally, annual costs for hardware, software and maintenance support differ year-over-year. For example, while hardware (personal computers and laptops) costs have decreased in 2008 over 2007, those costs increased in 2007 over 2006. In 2008, software support costs for Systrend software were reduced by \$20,120.00 because software support was paid in advance in 2007 for the period of 2007 to 2010, enabling BPI to take advantage of a discounted rate.

Property Management principal cost drivers include:

- From 2006-2007, increased Property Management charges are a result of moving the Finance department to another building to meet additional space requirements. The move to the new location at 1 Market Street increased costs by \$163,153 due to space being occupied by Finance and the Human Resources department;
- From 2007-2008, Property Management charges for occupying space in the new location for the Finance department and Human Resources increased by \$178,809 but costs reduced in areas where building space was vacated by \$51,697. The net increase from 2007 to 2008 was \$127,111.

17. Purchase of Services

Ref. A: Ex. 4/2/5, pg. 3

Ref. B: Ex. 4/2/6

Ref C: Exhibit 4/3/1

- a. Ref. A: Please provide a detailed explanation for the 37% increase (from \$2.120 million to \$2.898 million) in services purchased from the City of Brantford between 2006 and 2008. Please provide a breakdown by inflationary increases and increases in the amount of work performed. Where increased work is the driver for the increase, please explain the reason for the increased work.

RESPONSE:

Entering the deregulated market in 2000 with a \$1 million loss, BPI implemented cost containment programs. While these cost containment programs principally affected its capital program with the deferral of the voltage conversion projects, the City of Brantford employees providing directly purchased services as described in Exhibit 4 Tab 2 Schedule 5 Page 3, also curtailed operating expenses and in particular, deferred hiring additional staff in order to preserve working capital; i.e. Operations, Maintenance and Administrative expenditures as well as capital expenditures were constrained due to the concern that working capital would be depleted.

Specifically, the Operations and Maintenance budget had routinely been underspent in the period of 2000 to 2006 to preserve working capital. As those levels of staffing and expenditures were not sustainable and with greater clarity of the regulatory environment following the 2006 rate application, the Brantford Power Department moved to a more sustainable level of staffing and expenditures.

The \$778,700 increase in services purchased from the City of Brantford between 2006 and 2008 set out in Exhibit 4 Tab 2 Schedule 5, page 3 is attributable to the following factors

- Normal inflationary increases and annual economic salary adjustments: \$205,700
- Normal salary grid movements for management, non-union and union staff: \$49,759.00
- Reclassification of some management and non-union positions with related salary increases as a result of the service provider's Job Evaluation Study, as discussed in question 14b): \$15,496.00
- Reclassification of union staff positions resulting from job evaluation review (several union positions in the Engineering Department have been re-evaluated and these cost increases are reflected in 2008 budget): \$15,018
- Reclassification of two non-union positions independent of the Job Evaluation study. These positions include the reclassification of a Junior Electrical Engineer

- to Electrical Engineer upon completion of all requirements leading to the professional engineer designation. Within the 2008 Test Year budget, it is proposed that a Meter Technician position be reclassified to an analyst position responsible for smart metering implementation and ongoing development of load forecasting: \$17,688.00
- Increases in staff complement in the Engineering and Regulatory/Administrative functions to move to more sustainable staffing and expenditure levels. Two positions within the Engineering department were added to assist with the extensive requirements related to ESA regulations and the increased workload. The above increase is only the portion of their wages that would be deemed operations and does not include the capital component. BPI notes that engineering-related costs are booked to Operations and Maintenance accounts in the USoA chart of accounts. The increase is in the amount of \$133,758.00. In the period of 2006 to 2008, two additional positions were created and filled within the Regulatory and Administration department to assist with meeting the requirements for regulatory compliance and some administrative/governance activities. The first position was filled in July 2006 with compensation costs annualized in the 2007 Bridge Year projection. The second position was filled in May 2007 with compensation costs annualized in the 2008 Test Year budget. The total compensation cost increase from 2006 to 2008 is \$64,901.00 with some additional costs for furniture and equipment.
 - An additional \$100,000 has been added to the 2008 Test Year Budget to provide for additional staffing in support of finance and regulatory activities including preparation for implementation of International Financial Reporting Standards and ongoing regulatory activities. Included in this amount, as discussed in response to OEB Staff IR 1.13, Brantford Power Inc. utilized additional contract staff in the preparation of the 2008 rate application at a cost of \$43,000 for 6 months in 2007. Based on 2007 costs annualized over 2008 with benefit costs and provision for additional computer equipment and furniture, the projected 2008 Test Year budget for this position is \$100,000.00

An additional \$132,000.00 or 7.5% of total budgeted expenditures pertains to repairs and maintenance to the distribution system deferred from previous years as a result of cost containment activities to preserve working capital. This portion of the increase represents a move to a more sustainable level of operating activity and expenses.

The remaining \$43,000 of the increase is comprised of several non-material amounts relating to additional resources being required for the additional staff members and a change in cellular phone plan during 2007 to provide BlackBerry units for certain management staff. The Engineering department is planning some technical studies during 2008 including a Protection Co-ordination study and Ground Resistance Measurement study.

- b. Ref. B: Please provide a breakdown of the total services purchased from the City of Brantford that represent compensation costs. Please breakdown compensation costs by base pay, overtime, benefits and incentive compensation.

RESPONSE:

The Executive class was added to the Management class because there are less than 3 persons in the Executive class.

Salaries

Employee Classification	2006 Board-approved	2006 Actual	2007 Bridge	2008 Test
Executive	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$1,185,271.29	\$1,435,025.34	\$1,515,003.56	\$1,559,870.97
Non-Union	\$431,612.62	\$532,001.66	\$620,950.48	\$692,837.35
Union	\$1,739,344.41	\$2,072,928.41	\$2,169,431.03	\$2,418,901.70
Total				

Benefits

Employee Classification	2006 Board-approved	2006 Actual	2007 Bridge	2008 Test
Executive	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$245,731.34	\$295,998.43	\$295,708.55	\$335,518.68
Non-Union	\$89,893.26	\$102,138.86	\$145,586.11	\$134,221.92
Union	\$483,528.65	\$522,961.96	\$579,794.17	\$579,203.13
Total				

Overtime

Employee Classification	2006 Board-approved	2006 Actual	2007 Bridge	2008 Test
Executive	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$22,757.29	\$0.00	\$0.00	\$0.00
Non-Union	\$111.97	\$132.59	\$0.00	\$0.00
Union	\$104,606.00	\$142,568.75	\$129,589.40	\$120,835.00
Total				

Incentives

Note: The City of Brantford (the service provider) and BPI eliminated their incentive programs starting in 2006 as a result of a review of compensation compared against internal benchmarks.

Employee Classification	2006 Board-approved	2006 Actual	2007 Bridge	2008 Test
Executive	\$20,987.43	\$21,609.00	\$0.00	\$0.00
Management	\$33,829.00	\$2,964.00	\$0.00	\$0.00
Non-Union	\$5,438.00	\$10,608.00	\$0.00	\$0.00
Union	\$0.00	\$0.00	\$0.00	\$0.00
Total			\$0.00	\$0.00

Total Aggregated Compensation Costs

Employee Classification	2006 Board-approved	2006 Actual	2007 Bridge	2008 Test
Executive	\$208,233.20	\$199,179.40	\$203,653.04	\$211,887.84
Management	\$1,121,980.83	\$1,244,107.18	\$1,302,809.06	\$1,405,930.20
Non-Union	\$463,735.66	\$609,770.60	\$681,922.32	\$780,413.17
Union	\$2,327,479.06	\$2,699,893.12	\$2,899,871.60	\$3,095,103.83
Total				

- c. Please explain why, if BPI has only one employee, the Income Tax, Large Corporation Tax and Ontario Capital Tax Table contains an entry entitled "Employee Benefit Plans- accrued, not paid", which ranges from \$474,521 in 2006 Board approved to \$849,005 in 2008.

RESPONSE:

The Employee Future Benefit Plan relates to the current employee of BPI as well as certain employees of the former Hydro Electric Commission of the City of Brantford. The amount presented in Exhibit 4/Schedule 3/Page 1 for the 2006 Board Approved is strictly Employee Future Benefits. The amounts for 2006 Actual, 2007 Bridge Year and 2007 Test Year also include the Allowance for Doubtful Accounts of \$410,000 for each year. The row should be re-labeled "Reserves from financial statements".

18. Cost Allocation

Ref: Ex 8/1/2

The existing Revenue to Cost ratio for GS >50 rate class is 140%.

- a. Please confirm that the Street lighting ratepayer is an affiliate of BPI.

RESPONSE:

Yes, the Street lighting ratepayer is an affiliate of BPI.

- b. What would be the resulting revenue to cost ratios if the Street lighting rate class were moved to 100% and the extra revenue from Street lighting were assigned to the GS>50 rate class? What would it be if Street lighting were moved to 80%?

RESPONSE:

If the Street Lighting rate class were moved to 100% or 80% and extra revenue from Street Lighting were assigned to GS>50 class:

The GS>50 revenue to cost ratio would be reduced to 136.9% if Street Lighting were moved to 100%

The GS>50 revenue to cost ratio would be reduced to 137.9% if Street Lighting were moved to 80%.

19. Rate Design

Ref.: Exhibit 9/1/5 and Exhibit 9/1/7

a. Please complete the following table with data from existing rates:

<u>Revenue by Rate Class</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>	
	<u>\$'s from Class</u>	<u>% of Total RR</u>	<u>\$'s from class</u>	<u>% of Total RR</u>
Residential			\$937,0830	54.39%
GS<50			1,616,827	9.39%
GS>50			6,025,107	34.97%
Street Lights			79,168	0.46%
Sentinel Lights			5,967	0.03%
Unmetered Scattered Load			87,487	0.51%
Back-up/Standby Power			41,993	0.24%
Total			\$17,227,379	100.00%

Source for proposed rates: Exhibit 8/1/2, pg. 3 and Exhibit 9/1/1, pg. 5.

RESPONSE:

a.

<u>Revenue by Rate Class</u>	<u>Existing Rates</u>		<u>Proposed Rates</u>	
	<u>\$'s from Class</u>	<u>% of Total RR</u>	<u>\$'s from Class</u>	<u>% of Total RR</u>
Residential	\$8,768,130	54.39%	\$9,371,694	54.39%
GS<50 kW	\$1,513,470	9.39%	\$1,617,651	9.39%
GS>50 kW	\$5,636,424	34.97%	\$6,024,414	34.97%
Street Lights	\$74,142	0.46%	\$79,246	0.46%
Sentinel Lights	\$4,835	0.03%	\$5,168	0.03%
Unmetered Scattered Load	\$82,201	0.51%	\$87,860	0.51%
Back-up/Standby Power	\$38,683	0.24%	\$41,346	0.24%
Total	\$16,117,885	100.00%	\$17,227,379	100.00%

b. Please explain why the volumetric rate for the GS>50 rate class increases by 20.1% in 2008 (from \$2.4818/kW to \$2.9797/kW) compared to a 7.7% increase in the volumetric rate for the GS<50kW rate class and 7.1% for the Residential rate class. The fixed charge increases by about 7% for all three rate classes.

RESPONSE:

The GS>50 volumetric rate experienced a higher rate increase than other rate classes because the GS>50 rate includes the full collection of transformer allowance from that class.

In the 2006 EDR model, the model was designed to collect the transformer allowance from all customers. However, in the design of the cost allocation model, which was issued after 2006 rate orders, the estimated transformer allowance was assumed to be collected from those customer classes that contain customers that receive the transformer allowance. In BPI's case, that is the GS>50 kW customer class. This Application reflects the assumption of the cost allocation model, which BPI submits is a more appropriate approach.

20. Capital Expenditures

Ref. Ex. 2/3/1

- a. BPI appears to be replacing 1,300 traditional meters whose seals have expired and installing an additional 1,200 traditional meters for new connections. These expenditures appear to be wasteful as all meters will likely be replaced with smart meters by 2009. Has BPI considered asking Measurement Canada for an exemption from having to replace meters whose seals have expired (as Hydro One has done) so as to avoid having to replace a meter that will have to be replaced in less than two years?

RESPONSE:

BPI has 3,658 meters whose seals will expire in 2008. 3,436 of these meters are divided into 15 compliance sample groups. BPI will consider making an application to Measurement Canada for Temporary Permission to maintain in place the meters whose seals have expired pending the determination of smart meter implementation in BPI's service area. BPI believes, however, that it is prudent to maintain the current capital spending should Measurement Canada not grant BPI Temporary Permission and/or should some compliance sample groups be rejected.

- b. With respect to new connections, has BPI considered installing smart meters for all new connections?

RESPONSE:

Brantford Power is not one of the thirteen licensed distributors authorized by Ontario Regulation 427/06 to conduct discretionary metering activities with respect to smart meters. On December 13, 2006, BPI filed its Smart Meter Investment Plan (SMIP) [EB-2006-0246]. In this filing, BPI explained its intentions for the years 2007 through 2009. As a result of delays in the completion of London Hydro's Request for Proposal for Advanced Metering Infrastructure (AMI) – Phase I Smart Meter Deployment, BPI has needed to delay its selection of the smart meter technology from 2007 until Q3 of 2008. As it has not selected a smart meter type for mass deployment, BPI cannot install a smart meter when connecting new services or when replacing meters subject to removal for compliance sampling. For a more detailed discussion of BPI's proposed smart metering program, please refer to BPI's responses to OEB Staff Interrogatories 5.1 and 5.2.

ATTACHMENT A

REFERENCE: SCHOOLS QUESTION 1a

BRANTFORD POWER INC.
SERVICE LEVEL AGREEMENT

VERSION 6
September 20, 2000

This Agreement made this 24th day of October 2000

AMONG:

THE CORPORATION OF THE CITY OF BRANTFORD
(hereinafter called "the City")

OF THE FIRST PART,

-and-

Brantford Power Inc.
(hereinafter called "the Wires Company")

OF THE SECOND PART,

WHEREAS the Wires Company was incorporated under the Ontario Business Corporations Act to fulfill obligations of the City under the Energy Competition Act;

AND WHEREAS the City will continue to supply management, administration, and staffing services to the Wires Company in accordance with this agreement,

NOW THEREFORE IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN CONTAINED AND THE PROVISION OF OTHER GOOD AND VALUABLE CONSIDERATION BY EACH PARTY HERETO TO EACH OF THE OTHERS (THE RECEIPT AND ADEQUACY OF WHICH IS ACKNOWLEDGED) THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. Definitions

In this agreement "Schedules" means the schedules annexed to and forming part of this agreement, which schedules identify and describe the activities to be carried on by the City, the standards to which those activities will be performed, and estimates of the costs of those activities. The following Schedules are annexed to and form part of this agreement:

Schedule Number	Division Classification	Contents of Schedule
1	Division A Direct Hydroelectric Services	Hydro Operations
2		Vehicles
3		Electrical Engineering
4		Dispatch
5		Meter Data Management Agent
6		Meter Service Provider
7		Tree Trimming
8		Line Locates

9		(Reserved)
10	Division B Corporate Secretary Services	Meeting Management Services
11		Records Management Services
12		General Mail Services
13		Insurance and Risk Management Programme
14		(Reserved)
15		(Reserved)
16	Division C Customer Services	Remittance Processing
17		Bill Design, Printing, Inserting, and Mailing
18		Collection Services
19		Customer Services
20		Meter Reading
21		Telephone Services
22		Energy Management
23		Customer Relations, Administration & Marketing
24		(Reserved)
25	Division D Financial and Accounting Services	Accounts Payable Processing
26		Payroll Functions
27		Miscellaneous Accounts Receivable Administration
28		Monthly, Quarterly, and Annual Financial Statement Preparation
29		Other Financial Services, including rate application/budget, reports to regulator and other financial services as needed
29(b)		Treasury Services
30		Retail Settlement
31		Use of Property - Amortization
32		Capital Services
33	Division E Purchasing, Inventory and Procurement	Inventory and Distribution
34		Purchasing- Hydro Stores & External
35		(Reserved)
36		(Reserved)
37		(Reserved)

38	Division F IT Services	IT Services
39		(Reserved)
40		(Reserved)
41	Division G Real Estate	Acquisition and Disposal of Interests in Real Property
42		Property Management
43		Stores/Dispatch Building
44		(Reserved)
45		(Reserved)
46	Division H Legal Services	Legal Services
47		(Reserved)
48		(Reserved)
49	Division I Human Resources Services	Human Resources Services
50		(Reserved)
51		(Reserved)
52	Division J Miscellany	Miscellaneous Services
53		Senior Management
54		Administrative Services - Hydro
55		(Reserved)

2. Work to be performed by the parties

(a) The City shall perform the activities necessary maintain the Wires Company in operation (hereinafter simply referred to as "Services") identified and described in the Schedules, for the benefit of the Wires Company in accordance with the descriptions set forth in the Schedules.

(b) The necessary adjustments shall be made in the payment of remuneration to account for the fact that the Wires Company will not be in business for a full year in the year 2000.

3. Annual Review of Schedules

(a) The parties shall review the contents of each Schedule on an annual basis. The purpose of such review shall be to determine whether the activities described in each Schedule continue to be accurate. In the event that during such a review, disagreements arise with respect to suggested amendments to any Schedule and these disagreements cannot be settled by the parties, any party shall have the ability to require the contents of the Schedule or Schedules under disagreement to be submitted to arbitration in accordance with section 5 of this agreement.

(b) The review described in (a) above shall be commenced within sufficient time so that the parties might reasonably have completed their review in time for the annual City budget and estimates process.

4. Remuneration

(a) The Wires Company shall pay remuneration to the City in accordance with the costs experienced by the City in performing the services of managing, administering, and staffing the Wires Company as set forth in the schedules. In addition to full recovery of all direct and indirect costs of providing services, the Wires Company shall pay to the City a further 10% of such costs, and the combination of the costs so recovered plus the additional 10% shall be the remuneration payable to the City pursuant to this agreement. The parties agree that such remuneration represents the fair market value for those services as of the date of this agreement.

(b) The aggregate remuneration payable to the City in respect of the services provided by the City to the Wires Company shall, so long as the City continues to provide full treasury and financial services to the other parties, be recovered from the applicable party by direct transfers of funds from and to the appropriate accounts at times convenient to the City Treasurer in accordance with proper principles of contract administration and generally accepted accounting and business principles. The parties to this agreement specifically authorize that such transfers may be performed by the City Treasurer or his/her designate, and such authorization shall remain in effect during the full term of this agreement. The City shall provide invoices to the Board of Directors of the Wires Company and its CEO (or otherwise as the Wires Company may direct) on a timely basis following each such direct transfer to document same.

(c) In the event that the City ceases to provide full treasury and financial services to the other parties, the aggregate remuneration payable to the City in respect of the services provided by the City to the other parties shall be requested in periodic invoices delivered by the City to the applicable party, such invoices to be delivered not more frequently than monthly. The terms of any such invoice, whether so marked or not, shall be net 30 days.

(d) The presence of subsection (c) shall not be interpreted to mean that the Wires Company has a unilateral ability, without the agreement of the City, to terminate its use of full treasury and financial services from the City.

5. Dispute Resolution

(a) In the event that either party hereto has any complaint or grievance with respect to the meaning or operation of this agreement, including the calculation of remuneration for any services provided hereunder, such complaint or grievance shall be resolved through binding arbitration pursuant to the provisions of the Arbitrations Act (Ontario). Any arbitrator so appointed shall apply the principles in this agreement in making a determination, particularly those principles set forth in the Interpretation section herein. It is agreed that such arbitration shall be final and that there shall be no right of recourse to the Courts for review or appeal of any award made in the course of such arbitration.

(b) Before submitting any question to arbitration, the parties shall have submitted the matter in dispute to the Wires Joint Management Committee and, if that Committee cannot resolve the dispute, the Board of Directors of the Wires Company shall meet with the Corporate Services Sector Committee

of the City. Resort shall be had to arbitration only after the joint meeting between the Board of Directors of the Wires Company and the Corporate Services Sector Committee of the City has occurred and the dispute has not been resolved, or 45 days have elapsed and no meeting has occurred.

6. Audit

Any party to this agreement may, at reasonable intervals upon reasonable notice and at reasonable times during normal business hours, have such access to the records of the others as is necessary for purposes of auditing and investigating compliance with this agreement.

7. Term

(a) This agreement is effective immediately following signing by all parties hereto.

(b) This agreement is a continuing one, and there is no general right of any party to terminate its participation in this agreement, either in whole or in part, except as set forth herein or as may otherwise be agreed-upon by the parties by subsequent written agreement.

(c) The City shall be entitled to terminate this agreement if the Wires Company ceases to be controlled, directly or indirectly, by the City or who breach any obligation to the City hereunder. In the event that the City terminates this agreement in whole or in part in accordance with the foregoing, the Wires Company shall indemnify and save harmless the City for the separation costs of any employees of the City fully engaged in providing services to that party, and shall pay any other costs of disentanglement. In the event of termination for other reasons, the terms of such termination shall be in accordance with any applicable legal requirement, or the terms of any agreement in relation thereto by the parties.

8. Force Majeure

It shall not be a breach of this agreement if any party to this agreement fails to perform its obligations to provide services, work, or the supply of goods and materials to any other party by reason of war, insurrection, tempest, labour disputes, or any other event beyond the reasonable control of that party. The foregoing shall not apply to an obligation to pay money.

9. Confidentiality and Ownership of Information

(a) It is agreed that confidential information from the Wires Company shall be kept in strict confidence by the City, and details of the operations of the Wires Company shall not be shared with the Brantford Hydro Inc, and vice versa.

(b) The City shall take such measures as are necessary in order to comply with the confidentiality obligations under (a) above.

(c) Information stored or produced by any party to this agreement on the sole behalf of any other party to this agreement, shall be the property of the party on whose sole behalf such information is stored or produced. Where such information consists of an original report, computer programme, information, or intellectual property produced by a party to this agreement for the sole purpose of

supplying services to that other party and the cost of producing such report is included in the remuneration payable by such other party, the property (including copyright and moral rights) to such original report, computer programme, information, or intellectual property shall belong to such other party. The foregoing shall not apply where information is stored or produced by a party to this agreement on behalf of a third party to this agreement, or where the information is stored and produced by a party to this agreement for the mixed benefit of another party and the party which produced the information.

10. Entire Agreement

The agreement, together with the Schedules, constitutes the entire agreement between the parties. This agreement may not be amended or modified except by written instrument signed by all parties.

11. Successors and Assigns

This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns, provided that there shall be no assignment of this agreement without the prior written consent of the parties hereto. The foregoing shall not prevent the City from contracting out the performance of any of its obligations hereunder, however the City shall still be responsible as between it and the Wires Company for the performance of such obligations.

12. Interpretation

(a) In interpreting and applying this agreement, the parties shall have regard to the fact that the City is the shareholder of Brantford Energy Corporation, which owns all of the issued and outstanding shares of the Wires Company, and the value of the City's investment in Brantford Energy Corporation is ultimately affected by the operations of each of the Wires Company.

(b) This agreement shall be interpreted and applied in a manner which results in the greatest overall benefit to the citizens of Brantford.

(c) This agreement is subject to regulatory and statutory provisions, including without limitation, the Affiliate Relationship Code. The agreement will be deemed to have been automatically amended to the minimum extent necessary to achieve compliance with such statutory or regulatory requirements, however no such deemed amendment shall be effective unless and until the parties have concluded that the agreement cannot proceed as-is, or that they cannot reasonably apply for an exemption (if such an exemption is available) that would alleviate such non-compliance. The parties agree to cooperate as necessary in order to proceed with any reasonable application which would authorize any portion of this agreement that would otherwise be non-compliant.

(d) Subject headings are for purposes of convenience of reference only, and are not part of this agreement.

(e) Compliance with applicable laws is deemed to be a component of the description of every Service described in the Schedules, and the presence or absence of any reference to such compliance in any particular Schedule is insignificant. It is also to be assumed that basic supervision and management is included within the description of services in each Schedule, however special provision is made for certain forms of supervision and management services which are not contained within a single Schedule.

(f) The costing provisions in each of the Schedules are intended to provide a general description of the underlying theory for the payment of the fee to the City by the Wires Company, but under no circumstances shall any Schedule be limited to the estimates described therein. In every case, the City shall receive the full cost (which shall include both direct and indirect costs) of providing services to the Wires Company pursuant to this agreement, whether or not such full cost is adequately (or at all) estimated, explained, or described in any particular Schedule, plus an additional 10% above such cost, and no more or less, despite the fact that the estimates contained in a particular Schedule may be greater than or less than such full cost. As an example, if the City incurs additional costs for Workplace Health and Safety Insurance in consequence of providing services to the Wires Company, such costs shall be recovered by the City (plus an additional 10%) from the Wires Company despite the absence of any specific mention of such right of recovery. Without limiting the generality of the foregoing, the City shall always be entitled to additional remuneration in accordance with the foregoing if:

(i) It has agreed to provide or has been required by law to provide Services which exceed those described on the applicable Schedule; or,

(ii) It has agreed to provide or has been required by law to provide Services at a level which exceeds the level described on the applicable Schedule.

(g) Where the City provides Services to the Wires Company, it shall use its best efforts to minimize the actual costs of providing such services while still complying with all applicable standards.

(h) It is acknowledged that there will be some duplication in the description of services between particular Schedules. Such duplication is insignificant, does not imply that there is multiple costing for those services, and the parties agree that no such multiple costing is present.

(i) The remuneration payable to the Boards of Directors of the Wires Company shall be paid directly by such companies out of their own resources, but shall be processed by the City pursuant to Division D of the Schedules. In the event that the Wires Company has no resources, and the City advances money to the Boards of Directors of such corporations, the payment of such costs shall subsequently recovered from the applicable corporation plus 10% interest.

(j) Where the Wires Company has receivables, such receivables shall be assets of the applicable corporation and not assets of the City. Any late payment charges or risks of failing to recover such receivables shall lie entirely with the applicable corporation and not the City.

(k) Assets which are acquired for the sole purpose of becoming integrated into the distribution system for electrical energy, hydro inventory, and rolling stock used primarily for hydro purposes, shall be obtained in the name of the applicable corporation and not in the name of the City. The purchase price of any such asset, the proceeds of disposition of any such asset (where such asset is sold), and the costs of obsolescence for any such asset shall be paid, received, or recorded, as the case may be, on the books of such corporation, and not through the City.

(l) Assets which are acquired, either in whole or in part, for purposes of permitting the City to comply with its contractual obligations hereunder to provide services to the Wires Company, but which are not referred to in (k) above shall generally be taken in the name of the City and the cost for same recovered from the Wires Company plus an additional 10%.

(m) Where outside forces are engaged for the purpose of obtaining or producing the assets

described in (k) above, the contracts in respect of same shall be taken in the name of the Wires Company as the case may be. In other cases, the contract shall be taken in the name of the City and that portion of the contract price which relates to the Wires Company shall be recovered from those benefitting parties, plus an additional 10%.

(n) Where the Schedules describe services to be performed by the City for the Wires Company, the Wires Company, shall only obtain such services from the City and not elsewhere, unless the City should otherwise agree. In those circumstances where the Wires Company obtains such separate services or pays for goods or services otherwise than through the City out of their own resources:

(i) Such transactions (subject to any contrary requirements in this agreement) shall only be recorded on the books of the applicable corporation and shall not generate any entitlement on the part of the City to any payment of 10% above cost; and,

(ii) Unless the City should specifically agree otherwise, the City shall continue to be entitled to obtain reimbursement for its costs and the calculation of its fee for such services in accordance with section 4 of this agreement and the Schedules.

13. Responsibility and Indemnification

While the Wires Company continues to be a wholly owned subsidiary of the City, as it is as of the date of this agreement:

(a) The City shall have no responsibility for any actions, causes of action, claims, or demands which may be advanced against the Wires Company even where the said action, cause of action, claim or demand arose partly or entirely out of any misfeasance or nonfeasance on the part of the City in the performance of this agreement, and the Wires Company shall indemnify, release, and save harmless the City in respect of any such action, cause of action, claim or demand;

(b) The Wires Company shall not have any actions, causes of actions, claims or demands which may be asserted against the City for any misfeasance or nonfeasance on the part of the City in the performance of this agreement;

(c) The Wires Company shall bear all risks associated with any assets owned by it or transferred to it by the City, including environmental risks;

(d) In situations where the City and the Wires Company are jointly liable to any person otherwise than in contract, the Wires Company shall absorb all such liability and shall indemnify and save harmless the City in relation thereto; and

(e) The Wires Company shall reimburse, indemnify and save harmless the City against any costs, causes of action, claims, demands, expenses, or liabilities of any description incurred by the City for the benefit of the Wires Company, whether such reimbursement and indemnification is explicit within this agreement or otherwise.

14. Joint Management Committee

(a) It is a matter of importance to the parties that there shall be proper consultation and involvement by the Wires Company in the performance of services under this agreement. For that

reason, the following committee shall be formed and shall meet on a regular basis, and otherwise as necessary, in order to identify, resolve, and coordinate matters of common concern in relation to the services performed hereunder:

Wires Joint Management Committee - consisting of the Chief Administrative Officer of the City, the Commissioner of Corporate Services of the City, The Chief Executive Officer of the Wires Company, and a further member who may at the option of the Board be appointed by the Board of the Directors of the Wires Company from amongst its members from time to time.

(b) Either party to this agreement shall have the right to requisition a meeting of the said Joint Management Committee at any time upon five (5) days notice to the other.

(c) Where a member is unable to be present at any meeting of the said Joint Management Committee, he or she may substitute another individual to attend and participate at any such meeting in his or her stead.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT

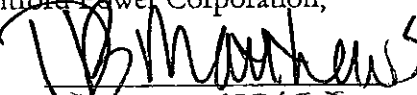
The Corporation of the City of Brantford,
Per:



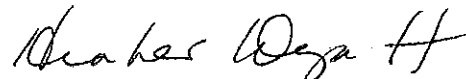
Mayor


Clerk

Brantford Power Corporation,
Per:



DAVID MATTHEWS
CHAIR - BRANTFORD POWER INC. BOARD
OF DIRECTORS



HEATHER WYATT
SECRETARY - BRANTFORD POWER INC.
BOARD OF DIRECTORS

SCHEDULE 1
(Attach additional pages as needed)

1. NAME OF SERVICE: HYDRO OPERATIONS

2. FULL DESCRIPTION OF THE SERVICE:

Provision of Chief Executive Officer

Provision of a Chief Executive Officer (CEO) to the Wires Company pursuant to a further secondment agreement between the Wires Company, the City, and the City Employee supplied for such purpose to the Wires Company

Substation Maintenance

Maintain all the substations, substation buildings and substation fixtures. Test, inspect and take monthly readings.

Overhead Maintenance

To provide labour and supervision to maintain and repair all overhead lines, hardware, poles, switches, etc. To render repairs at any time to facilitate restoration or power with the least amount of inconvenience to the customer

Underground Maintenance

To provide labour and supervision to maintain and repair all Underground Lines, hardware, and switches etc. To render repairs at any time to facilitate restoration or power with the least amount of inconvenience to the customer

Inspection

Provide inspection and testing of the electrical plant to the present standards maintained at Brantford Power

Emergence Response

Provide 24 hour 7 day a week trouble crew with the possibility of providing up to 15 people and supervision within 1 hour in response to all trouble calls. To provide supervision on a 24 hour 7 day a week.

Transformer Installation and Repair

Provide qualified crews and supervision to install overhead, underground and pad mount transformers. To insure proper voltage to customers.

Service Installations

Provide qualified labour and supervision to install all types of services from 3 phase 27.6 KV primary to 120/240 volt single phase underground or overhead.

Service Repairs

Repair all secondary and primary services to reestablish power 24 hours 365 days a year

Relocation Work

To provide the tools necessary to move, remove, shift, or build electrical plant for the purpose of road, sidewalk or any other project on city streets

PCB Management

Provide expertise in PCB Management, testing and reclassification of transformers when required. Control and store all material until decommissioning under Ministry Guideline. Provide labour for spill cleanup.

Billable Work

To provide qualified crews and people and supervision to perform work to private individuals on behalf of Brantford Power. To help citizens of Brantford with expertise and knowledge and render service to customers on a 24 hours basis on behalf of Brantford Power

Customer Relations

To provide help to the citizens of Brantford with their concerns such as No power calls, Cats on trees, Kites in wire and all other similar instances on behalf of Brantford Power.

Supervision

To arrange and facilitate all high voltage switching. To set standards and arrange all duties that crews perform To insure crews are working to standards and are done to EUSA, Ministry of Labour and Brantford Power rules and regulations.

Memberships and Licence Fees

Maintain memberships of the benefitting parties in OEL, OEB, and MEA

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Substation Maintenance

Create a standard monthly report of substation status report attached. (NOTE Distribution Code will define the inspection requirements)

Overhead Maintenance

Maintain system to P. R. R. standard or better in responding to calls

Underground Maintenance

Maintain system to P. R. R. standard or better in responding to calls

Inspection

Provide inspection reports for switches, vaults (3 year rotation), and poles (10 year rotation)(NOTE Distribution Code will define the inspection requirements this may increase staff)

Emergency Response

Emergency response will be in accordance to P.B.R. Guidelines

Transformer Installation and Repair

Maintain voltage ranges to customer to CSA standards (NOTE Distribution Code will

define the inspection requirements this may increase staff)

Service Installations

Installations will be made to P.B.R. requirements

Service Repairs

To P.B.R. requirements

Relocation Work

Perform work to P.B.R. requirements and general utility standards

PCB Management

All activity to within the Ministry of Environment and energy guideline.

Billable Work

Perform work to P.B.R. requirements and general utility standards

Customer Relations

To P. B. R. requirements

Supervision

To meet or exceed Ministry of Labour's and EUSA requirements. To meet OEB requirements

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Base cost to contain only wages and benefits plus training

Overtime for trouble calls will be on an hourly basis

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Total Cost \$892,835

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires

Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable

(f) Totals

Add item (B) to item (E): \$892,835

Schedule 2
(Attach additional pages as needed)

1. NAME OF SERVICE: VEHICLES

2. FULL DESCRIPTION OF THE SERVICE:

Maintaining and fueling vehicles owned by the Wires Company as necessary to complete all maintenance and construction work as required to maintain service for Brantford Power

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

All costs of operating Vehicles will be charged out at an hourly basis

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Total Estimated Cost \$324,600.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

All cost for the maintenance of the fleet are included in the hourly rate.

(e) Describe and estimate the out of pocket expenses or

disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E):\$324,600.00

Schedule 3
(Attach additional pages as needed)

1. NAME OF SERVICE: **Electrical Engineering Services**

2. FULL DESCRIPTION OF THE SERVICE:

ADMINISTRATIVE SERVICES

- (a) Maintain engineering files and records, both digital and hard copy;
- (b) Installation, support and licensing of the following engineering software;
 - MicroStation 4 licenses
 - FRAMME 4 licenses
 - FRAMME Knowledge-based tools/nucleus 1 license
 - Oracle SQL Plus 1 license
 - Oracle8 8 licenses
 - InterPlot server 1 license
 - InterPlot client 1 license
 - DESS 1 license
- (c) Prepare and track the engineering budget and capital construction budget from concept to final estimates;
- (d) Review and comment on plans for proposed developments submitted by property owners and the City of Brantford Planning Department and other agencies;
- (e) Review and comment on plans for proposed new electrical services, over 150kVA, submitted by property owners;
- (f) Plan revisions and extensions to the electrical distribution system.

DESIGN SERVICES

- (a) Plan, design and supervise the installation of all new electrical plant and equipment related to capital and operations work.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

The above services will be provided in an expedient manner and according to OEB codes and PBR standards.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration:

One hundred percent of department costs.

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$303,816 per year. This does not include CPP, Employment Insurance, Health Tax and OMERS payments.

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (**X**)

No ()

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

CAR ALLOWANCE	\$2,000
PHOTOCOPYING COSTS	\$1,200
PHOTOGRAPHY & SUPPLIES	\$50
OFFICE SUPPLIES	\$8,000
BOOT/UNIFORM PURCHASES	\$200
TECHNICAL PUBLICATIONS	\$200
TRAINING/EDUCATION	\$6,000
SOFTWARE PURCHASES	\$2,000
CONTRACTED EQUIP. MTCE	\$27,000
CONTRACT LABOUR	\$14,000
RENTAL FEES	\$9,500
MEMBERSHIP DUES	\$1,000
MEALS	\$600
TOTAL	\$71,750

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Consulting fees for the planning and design of capital projects over and above the current capital budget amount. There are no charges anticipated for 2000.

- (f) Totals

Add item (B) to item (E): \$ 303,816

SCHEDULE 4
(ATTACH ADDITIONAL PAGES AS NEEDED)

1. NAME OF SERVICE: Dispatch

2. FULL DESCRIPTION OF THE SERVICE:

Provide radio dispatch service and necessary record-keeping for customer service needs during normal working hours.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

In accordance with established policy and procedures

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Complete recovery of all costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$50,000 (Full cost of one full time employee in 2000)

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$50,000

Schedule 5
(Attach additional pages as needed)

1. NAME OF SERVICE: METER DATA MANAGEMENT AGENT

2. FULL DESCRIPTION OF THE SERVICE:

- Read all embedded generation using MV90 Standard
- Provide, maintain, administer and operate MV90 or similar software
- Provide standard (MVRS and MV90) file formats for all scheduled readings for import into utility's CIS/billing package, retail settlement package or service, and posting as required for retailer access.
- Provide Verified, Edited or Estimated readings to the utility's CIS/billing package, retail settlement package or service, and posting as required for retailer access.
- Maintain backup copies for the periods scheduled by the utility.
- Ensure compliance with all OEB and PBR requirements.
- Provide all supervision and management functions
- Provide all required equipment and supplies for employees
- Provide safety training and monitoring
- Provide regular reports to utility management.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED

- Meter readings to be accurate to reasonable industry standards
- Service provided to the schedule set out by the LDC to reasonable industry standards.
- All OEB codes to be met .
- All Measurement Canada rules to be met.
- Services of an MDMA as set out in the retail technical panel volume 4 report to be adhered to as they become OEB code or legislation.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration: **Actual Labour and benefit cost.**

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Labour	\$67,831
Supervision	\$ 7,598

Total \$75,429

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Material	\$ 2,900
Training	\$ 8,000
Software	\$ 9,000
Facilities	\$21,250

- (f) Totals

Add item (B) to item (E): \$ 116,579

Note Bal of \$17,224 to Retail Settlement Schedule 30

Schedule 6
(Attach additional pages as needed)

1. NAME OF SERVICE: METER CORPORATION OF THE CITY OF BRANTFORD MSP

2. FULL DESCRIPTION OF THE SERVICE:

- Provide qualified Meter Technicians
- Install/remove all residential electric meters
- Install/remove all General Service Meters
- Install/remove all Data recorders
- Install/remove CT and PT and prepare meter installations
- Provide technical advise on the procurement of all meters required by the LDC.
- Maintain, verify or re-verify all meters according to schedule.
- Maintain the appropriate meter database as required by Measurement Canada, OEB or LDC.
- Identify all meters that have malfunctioned and assist in the corrective actions required
- Recommend to LDC management any technological advances that should be implemented at the LDC to comply with all rules and regulations set out by Measurement Canada or other legislation.
- Test or have tested all meters according to general accepted principals for an LDC meter shop as set out by the MEA courses for Meter Technicians
- Provide technical assistance to customers and consultants on meter installation requirements.
- Provide regular reports to LDC management
- Provide management and supervision
- Provide safety training and ensure all employees work to EUSA safety Standards
- Provide required insurance
- Provide necessary vehicles and equipment of a general nature
- Meet any PBR requirement set out by LDC
- Promote public safety and awareness using external communication

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED

- Meter readings to be accurate 99%
- Service provided to the schedule set out by the LDC 99.% of the time.
- All OEB codes to be met.
- All Measurement Canada rules to be met .
- Meters to be purchased using industry standards including

MEA, EUSA , CSA and UL.

- Supply and testing to meet LDC schedule and OMB PBR requirements.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration: **Actual Labour and benefit cost.**

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

Labour	\$137,047
Supervision	\$ 30,390
Total	\$167,437

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Material	\$ 4,400
Contract	\$10,000
Truck Time	\$37,440
Total	\$51,840

- (f) Totals

Add item (B) to item (E): \$ 219,277

Schedule 7
(Attach additional pages as needed)

1. NAME OF SERVICE: TREE TRIMMING

2. FULL DESCRIPTION OF THE SERVICE:

Trim trees to insure that hydro line are clear of any obstruction. The hydro lines will be cleared of any tree contact.

Provide supervision and control to insure that proper clearances are maintained

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

The city will be cleared on a rotational basis once every three years.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Base cost to contain only wages and benefits plus training
Overtime for trouble calls will be on an hourly basis

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Total Cost \$2,800.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires

Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

This service will be performed for a flat fee of \$204,015.00 for the year 2000 to be paid on a monthly basis of \$17,042.92

The price will be requoted each year

- (f) Totals

Add item (B) to item (E):\$206,815.00

Schedule 8
(Attach additional pages as needed)

1. NAME OF SERVICE: LINE LOCATE

2. FULL DESCRIPTION OF THE SERVICE:

Provide line locate to all requests for line locates within the city of Brantford

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Locates will be done to meet the OEB PBR requirements

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Base cost to contain only wages and benefits plus training
Overtime for trouble calls will be on an hourly basis
Also the cost of the City Locate service from engineering

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Total Cost \$76,000.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires

Company:

Cost of the City Engineering department locate costs

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$76,000.00

SCHEDULE 10
(Attach additional pages as needed)

1. NAME OF SERVICE: MEETING MANAGEMENT SERVICES

2. FULL DESCRIPTION OF THE SERVICE:

Provision of a Corporate Secretary to the Wires Company.

Preparation and distribution of agendas

Take minutes of board meetings

Minute preparation, distribution and retention

General administrative support to Board members including correspondence, reports, bookings and other related tasks arising from board meetings

Provision of suitable meeting room accommodations including a conference table and seating for Board members and other attendees

3. STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

Agendas will be prepared and distributed ten working days prior to meetings

Minutes will be prepared and distributed within five working days following the meeting

Minutes and all related documentation will be retained in secured storage

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Calculated on a per meeting basis with the average meeting time as 2.5 hours including provision of facilities and security services

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$13,200 [at an estimated 22 meetings per year]

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Costs for meals and refreshments

\$5000.00

Travel expenses for directors

- (f) Totals

Add item (B) to item (E): \$ 18,200

SCHEDULE 11
(Attach additional pages as needed)

1. NAME OF SERVICE: RECORDS MANAGEMENT SERVICES

2. FULL DESCRIPTION OF THE SERVICE:

Provision of records management services using records management software to:

Maintain file plans and retention schedules

Transfer and store of inactive records

Destroy records

Retrieve and deliver inactive records

Train records coordinators and other records service users

Customize reports

3. STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

File plans and retention schedules reviewed with Records Coordinator and revised annually

Includes annual file generation

Transfer and storage of records:

Transfers to storage including on-site processing but excluding packing and transportation on an annual basis

Secured transportation and storage of inactive records

Provision of storage equipment and supplies

Destruction of records

Secure and confidential destruction of records on an annual basis

Certification of records destruction provided

Records are destroyed in accordance with records retention schedules and only upon review and approval of the originator

Records retrieval services

Retrieval, delivery and refiling of records from inactive storage during normal working hours and within 24 hours of receiving the request

Rush services within one hour of receiving the request during normal working hours provided on as required basis

Rush services within one hour of receiving request outside of normal working hours provided on an as required basis

Training

Records coordinator training including records management procedures [file plan maintenance, transfer and destruction

procedures, records retrievals, report and label production], software training and follow-up support provided for each new record coordinator

General services users to request and retrieve records as required and upon request

Documentation provided

Preparation of customized reports including customized label formats as requested

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration:

Percentage of total records holdings calculated on a per record basis; assumes that Hydro records will comprise 15 percent of records holdings

all implementation and conversion work will be completed prior to assuming provision of services

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$18,000

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No (x)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Transportation and car allowance

Software support

Storage supplies

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation

set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Records destruction services	\$240.00
Records retrieval services outside of standard service levels	\$100.00
Storage space and equipment	\$575.00
	<hr/>
	\$915.00

(f) Totals

Add item (B) to item (E): **\$18,915.00**

SCHEDULE 12
(Attach additional pages as needed)

1. NAME OF SERVICE: General Mail Services

2. FULL DESCRIPTION OF THE SERVICE:

Provision of mail and courier services excluding invoice mailings and including pick-up or receipt, processing, distribution and delivery; includes daily pick-up and delivery to and from the Post Office and among 84 Market Street, 100 Wellington Square and 50 Wellington Street work locations

3. STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

Pick-up and delivery to and from the Post Office	Daily
Delivery to work locations	Daily by 10:00 a.m.
Pick-up from work locations	Daily by 3:30 p.m.

All mailings will be processed by the end of the working day on which they have been received

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Percentage of functional operating units utilizing general mail services with Hydro utilizing 5 percent of general mail services and 30 percent of inter-office mail delivery costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$2,700

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Equipment lease and maintenance costs
Transportation and car allowance
Operating supplies

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$2,700.00

Schedule 13
(Attach additional pages as needed)

1. NAME OF SERVICE: Insurance & Risk Management Services

2. FULL DESCRIPTION OF THE SERVICE:

Placement and management of: (a) Liability and Property Insurance; (b) Directors and Officers liability insurance providing coverage for the directors of the Wires company; (c) insurance claims administration and adjusting services; (d) assistance to the Board of Directors in the development of risk management procedures

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- City of Brantford to be an additional named insured on all policies where such coverage is available.
- Liability and property insurance will be obtained with the level of coverage to be determined by the Board of Directors. The City Clerk shall provide in consultation with the Insurance Company(s) shall provide advice and assistance to the Board in connection with such policy limits.
- Claims administration will be undertaken by the City Clerk or his or her designate
- Adjusting Services for Claims will be provided when necessary
- timely updates on matters of risk management, events, and occurrences

6. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

- Actual insurance premiums and actual payments made for insurance claims under the deductible and actual insurance claims adjusting costs all plus 10% for administration of insurance program including the provision of risk management Services as required

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$90,000

(c) Are out of pocket expenses or disbursements included in the

basic level of compensation described in A and B above?

Yes (x)

No ()

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses, disbursements, or capital costs are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

The formula used includes an administrative fee of 10% of the cost of insurance premiums, payments of claims under the deductible and related expenses such as claim adjusting services. The insurance companies or adjusters expenses would be included.

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

No additional expenses contemplated for 2000. The only real variable in the provision of insurance is the amount of claims under the deductible on the property insurance side.

- (f) Totals

Add item (B) to item (E): \$90,000

Schedule 16
(Attach additional pages as needed)

1. NAME OF SERVICE: REMITTANCE PROCESSING

2. FULL DESCRIPTION OF THE SERVICE:

- Processing of all payments, including opening/sorting mail, data capture, encoding and preparing deposit.
- Providing cashiering services at 50 Wellington St. from 8:30-4:30.
- Daily reconciliation of monies collected to system records.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All payments will be posted the day they were received.
- Bank deposits to be made daily.
- Reconciliation of posted amounts and cash received daily and monitored for errors.
- All payment investigations to be done on a timely basis.
- Payment types to be accepted are Visa, MasterCard, Interac, Cash, cheque, telebanking and bank payments.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration:

Assumptions -60% of department costs for providing this service are considered costs associated with the processing of Hydro Payments

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$47,378

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()
No (X)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

- (f) Totals

Add item (B) to item (E): \$ 47,378

Schedule 17
(Attach additional pages as needed)

1. NAME OF SERVICE: BILL DESIGN, PRINTING, INSERTING AND MAILING INVOICES

2. FULL DESCRIPTION OF THE SERVICE:

- Design of a customer driven bill and collection notices.
- Printing of all monthly bills and notices for existing customer base of 33,000
- Inserting and preparing bills/notices for mailing including up to 3 additional inserts and business return envelopes and delivery to post office, including postal charges, at 2000 rates.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All mail will be delivered to Canada Post daily
- Mailing addresses will be verified for address accuracy
- Bills will be responsive to the customers' needs and will conform with the requirements of the Regulator.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Assumption: 60% of department costs for providing this service are attributable to the collection of Hydro accounts.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$79,004

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires

Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Postage	\$105,600
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Total cost	\$105,600
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(f) Totals

Add item (B) to item (E):\$184,604

Schedule 18
(Attach additional pages as needed)

1. NAME OF SERVICE: **COLLECTION SERVICES**

2. FULL DESCRIPTION OF THE SERVICE:

- Notify customers of overdue payments by telephone, mail and continue notification processes until payment is received or discontinuation of services, for consumer and miscellaneous receivable accounts.
- Field Collection Services to obtain payment, notify of impending disconnection, and disconnection of hydro services when payment is not received.
- Recommend and co-ordinate legal actions where payment is not received.
- Trace and locate debtors on final accounts.
- Administer the contract and co-ordinate services with the Credit Bureau and external Collection Agency.
- Maintain accurate system records on all collection activity.
- Collect deposits and/or other forms of security as required by the policies of Hydro Corporations.
- Report on collection activity as required.
- Recommend Collection Policies to reduce bad debts.
- Recommend accounts to be written off. The LDC will assume the expense of bad debt write-offs.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Ensure regulations of our Regulator and/or Standards Application of Rates are followed.
- Ensure the collection and deposit policies of the Hydro Corporations are followed.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration:

Assumptions -60% of department costs for providing this service are attributable to the collection of Hydro accounts.

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$139,170

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Specialized Services	5100
Extend Communication	
Collection Charges	18000
total	23,100

- (f) Totals

Add item (B) to item (E): \$162,270

Schedule 19
(Attach additional pages as needed)

1. NAME OF SERVICE: CUSTOMER SERVICES
2. FULL DESCRIPTION OF THE SERVICE:
 - Calculation of monthly bills for existing customer base of 33,000 customers.
 - Answer all customer enquiries including inquiries regarding bill calculation, type and cost of services offered, high consumption and power outages, during the hours of 8:30 and 4:30.
 - Provide for over the counter service at 50 Wellington Street, between the hours of 8:30 and 4:30.
 - Handle all customer requests for connection and disconnection of services, roll-outs, and spot services.
 - Handle all customer complaints.
 - Ensure proper update of CIS system of all information, concerning, rate, consumer, location and retailer information.
 - Provide after hours answering service to dispatch emergency calls. After hours emergence call centre operation in the case of a major outage to be billed separately at a cost of \$40 per hour per individual as required.
 - Monitor and report on telephone accessibly, appointments and written responses to inquiries as required by the OEB to meet the Performance Based Regulations.
 - Promote policies, and programs which encourage high levels of service.
 - Notification to retailers of changes in customer accounts.
3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:
 - Maintain high levels of customer satisfaction.
 - Ensure Performance Based Regulations are met.
 - Enforce the Standard Application of Rates and/or policies of our Regulator are followed.
 - Ensure all accounts are billed monthly as per schedule.
4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:
 - (a) Basis of Calculation. Theory or formula used to determine remuneration:

Assumption: 60% of department costs for providing this service are

attributable to the servicing of Hydro customers.

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$292,044

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Postage \$1,800

Specialized Services \$5,100

Total cost \$6,900

- (f) Totals

Add item (B) to item (E): \$298,944

Schedule 20
(Attach additional pages as needed)

1. NAME OF SERVICE: METER READING

2. FULL DESCRIPTION OF THE SERVICE:
 - Read all residential and commercial meters except interval meters.
 - Handle all customer complaints regarding incorrect readings or performance of meter readers.
 - Provide meter reading software and system.
 - Read all residential electric meters according to schedule using MVRs handheld provided by utility.
 - Read all General Service meters and reset demand meters according to schedule using MVRs handheld provided by utility.
 - Read all General Service or residential electric telemeters according to schedule using MV90 software.
 - Read all wholesale meters using MV90 Standard

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:
 - Ensure that all readings are obtained as per schedule of the Corporation.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:
 - (a) Basis of Calculation. Theory or formula used to determine remuneration:

Assumption. 60% of department costs for providing this service are considered costs associated with the processing of Hydro Payments.

 - (b) Estimate for the year 2000 based on the application of the basis of calculation:

\$144,028

 - (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()
No (X)

 - (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all

other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

- (f) Totals

Add item (B) to item (E):\$144,028

Schedule 21
(Attach additional pages as needed)

1. NAME OF SERVICE: Telephone Services

2. FULL DESCRIPTION OF THE SERVICE:

Provision of the necessary telephones for all staff involved in hydro services, including required telephone lines, voice mail where necessary, and specialized telephone equipment (i.e. headsets) for customer service personnel as may be required.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

A fully functional telephone system with voice mail will be provided including system support and repair. The telephone system will be administered by the City Clerk's Division of the Corporate Services Department of the City.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

- Actual cost of all telephone lines used exclusively for hydro operations
- Pro rated share of the cost of telephone lines used for both hydro and city operations
- Cost of telephone systems including telephone sets and other system components based on a pro rated share of the Overall system cost. In 2000, this share will be based on a full time equivalency of 61 for the staff involved in the hydro operation.
- Telephone system support and administration will be provided by the City Clerk's Office for 10% of the above costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$54,056

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()
No (x)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

No anticipated out of pocket expenses, disbursements or capital costs at this time.

Add item (B) to item (E): \$54,056

Schedule 22
(Attach additional pages as needed)

1. NAME OF SERVICE: ENERGY MANAGEMENT/DIVERSION OF POWER

2. FULL DESCRIPTION OF THE SERVICE:

Provide energy management advise to customers and staff.
Inform LDC management of energy management trends and recommend programs
Perform, Manage and Investigate Energy misappropriation providing the LDC with a proper Theft of Energy Program.
Provide Customer Education including education in the schools

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED

Maintain diversion programs in accordance with industry standards.
Maintain evidence to prosecute to the full extent of the law.
Meet all OEB, LDC or Ministry guidelines for Customer Education.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration: **Actual Labour and benefit cost.**

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Labour	\$21,926
Total	\$21,926

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Advertising	\$,65,000
Total	\$65,000

- (f) Totals
Add item (B) to item (E): \$ 86,926

Schedule 23
(Attach additional pages as needed)

1. NAME OF SERVICE: Customer Relations, Administration
and Marketing

2. FULL DESCRIPTION OF THE SERVICE:

Administration, customer relations, and marketing for all Hydro functions not covered in other schedules.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Full recovery of labour and benefits

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$197,100

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the

amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Mileage	\$	2,200.00
Photocopy	\$	600.00
PR	\$	2,100.00
Postage	\$	500.00
Office Supplies	\$	5,500.00
Technical Pub	\$	600.00
Conference & Training	\$	6,000.00
Service Contract	\$	10,000.00
Advertising	\$	200,000.00
Memberships	\$	1,000.00
Total	\$	229,500.00

(f) Totals

Add item (B) to item (E): \$ 423,400

Note: Includes \$11,800 from old marketing budget

Schedule 25
(Attach additional pages as needed)

1. NAME OF SERVICE: Accounts Payable Processing

2. TO WHOM PROVIDED: (x) BRANTFORD POWER INC. (WIRES)
(x) BRANTFORD HYDRO INC. (RETAIL)
(x) BRANTFORD ENERGY INC. (HOLDING)

3. CORPORATION OF THE CITY OF BRANTFORD: THE CORPORATION OF THE CITY OF BRANTFORD

4. FULL DESCRIPTION OF THE SERVICE:

Accounts payable processing

5. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Invoices are paid within their due dates. Discounts should be taken when possible. Bank reconciliations should be completed on a timely basis.

6. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$53,183

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

- (f) Totals

Add item (B) to item (E): \$53,183

Schedule 26
(Attach additional pages as needed)

1. NAME OF SERVICE: Payroll Functions

2. FULL DESCRIPTION OF THE SERVICE:

Payroll functions.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Employee(s) paid/filings (WSIB, Rec. General &c.) all done on a timely basis. Bank reconciliations completed to support financial statements.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$17,939

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$17,939

Schedule 27
(Attach additional pages as needed)

1. NAME OF SERVICE: Miscellaneous Accounts Receivable Administration

2. FULL DESCRIPTION OF THE SERVICE:

Miscellaneous (non-consumer) accounts receivable administration

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Billings completed twice per month

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$8105

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$8105

Schedule 28
(Attach additional pages as needed)

1. NAME OF SERVICE: Financial Statement Preparation

2. FULL DESCRIPTION OF THE SERVICE:

Financial Statement Preparation

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Quarterly statements presented to the Board on a timely basis. The audited financial statements to be completed on a timely basis.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of direct costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$106,657

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (X)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Audit Fees. Estimated for 2000 at \$13,500

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$106,657

Schedule 29
(Attach additional pages as needed)

1. NAME OF SERVICE: Other Financial Services

2. FULL DESCRIPTION OF THE SERVICE:

Other financial services including rate applications, budgets, reports to the regulator and others as needed

Includes provision of a Treasurer to the Wires Company, which Treasurer shall either be or shall report to and receive direction from the Treasurer of the City.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

All rate applications/budgets and submissions will be prepared in accordance with the requirements of the regulator and the Boards of Directors.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of costs

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$14,605

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

Add item (B) to item (E): \$14,605

Schedule 29 (B)
(Attach additional pages as needed)

1. NAME OF SERVICE: Treasury Services

2. FULL DESCRIPTION OF THE SERVICE:

Treasury services including financial systems integrity, internal controls, investment and banking administration and policy, cheques and disbursement of funds, financial management and analysis, payroll and accounting administrative functions, purchasing services and policy and hydro collection administrative services.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

All treasury services to be provided to standards in accordance with city policy and those of the regulator and Boards of Directors.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

7. Basis of Calculation. Theory or formula used to determine remuneration:

Brantford Power shall pay 90% of the total actual salary and benefit costs of city staff required to perform said functions that related to Wire company activities, as well as the direct city costs of providing these functions plus shall pay a 10% overhead on the 90%.

8. Estimate for the year 2000 based on the application of the basis of calculation:

90% of actual treasury services costs relating to Wires company (90% of \$188,864) = \$169,977 plus 10% overhead (\$16,998) = \$186,975

9. Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

10. If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires company:

Not applicable

11. Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable

12. Totals

Add item (B) to item (E): \$186,975

Schedule 30
(Attach additional pages as needed)

1. Name of Service: Retail/Wholesale Settlement

2. Full Description of the Service:

Retail Settlement

Receive inputs from MDMA, IMO,

Operate and maintain the Retail Settlement System to meet the billing requirements of the Corporation, OEB and Retailers

Meet timelines established by Corporation, OEB, Retailers

Supply and maintain a modern settlement system or service

Retain and Maintain required records

Provide supervision and Management

3. Standard(s) to which the Service will be provided:

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration: **Actual Labour and benefit cost.**

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Labour	\$17,224
Total	\$17,224

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Totals

(g) Add item (B) to item (E): \$17,224

Schedule 31
(Attach additional pages as needed)

1. NAME OF SERVICE: Use, acquisition and amortization of Property

2. FULL DESCRIPTION OF THE SERVICE:

Buildings, property, equipment, or other depreciable assets used by the City to provide services to a Wires Company.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

As required, where required.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

The City will recover the cost of acquisition, cost of operation, scheduled replacement costs and depreciation expense on its buildings, property, and equipment, or other assets in direct proportion to the use attributable to the Wires Company.

Unless explicitly provided for in another Schedule in respect of a particular Service, recovery of such costs shall be in addition to the base amounts set forth in any Schedule for the payment of remuneration for particular services.

The exact amounts recovered in particular years shall depend upon the circumstances of those years, the quantities of goods acquired, operated, or depreciated, and other relevant factors as set forth in the annual budgets for the wires, retail, and holding company, as prepared for those companies pursuant to this agreement. Whether the recovery occurs in a lump sum or over time, or through other means, shall be determined in accordance with generally recognized accounting and financial principles, as reasonably applied from time to time as the City shall determine.

Schedule 32
(Attach additional pages as needed)

1. NAME OF SERVICE: Capital Services

2. FULL DESCRIPTION OF THE SERVICE:

Labour, equipment and applicable materials to perform capital projects, the result of which will be to produce capital assets owned by the Wires Company.

Labour and equipment to perform capital projects, the result of which will be to produce capital assets owned by the City but used in whole or in part for the benefit of the Wires Company.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

While the staff levels maintained by the City permits a portion of that staff to be utilized for normal operating functions and for the performance of capital projects, the exact amount of in-house labour available to perform such capital projects will vary from time to time because of workload issues and other pertinent factors.

City staff will make appropriate recommendations to the Wires Company from year to year and from time to time with respect to the capacity of City staff to undertake projects on an in-house basis, and which projects (or which portions of projects) will need to be performed by outside forces under contract to the Wires Company. Where such outside forces are contracted by a Wires Company, City staff shall provide contract administration and management services in connection with such contracts to the Wires Company.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF
BRANTFORD

Full recovery of all costs
Estimated at \$792,257 for 2000

Schedule 33
(Attach additional pages as needed)

1. NAME OF SERVICE: Inventory & Distribution - Stores

2. FULL DESCRIPTION OF THE SERVICE:

- Maintain inventory levels to satisfy hydro operations and engineering needs.
- distribution of materials and costs to hydro operations as released
- reconciliation of physical count v. book value

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- sufficient inventory levels to meet operating and emergency needs as required
- keep \$ value at a reasonable and manageable level

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

100% of cost of storeskeepers + 50% cost of supervisor + 60% cost of misc. operating expenses

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$150,000.

In 2000, there are two storeskeepers and one supervisor.

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Operating expenses such as freight, photocopier, office supplies, forms printing, maintenance. Actual total costs will be billed resulting in the

above fee being adjusted.

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable

(f) Totals

Add item (B) to item (E): \$ 150,000.00

Schedule 34
(Attach additional pages as needed)

1. NAME OF SERVICE: Purchasing - Hydro Stores

2. FULL DESCRIPTION OF THE SERVICE:

- provide purchasing needs for stores & inventory
- provide purchasing needs for hydro operations external to stores

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- timely purchasing and delivery to satisfy needs and maintain inventory levels

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:
50% cost of Supervisor and 40% cost of miscellaneous operating expenses.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$39,545.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (X)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Operating expenses such as office supplies, fax, photocopier, telephone, printing. Only actual expenses will be billed, resulting in the above fee being adjusted.

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable

(f) Totals

Add item (B) to item (E): \$ 39,545.00

Schedule 38
(Attach additional pages as needed)

1. NAME OF SERVICE: IT SERVICES

2. FULL DESCRIPTION OF THE SERVICE:

Installation and maintenance of all hardware including desktops, servers, and mainframes necessary for ongoing operations.
Installation, support, and licensing of all software applications.
Provision of network, email, and Internet access.
Programming support for custom applications. This includes design/implementation of new development as well as maintenance of current modules.
Database installation, support and licensing.
Security: Nightly, weekly, and monthly backups. Firewall. Maintenance of employee profiles, access rights, and permissions.
Technical guidance for meetings, committee's and projects.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- (g) Hardware, Software, Database, Communications Availability
Available 24 hours a day 7 days a week except for scheduled backups, maintenance, month end and year end procedures.

Problem Resolution

Priority 1 - Hardware, software, database, or communication failure which causes 1 person to be unable to carry out their main job function. An ITS support technician will respond within 1 working day.

Priority 2 - Hardware, software, database, or communication failure which causes 1 person to be unable to carry out their main job function. An ITS support technician will respond within 1 working day.

Priority 3 - Problems which do not cause an employee to be unable to carry out their main job functions are logged, prioritized and dealt with as soon as possible, depending on the availability of staff due to number of priority 1 and priority 2 problems.

Programming Requests

All programming requests are submitted to ITS and logged and prioritized. Small requests are handled on a combined priority and FIFO basis. Large requests are prioritized and scheduled after discussion at the ITS Steering Committee.

New Hardware Purchases

Hardware will be purchased twice a year, once in the spring and gain in the fall. Desktop pc's and laptops will be replaced every three years during one of these purchases.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (A) Basis of Calculation. Theory or formula used to determine remuneration:

Charges are calculated by including

All hardware, software, labor, computer maintenance, and licenses used 100% by whom the services are provided to.

A percentage of the total CORPORATION OF THE CITY OF BRANTFORD network costs. The network percentage is calculated by the number of network users dedicated on work for which the services are provided divided by the total number of network users of the CORPORATION OF THE CITY OF BRANTFORD.

(B) Estimate for the year 2000 based on the application of the basis of calculation:

$$595,000 + 765,500 * 13\% = \$694,515$$

(C) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (x)

(D) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are not included in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(E) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Capital projects will be submitted each year and charged accordingly.

(G) Totals

Add item (B) to item (E): \$ 694,515.00

Schedule 41
(Attach additional pages as needed)

1. NAME OF SERVICE: REAL ESTATE - ACQUISITION & DISPOSITION
OF REAL PROPERTY

2. FULL DESCRIPTION OF THE SERVICE:

Estimate value, obtain appraisals, declare surplus, negotiate, receive appropriate approvals and ensure closings for any required purchases on fee simple or easements.

Negotiate the sale of any surplus properties through tender or listing.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Services available on request of Brantford Power Inc. Service requirements expected to be minimal due to the fact that most plant is located within municipal road allowances.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

The Wires Company should pay on the basis of time, to be reckoned on the basis of budgetary salary and benefits of staff performing services divided by 33.75 and multiplied by the number of hours spent on the activity.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Limited. Probably not more than \$1000.00.

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the

basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Title Searches to properties, appraisals, registration costs, preparation of reference plans. Expenses could equal item (a) costs or be higher. If an appraisal or reference plan is required for a particular acquisition, allow at least \$3000.00 per transaction.

- (f) Totals

Add item (B) to item (E): \$ Not determinable

Schedule 42
(Attach additional pages as needed)

1. NAME OF SERVICE: Real Estate - Charges for use of property and Property Management

2. FULL DESCRIPTION OF THE SERVICE:

All aspects of Property Management relating to 50 Wellington Street, 84 Market Street, 100 Wellington Square, including janitorial, elevator, mechanical, electrical, plumbing, security systems, window cleaning, mats, pest control, fire plans.

Project management for renovations and mechanical replacement.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Available during normal office hours and on call 24 hours a day, 7 days a week.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

The Wires Company will absorb that portion of the costs of property management relating to each of the named buildings in proportion to the extent to which its functions are housed in that building, plus a 4% administrative expense.

The Wires Company will pay for capital costs which are in the nature of leasehold improvements on a full cost recovery basis. The Wires Company will pay for other capital costs through increased annual fees in the nature of rent.

The exact amounts recovered in particular years shall depend upon the circumstances of those years, the quantities of goods acquired, operated, or depreciated, and other relevant factors as set forth in the annual budgets for the wires, retail, and holding company, as prepared for those companies pursuant to this agreement. Whether the recovery occurs in a lump sum or over time, or through other means, shall be determined in accordance with generally recognized accounting and financial principles, as reasonably applied from time to time as the City shall determine.

(b) Estimate for the year 2000 based on the application of the basis of

calculation:

- (i) 50 Wellington Street. \$15,000 for year 2000 (12% of \$125,000) plus 4% administration expense for total cost in 2000 of \$15,600.

50 Wellington Street. 12% of the Capital Budget for 2000. 12% of \$50,000 = \$6,000.00

- (ii) 84 Market Street. 60% of Direct Costs plus 4% administration expense for a total estimated costs in 2000 of \$65,520 (\$63,000 plus \$2,520)

84 Market Street. 60% of the Capital Budget for 2000. 60% of \$325,000 = \$195,000.00

- (iii) 100 Wellington Square. 5% of direct costs plus 4% administration expense for a total estimated costs in 2000 of \$16,600)

Total of (i), (ii) and (iii) = \$298,720

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

- (f) Distribution of Remuneration

- 80% of costs identified in this Schedule to be apportioned to Wires Company

- (g) Totals

Add item (B) to item (E) X (F) Factor: 80% of \$298,720

Schedule 43

(Attach additional pages as needed)

1. NAME OF SERVICE: Stores/Dispatch Building Costs
2. FULL DESCRIPTION OF THE SERVICE:
 - Cost of providing building/facility for stores, dispatch and hydro operations
3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:
 - sufficient to house and provide necessary services
4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:
100% of total budgeted cost.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

\$85,000.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (X)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Utilities, property maintenance, snow removal, janitorial. It is noted that the actual costs will be billed, resulting in adjustment to the above fee.

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable.

(f) Totals

Add item (B) to item (E): \$85,000.00

Schedule 46
(Attach additional pages as needed)

1. NAME OF SERVICE: Legal Services

2. FULL DESCRIPTION OF THE SERVICE:

Basic legal representation and advice only. Consultants and outside solicitors engaged as deemed necessary by City Solicitor, but supervised and instructed by City lawyers.

Also provides in-house legal representation and advice to municipal departments which perform hydro services, whether directly or indirectly.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Basic legal services to an extent consistent with a small in-house department, on an as-needed basis. Matters which can be resolved quickly and require a minimum of research will be handled entirely in-house. Most other matters will be referred to outside solicitors with supervision performed by City lawyers.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

The Wires Company will reimburse the City for a reasonable proportion of the City's legal budget on a retainer basis.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

90% of 10% of the City legal budget (90% of 10% of \$281,379.80) for 2000, for a total of \$25,324.18.

Note: Legal Budget has been adjusted to remove salary and benefits of Commissioner of Corporate Services which are included in Schedule 53.

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()
No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not determinable

(f) Totals

Add item (B) to item (E): \$25,324.18

Schedule 49
(Attach additional pages as needed)

1. NAME OF SERVICE: Human Resources Services
2. FULL DESCRIPTION OF THE SERVICE:
- Services will be supplied in respect of City employees performing hydro-related services.
 - Payroll and benefit management. Salary Administration & Pay equity
 - Labour Relations management. Collective agreement administration and dispute resolution. Collective agreement negotiation
 - Health and Safety. OSHA compliance. Injury and loss prevention. WSIB management including modified work programme.
 - Employment Services. Job Descriptions and job evaluations. Recruitment, interviewing, selection.

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Consistent with service level provided to all City departments.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

- (a) Basis of Calculation. Theory or formula used to determine remuneration:

Wires Company shall reimburse the City for a proportionate share of the budget of the Human Resources Department of the City. This proportion shall be calculated by multiplying the operating budget for the Human Resources Division of the Corporate Services Budget against the quotient obtained when the number of hydro-related FTEs is divided by the number of FTEs for all City operations.

- (b) Estimate for the year 2000 based on the application of the basis of calculation:

Calculation proceeds on the assumption that there are 61 hydro-related FTEs within the City operations, and that the total number of FTEs in all City operations is 1000. Estimate is therefore \$34,418.34

- (c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

- (d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not estimable

(f) Totals

Add item (B) to item (E): \$ 34,418.34

Schedule 52
(Attach additional pages as needed)

1. NAME OF SERVICE: Miscellaneous Services

2. FULL DESCRIPTION OF THE SERVICE:

Miscellaneous services, not specified as services in any schedule, but provided to any of the foregoing at their request and upon the agreement of the City.

5. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Good and workmanlike standard.

6. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

City's full cost of providing the service, plus 10%.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Not applicable. By definition, these are services which were not estimated.

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Not applicable

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

Not applicable. This Schedule covers varieties of
service which were not estimated.

(f) Totals

Add item (B) to item (E): Not applicable

Schedule 53
(Attach additional pages as needed)

1. NAME OF SERVICE: Senior Management Services

2. FULL DESCRIPTION OF THE SERVICE:

Senior Management Services not necessarily included within any other service schedule. Includes but is not limited to:

- Services of Commissioner of Corporate Services
- Services of Chief Administrative Officer of the City

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

As required, when required.

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

- 16% of the salary and benefits of the Commissioner of Corporate Services
- 5% of the budget of the CAO of the City.

(b) Estimate for the year 2000 based on the application of the basis of calculation:

CAO component (5% of \$194,404) + Commissioner of Corporate Services Component (16% of \$107,481) = \$26,917.16

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes ()

No (X)

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

(e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

(f) Distribution

(g) Totals

Add item (B) to item (E): \$26,917.16

Schedule 54

(Attach additional pages as needed)

1. NAME OF SERVICE: MANAGEMENT ADMINISTRATION

2. FULL DESCRIPTION OF THE SERVICE:

Management and administrative services and support

- switchboard
- file
- identify projects
- project priority

Provide professional engineer for design, approval, equipment review and approval, and system analysis and recommendations

3. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

4. REMUNERATION PAYABLE TO THE CORPORATION OF THE CITY OF BRANTFORD:

(a) Basis of Calculation. Theory or formula used to determine remuneration:

Base cost to contain only wages and benefits plus training

(b) Estimate for the year 2000 based on the application of the basis of calculation:

Total Cost \$253,314.00

(c) Are out of pocket expenses or disbursements included in the basic level of compensation described in A and B above?

Yes (x)

No ()

(d) If the answer to C was yes, describe in detail the out of pocket expenses or disbursements which are included. It is assumed that all other out of pocket expenses or disbursements are **not included** in the basic level of compensation described in A and B above, and would be an additional cost to the Wires Company:

Car Allowance
Photo Copy Costs
Office Supplies
Publications
Training/Education
Membership dues
Meals

- (e) Describe and estimate the out of pocket expenses or disbursements which are not included in the basic compensation set forth in A and B above, but which are nevertheless anticipated to be incurred in the year 2000 and recovered from or paid by the Wires Company. It is acknowledged that the amount to be shown is to be an estimate only, and is subject to increase or decrease based on actual experience.

- (f) Totals

Add item (B) to item (E): \$253,314.00

ATTACHMENT B

REFERENCE: SCHOOLS QUESTION 2

[illegible]

IT Assets

1920-Computer Equipment - Hardware	0	0	0	0	0	0	0	0	0	0
1925-Computer Software	0	0	0	0	0	0	0	0	220,000	220,000
Sub-Total-IT Assets	0	0	0	0	0	0	0	0	220,000	220,000

Equipment

1915-Office Furniture and Equipment	0	0	0	0	0	0	0	0	0	0
1930-Transportation Equipment	2,237,750	1,519,070	2,297,774	778,704	2,297,774	2,597,774	300,000	2,597,774	2,802,774	205,000
1935-Stores Equipment	0	0	0	0	0	0	0	0	0	0
1940-Tools, Shop and Garage Equipment	62,190	54,995	90,073	35,078	90,073	105,073	15,000	105,073	135,073	30,000
1945-Measurement and Testing Equipment	0	0	0	0	0	0	0	0	0	0
1950-Power Operated Equipment	0	0	0	0	0	0	0	0	0	0
1955-Communication Equipment	0	0	1,176	1,176	1,176	1,176	0	1,176	1,176	0
1960-Miscellaneous Equipment	0	0	0	0	0	0	0	0	0	0
Sub-Total-Equipment	2,299,940	1,574,065	2,389,023	814,958	2,389,023	2,704,023	315,000	2,704,023	2,939,023	235,000

Other Distribution Assets

1825-Storage Battery Equipment	0	0	0	0	0	0	0	0	0	0
1970-Load Management Controls - Customer Premises	547,972	547,972	547,972	0	547,972	547,972	0	547,972	547,972	0
1975-Load Management Controls - Utility Premises	0	0	0	0	0	0	0	0	0	0
1980-System Supervisory Equipment	0	0	0	0	0	200,000	200,000	200,000	390,000	190,000
1985-Sentinel Lighting Rental Units	0	0	0	0	0	0	0	0	0	0
1990-Other Tangible Property	0	0	0	0	0	0	0	0	0	0
1995-Contributions and Grants - Credit	(616,348)	0	(1,015,464)	-101,546	(1,015,464)	(1,377,714)	(362,250)	(1,377,714)	(1,752,114)	(374,400)
Sub-Total-Other Distribution Assets	(68,376)	547,972	(467,492)	-101,546	(467,492)	(629,742)	(162,250)	(629,742)	(814,142)	(184,400)

GROSS ASSET TOTAL

62,011,452	52,520,041	67,740,363	15,220,322	67,740,363	73,518,425	5,778,062	73,518,425	78,829,583	5,311,158
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ATTACHMENT C

REFERENCE: SCHOOLS QUESTION 3

CONTINUITY STATEMENTS

	2006 Actual			2007 Bridge			2008 Test		
	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value	Gross Asset Value	Accumulated Depreciation	Net Book Value
Land and Buildings									
1805-Land -Opening Balance	208,241	0	208,241	208,241	0	208,241	208,241	0	208,241
1805-Land -Additions	0	0	0	0	0	0	0	0	0
1805-Land -Depreciation	0	0	0	0	0	0	0	0	0
1805-Land -Adjustments	0	0	0	0	0	0	0	0	0
1805-Land -Closing Balance	208,241	0	208,241	208,241	0	208,241	208,241	0	208,241
Average	208,241	0	208,241	208,241	0	208,241	208,241	0	208,241
1806-Land Rights -Opening Balance	0	0	0	0	0	0	0	0	0
1806-Land Rights -Additions	0	0	0	0	0	0	0	0	0
1806-Land Rights -Depreciation	0	0	0	0	0	0	0	0	0
1806-Land Rights -Adjustments	0	0	0	0	0	0	0	0	0
1806-Land Rights -Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0
1905-Land -Opening Balance	0	0	0	0	0	0	0	0	0
1905-Land -Additions	0	0	0	0	0	0	0	0	0
1905-Land -Depreciation	0	0	0	0	0	0	0	0	0
1905-Land -Adjustments	0	0	0	0	0	0	0	0	0
1905-Land -Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0
1906-Land Rights-Opening Balance	0	0	0	0	0	0	0	0	0
1906-Land Rights-Additions	0	0	0	0	0	0	0	0	0
1906-Land Rights-Depreciation	0	0	0	0	0	0	0	0	0
1906-Land Rights -Adjustments	0	0	0	0	0	0	0	0	0
1906-Land Rights -Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0
1810-Leasehold Improvements-Opening Balance	0	0	0	0	0	0	0	0	0
1810-Leasehold Improvements-Additions	0	0	0	0	0	0	0	0	0
1810-Leasehold Improvements-Depreciation	0	0	0	0	0	0	0	0	0
1810-Leasehold Improvements -Adjustments	0	0	0	0	0	0	0	0	0
1810-Leasehold Improvements -Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0
TS Primary Above 50									
1815-Transformer Station Equipment - Normally Primary above 50 kV-Opening Balance	4,377,909	(109,448)	4,268,461	4,229,079	(237,908)	3,991,171	4,469,541	(373,692)	4,095,849
1815-Transformer Station Equipment - Normally Primary above 50 kV-Additions	91,632	0	91,632	0	0	0	0	0	0
1815-Transformer Station Equipment - Normally Primary above 50 kV-Depreciation	0	(111,739)	(111,739)	0	(123,761)	(123,761)	0	(111,739)	(111,739)
1815-Transformer Station Equipment - Normally Primary above 50 kV-Adjustments	0	0	0	240,462	(12,023)	228,439	0	0	0
1815-Transformer Station Equipment - Normally Primary above 50 kV-Closing Balance	4,469,541	(221,187)	4,248,354	4,469,541	(373,692)	4,095,849	4,469,541	(485,431)	3,984,110
Average	4,423,725	(165,318)	4,258,408	4,349,310	(305,800)	4,043,510	4,469,541	(429,562)	4,039,980
DS									
1820-Distribution Station Equipment - Normally Primary below 50 kV-Opening Balance	140,683	(24,060)	116,623	140,683	0	140,683	140,683	(4,685)	135,998
1820-Distribution Station Equipment - Normally Primary below 50 kV-Additions	0	0	0	0	0	0	0	0	0
1820-Distribution Station Equipment - Normally Primary below 50 kV-Depreciation	0	(4,685)	(4,685)	0	(4,685)	(4,685)	0	(4,685)	(4,685)
1820-Distribution Station Equipment - Normally Primary below 50 kV-Adjustments	0	0	0	0	0	0	0	0	0
1820-Distribution Station Equipment - Normally Primary below 50 kV-Closing Balance	140,683	(28,745)	111,938	140,683	(4,685)	135,998	140,683	(9,370)	131,313
Average	140,683	(26,403)	114,281	140,683	(2,343)	138,341	140,683	(7,028)	133,656
Poles and Wires									
1830-Poles, Towers and Fixtures-Opening Balance	11,008,050	0	11,008,050	11,920,113	(100)	11,920,013	11,920,113	(243,615)	11,676,498
1830-Poles, Towers and Fixtures-Additions	2,508	0	2,508	0	0	0	100,762	0	100,762

1830-Poles, Towers and Fixtures-Depreciation	0	(100)	(100)	0	(243,514)	(243,514)	0	(263,351)	(263,351)
1830-Poles, Towers and Fixtures-Adjustments	909,555	0	909,555	0	0	0	0	0	0
1830-Poles, Towers and Fixtures-Closing Balance	11,920,113	(100)	11,920,013	11,920,113	(243,614)	11,676,499	12,020,875	(506,966)	11,513,909
Average	11,464,081	(50)	11,464,031	11,920,113	(121,857)	11,798,256	11,970,494	(375,291)	11,595,204
1835-Overhead Conductors and Devices-Opening Balance	8,256,038	(3,134,318)	5,121,720	9,279,964	(3,872,354)	5,407,610	10,775,413	(4,433,678)	6,341,735
1835-Overhead Conductors and Devices-Additions	1,230,819	0	1,230,819	1,495,449	0	1,495,449	1,127,296	0	1,127,296
1835-Overhead Conductors and Devices-Depreciation	0	(738,038)	(738,038)	0	(561,324)	(561,324)	0	(591,136)	(591,136)
1835-Overhead Conductors and Devices-Adjustments	(206,893)	0	(206,893)	0	0	0	0	0	0
1835-Overhead Conductors and Devices-Closing Balance	9,279,964	(3,872,356)	5,407,608	10,775,413	(4,433,678)	6,341,735	11,902,709	(5,024,814)	6,877,895
Average	8,768,001	(3,603,337)	5,264,664	10,027,689	(4,153,016)	5,874,673	11,339,061	(4,729,246)	6,609,815
1840-Underground Conduit-Opening Balance	9,173,376	0	9,173,376	9,941,502	(407)	9,941,095	10,375,083	(297,104)	10,077,979
1840-Underground Conduit-Additions	10,164	0	10,164	433,582	0	433,582	288,433	0	288,433
1840-Underground Conduit-Depreciation	0	(407)	(407)	0	(296,698)	(296,698)	0	(323,634)	(323,634)
1840-Underground Conduit-Adjustments	757,962	0	757,962	0	0	0	0	0	0
1840-Underground Conduit-Closing Balance	9,941,502	(407)	9,941,095	10,375,084	(297,105)	10,077,979	10,663,516	(620,738)	10,042,778
Average	9,557,439	(204)	9,557,236	10,158,293	(148,756)	10,009,537	10,519,300	(458,921)	10,060,379
1845-Underground Conductors and Devices-Opening Balance	8,256,038	(3,299,339)	4,956,699	9,273,909	(4,177,414)	5,096,495	11,347,730	(4,857,091)	6,490,639
1845-Underground Conductors and Devices-Additions	2,478,495	0	2,478,495	2,073,821	0	2,073,821	1,990,657	0	1,990,657
1845-Underground Conductors and Devices-Depreciation	0	(878,075)	(878,075)	0	(679,677)	(679,677)	0	(743,543)	(743,543)
1845-Underground Conductors and Devices-Adjustments	(1,460,624)	0	(1,460,624)	0	0	0	0	0	0
1845-Underground Conductors and Devices-Closing Balance	9,273,909	(4,177,414)	5,096,495	11,347,730	(4,857,091)	6,490,639	13,338,387	(5,600,634)	7,737,753
Average	8,764,974	(3,738,377)	5,026,597	10,310,820	(4,517,253)	5,793,567	12,343,059	(5,228,863)	7,114,196
Line Transformers									
1850-Line Transformers-Opening Balance	11,357,192	(2,062,132)	9,295,060	12,422,296	(2,559,024)	9,863,272	13,265,394	(3,089,506)	10,175,888
1850-Line Transformers-Additions	1,065,104	0	1,065,104	843,098	0	843,098	671,166	0	671,166
1850-Line Transformers-Depreciation	0	(496,892)	(496,892)	0	(530,482)	(530,482)	0	(557,223)	(557,223)
1850-Line Transformers-Adjustments	0	0	0	0	0	0	0	0	0
1850-Line Transformers-Closing Balance	12,422,296	(2,559,024)	9,863,272	13,265,394	(3,089,506)	10,175,888	13,936,560	(3,646,729)	10,289,831
Average	11,889,744	(2,310,578)	9,579,166	12,843,845	(2,824,265)	10,019,580	13,600,977	(3,368,118)	10,232,860
Services and Meters									
1855-Services-Opening Balance	120,934	(4,837)	116,097	470,619	(23,662)	446,957	792,032	(55,293)	736,739
1855-Services-Additions	349,685	0	349,685	321,413	0	321,413	381,782	0	381,782
1855-Services-Depreciation	0	(18,825)	(18,825)	0	(31,630)	(31,630)	0	(46,841)	(46,841)
1855-Services-Adjustments	0	0	0	0	0	0	0	0	0
1855-Services-Closing Balance	470,619	(23,662)	446,957	792,032	(55,292)	736,740	1,173,814	(102,134)	1,071,680
Average	295,777	(14,250)	281,527	631,326	(39,477)	591,849	982,923	(78,714)	904,210
1860-Meters-Opening Balance	5,688,859	(999,494)	4,689,365	6,499,396	(1,259,470)	5,239,926	6,957,346	(1,537,764)	5,419,582
1860-Meters-Additions	810,538	0	810,538	457,950	0	457,950	480,461	0	480,461
1860-Meters-Depreciation	0	(259,976)	(259,976)	0	(278,294)	(278,294)	0	(297,512)	(297,512)
1860-Meters-Adjustments	0	0	0	0	0	0	0	0	0
1860-Meters-Closing Balance	6,499,397	(1,259,470)	5,239,927	6,957,346	(1,537,764)	5,419,582	7,437,807	(1,835,276)	5,602,531
Average	6,094,128	(1,129,482)	4,964,646	6,728,371	(1,398,617)	5,329,754	7,197,577	(1,686,520)	5,511,057
General Plant									
1908-Buildings and Fixtures-Opening Balance	0	0	0	0	0	0	0	0	0
1908-Buildings and Fixtures-Additions	0	0	0	0	0	0	0	0	0
1908-Buildings and Fixtures-Depreciation	0	0	0	0	0	0	0	0	0
1908-Buildings and Fixtures-Adjustments	0	0	0	0	0	0	0	0	0
1908-Buildings and Fixtures-Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0

1990-Other Tangible Property-Opening Balance	0	0	0	0	0	0	0	0	0
1990-Other Tangible Property-Additions	0	0	0	0	0	0	0	0	0
1990-Other Tangible Property-Depreciation	0	0	0	0	0	0	0	0	0
1990-Other Tangible Property-Adjustments	0	0	0	0	0	0	0	0	0
1990-Other Tangible Property-Closing Balance	0	0	0	0	0	0	0	0	0
Average	0	0	0	0	0	0	0	0	0
1995-Contributions and Grants - Credit-Opening Balance	(616,348)	24,654	(591,694)	(1,015,464)	65,272	(950,191)	(1,377,714)	124,695	(1,253,019)
1995-Contributions and Grants - Credit-Additions	(399,115)	0	(399,115)	(362,250)	0	(362,250)	(374,400)	0	(374,400)
1995-Contributions and Grants - Credit-Depreciation	0	40619	40,619	0	59,423	59,423	0	74,399	74,399
1995-Contributions and Grants - Credit-Adjustments	0	0	0	0	0	0	0	0	0
1995-Contributions and Grants - Credit-Closing Balance	(1,015,463)	65,273	(950,190)	(1,377,714)	124,695	(1,253,018)	(1,752,114)	199,094	(1,553,020)
Average	(70,948)	3,910	(67,038)	(1,196,589)	94,984	(1,101,605)	(1,564,914)	161,895	(1,403,020)
1808-Buildings and Fixtures - Credit-Opening Balance	1,192,568	(34,537)	1158031	1,192,568	(58,388)	1,134,180	1,192,568	(82,239)	1,110,329
1808-Buildings and Fixtures - Credit-Additions	0	0	0	0	0	0	0	0	0
1808-Buildings and Fixtures - Credit-Depreciation	0	(23,851)	(23,851)	0	(23,851)	(23,851)	0	(23,851)	(23,851)
1808-Buildings and Fixtures - Credit-Adjustments	0	0	0	0	0	0	0	0	0
1808-Buildings and Fixtures - Credit-Closing Balance	1,192,568	(58,388)	1134180	1,192,568	(82,239)	1,110,329	1,192,568	(106,090)	1,086,478
Average	1,192,568	(46,463)	1,146,106	1,192,568	(70,314)	1,122,255	1,192,568	(94,165)	1,098,404
1610-Miscellaneous Intangible Plant - Credit-Opening Balance	0	0	0	240,462	(12,023)	228,439	0	12,023	12,023
1610-Miscellaneous Intangible Plant - Credit-Additions	0	0	0	0	0	0	0	0	0
1610-Miscellaneous Intangible Plant - Credit-Depreciation	0	0	0	0	12,023	12,023	0	0	0
1610-Miscellaneous Intangible Plant - Credit-Adjustments	0	0	0	(240,462)	12,023	(228,439)	0	0	0
1610-Miscellaneous Intangible Plant - Credit-Closing Balance	0	0	0	0	12,023	12,023	0	12,023	12,023
Average	0	0	0	0	0	0	0	12,023	12,023
Total Opening Balance	62,011,452	(11,329,395)	50,682,057	67,740,363	(13,924,169)	53,816,195	73,518,425	(16,955,075)	56,563,350
Total Additions	5,905,836	0	5,905,836	5,778,063	0	5,778,063	5,311,157	0	5,311,157
Total Depreciation	0	(2,771,699)	(2,771,699)	0	(3,030,904)	(3,030,904)	0	(3,274,648)	(3,274,648)
Total Adjustments	(176,924)	176,924	0	0	0	0	0	0	0
Total Closing Balance	67,740,364	(13,924,170)	53,816,193	73,518,426	(16,955,073)	56,563,354	78,829,582	(20,229,723)	58,599,859

ATTACHMENT D

REFERENCE: SCHOOLS QUESTION 8b

BRANTFORD POWER INC.
ILLUSTRATION OF CAPITALIZATION POLICY COST ALLOCATION PROCESS

