



May 12, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms Walli

**RE: 2008 Retail Transmission Rate Application for Brant County Power Inc.
("BCPI")**

On October 17, 2007, the Ontario Energy Board ("OEB") issued its EB-2007-0759 rate order, setting new Uniform Transmission Rates for Ontario transmitters, effective November 1, 2007 to December 31, 2008. In a letter dated October 29, 2007, the OEB directed each distributor to propose an adjustment to their retail transmission rates in its 2008 Cost of Service or Incentive Rate Mechanism application.

On December 18, 2007, Hydro One Networks Inc. ("HONI") filed its completed 2008 rate application with the OEB. This application included a proposal for new retail transmission rates for HONI customers including embedded distributor such as BCPI.

On December 21, 2007, Brantford Power Inc. ("BPI") filed its 2008 rate application with the OEB. This application included a proposal for new retail transmission rates for BPI customers including BCPI as a embedded distributor to BPI.

BCPI has not filed a 2008 Cost of Service or Incentive Rate Mechanism application as it is waiting on the outcome of potential merger discussions. However, BCPI is seeking approval to reduce its retail transmission rates by 39% effective July 1, 2008. This reductions reflects the new Uniform Transmission Rates as well as the proposed new retail transmission rates from HONI and BPI. In addition, the reduction reflects the fact that the current retail transmission rate were over collecting prior to the effective date of the new Uniform Transmission Rates (i.e. November 1, 2007) and were contributing to increasing the RSVA_{Network} and RSVA_{Connection} balances owing to the customer.

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The documentation supporting the proposed retail transmission has been included in the material which accompanies this letter.

BCPI has included two paper copies and one CD with all electronic files. BCPI has also filed through the Board's web portal at www.err.oeb.gov.on.ca and has submitted electronic files by e-mail to the Board Secretary at Boardsec@oeb.gov.on.ca.

If you have any question or any further information is required please call me at 519-442-2215 should anything further be required.

Yours truly,

A handwritten signature in black ink, appearing to read "Deborah Sleeth".

Deborah Sleeth
Chief Executive Officer

Brant County Power Inc. 2008 Retail Transmission Rate Change

Background

In order to support the change in BCPI retail transmission rates, BCPI reviewed the historical costs and revenues associated with providing retail transmission service to its customer for the period March 2005 to February 2008. The results of the review are provided in Appendix A. In reviewing the costs during this time period it was observed that the cost structure had two significant changes around June 2006, the monthly IESO transformation connection charges declined by over \$10,000 and the BPI effectively starting charging BCPI as an embedded distributor for retail transmission service. The IESO transformation connection charges declined as a result of BCPI installing a new transformation station that went into service on December 21, 2005. However, full impact of the the new transformation station did not effect the IESO charges until June 2006.

With regards to the new retail transmission service charges from BPI the February 2007 charges were "catch-up" charges that assume the new charges started around the June 2006 timeframe.

Based on the change in cost structure around June 2006, BCPI has reviewed the cost for transmission service from the IESO, HONI and BCP for the period June 2006 to February 2008. These costs have been adjusted assuming the new Uniform Transmission Rates as well as the proposed new retail transmission rates from HONI and BPI were in place from June 2006 to February

2008. The adjusted costs are compared to the revenues collected from BPI customers for retail transmission services over the same time period. A resulting cost to revenue ratio is determined and this ratio is used to adjust the current retail transmission rates to the proposed retail transmission rates.

In BCPI's view, the proposed retail transmission rates address the following items:

1. the recent change in the Uniform Transmission Rates charge by the IESO;
2. the expected change in retail transmission rates from HONI to those distributors who are embedded;
3. the expected change in retail transmission rates from BCP to BCPI as an embedded distributor to BCP, and;
4. the current BCPI retail transmission rates were over collecting in any event separate from any change in rates charged by the IESO, HONI and BCP.

The following outlines the detail steps taken to adjust the current BCPI retail transmission rates to the proposed BCPI retail transmission rates.

Proposed BCPI Retail Transmission Network Service Charge

The IESO Network Service Charges to BCPI from June 2006 to February 2008 were \$1,013,190. If the new Uniform Network Transmission Rate of \$2.31/kW was used for this time period the IESO Network Service Charges would have been \$854,866.

The HONI Retail Transmission Network Service Charges to BCPI from June 2006 to February 2008 were \$741,943. If the proposed HONI Retail Transmission Network Service Charge of \$2.01/kW was used for this time period the HONI Retail Transmission Network Charges would have been \$591,788

The BPI Retail Transmission Network Service Charges to BCPI from June 2006 to February 2008 were \$111,329. If the proposed BPI Retail Transmission Network Charge of \$1.7819/kW was used for this time period the BPI Retail Transmission Network Service Charges would have been \$93,853.

From June 2006 to February 2008, BPI collected \$2,534,882 in revenue from its customer for Retail Transmission Network Service. Assuming all new rates from the IESO, HONI and BPI were in place from June 2006 to February 2008 the cost to BCPI for this service would have been \$1,540,507 (i.e. \$854,866 + \$591,788 + \$93,853). As a result the cost revenue ratio for Retail Transmission Network service provided by BCPI is 61% (i.e. $\$1,540,507 / \$2,534,882$) which means BCPI Retail Transmission Network Service Charges should be reduced by 39% (i.e. $100\% - 61\%$) The proposed BCPI Retail Transmission Network Service Charges reflecting the 39% reduction are provided below in Table 1.

Proposed BCPI Retail Transmission Connection Service Charge

The IESO Line Connection Service Charges to BCPI from June 2006 to February 2008 were \$320,029. If the new Uniform Line Connection Transmission Rate of \$0.59/kW was used for this time period the IESO Line Connection Service Charges would have been \$242,384.

The IESO Transformation Connection Service Charges to BCPI from June 2006 to February 2008 were \$396,098. If the new Uniform Transformation Connection Transmission Rate of \$1.61/kW was used for this time period the IESO Transformation Connection Service Charges would have been \$419,789.

The HONI Retail Transmission Connection Service Charges to BCPI from June 2006 to February 2008 were \$642,152. If the proposed HONI Retail Transmission Network Service Charge of \$1.88/kW was used for this time period the HONI Retail Transmission Connection Service Charges would have been \$577,630

The BPI Retail Transmission Connection Service Charges to BCPI from June 2006 to February 2008 were \$96,303. If the proposed BPI Retail Transmission Connection Service Charge of \$1.5448/kW was used for this time period the BPI Retail Transmission Connection Service Charges would have been \$83,209.

From June 2006 to February 2008, BPI collected \$2,173,398 in revenue from its customer for Retail Transmission Connection Service. Assuming all new rates from the IESO, HONI and BPI were in place from June 2006 to February 2008 the cost to BCPI for this service would have been \$1,323,012 (i.e. \$242,384 + \$419,789 + \$577,630 + \$83,209). As a result the cost revenue ratio for Retail Transmission Connection service provided by BCPI is 61% (i.e. \$1,323,012 / \$2,173,398) which means BCPI Retail Transmission Connection Service Charges should be reduced by 39% (i.e. 100% - 61%) The proposed BCPI Retail Transmission Connection Service Charges reflecting the 39% reduction are provided below in Table 1.

Table 1		
	Network	Connection
Estimated New		
IESO, Hydro One & Brantford Power Costs	\$1,540,507	\$1,323,012
Billing Revenues	\$2,534,882	\$2,173,398
Ratio	61%	61%
Current Retail Transmission Service Rates		
Residential	\$0.0057	\$0.0050
General Service Less Than 50 kW	\$0.0052	\$0.0045
General Service 50 to 4,999 kW	\$2.1218	\$1.7882
General Service 50 to 4,999 kW Int Meter > 1000 kW	\$2.2535	\$1.9603
General Service 50 to 4,999 kW Int Meter < 1000 kW	\$2.2508	\$1.9763
Large Use	\$2.4952	\$2.2417
Street Lights	\$1.6002	\$1.3824
Sentinel Lights	\$1.6083	\$1.4113
Unmetered Scattered Load	\$0.0052	\$0.0045
Proposed Retail Transmission Service Rates		
Residential	\$0.0035	\$0.0030
General Service Less Than 50 kW	\$0.0032	\$0.0027
General Service 50 to 4,999 kW	\$1.2895	\$1.0885
General Service 50 to 4,999 kW Int Meter > 1000 kW	\$1.3695	\$1.1933
General Service 50 to 4,999 kW Int Meter < 1000 kW	\$1.3679	\$1.2030
Large Use	\$1.5164	\$1.3646
Street Lights	\$0.9725	\$0.8415
Sentinel Lights	\$0.9774	\$0.8591
Unmetered Scattered Load	\$0.0032	\$0.0027

Appendix A

MONTH	IESO Network Service Charge 4714	Hydro One Retail Transmission Network Service Charge 4714	Brantford Power Retail Transmission Network Service Charge 4714	Total 4714	IESO Line Connection Service Charge 4716	IESO Transformation Connection Service Charge 4716	Hydro One Retail Transmission Connection Service Charge 4716	Brantford Power Retail Transmission Connection Service Charge 4716	Total 4716	Retail Transmission Network Service Revenue 4066	Retail Transmission Connection Service Revenue 4068
Mar-05	\$28,659	\$210,995		\$239,654	\$11,997	\$21,946	\$181,090		\$215,023	\$146,169	\$137,442
Apr-05	\$99,999			\$99,999	\$20,452	\$37,413			\$57,865	\$147,909	\$135,047
May-05	\$54,438	\$133,065		\$187,503	\$16,899	\$30,914	\$114,031		\$161,844	\$138,819	\$121,733
Jun-05	\$64,093			\$64,093	\$19,728	\$36,085			\$55,811	\$129,769	\$117,888
Jul-05	\$55,225	\$2,414		\$57,639	\$18,828	\$34,437	\$2,090		\$55,353	\$141,973	\$129,738
Aug-05	\$82,308	\$176,136		\$258,444	\$19,668	\$35,979	\$152,478		\$208,123	\$151,415	\$138,067
Sep-05	\$59,334	\$88,112		\$147,446	\$19,812	\$38,243	\$75,058		\$131,113	\$157,357	\$142,397
Oct-05	\$80,758			\$80,758	\$19,230	\$35,178			\$54,408	\$148,711	\$139,103
Nov-05	\$52,981	\$76,534		\$129,495	\$19,741	\$36,111	\$65,278		\$121,130	\$140,212	\$128,204
Dec-05	\$57,827	\$251,129		\$308,756	\$19,739	\$34,506	\$215,283		\$269,528	\$145,590	\$131,150
Jan-06	\$58,401			\$58,401	\$19,091	\$33,420			\$52,511	\$151,253	\$135,714
Feb-06	\$58,923			\$58,923	\$19,280	\$33,734			\$53,014	\$145,979	\$126,613
Mar-06	\$55,055	\$120,217		\$175,272	\$18,621	\$32,538	\$104,068		\$155,227	\$149,080	\$126,333
Apr-06	\$52,315			\$52,315	\$17,754	\$31,136			\$48,890	\$150,051	\$125,021
May-06	\$55,889	\$87,850		\$143,539	\$18,823	\$32,769	\$76,050		\$127,642	\$145,325	\$119,021
Jun-06	\$40,124			\$40,124	\$12,992	\$22,257			\$35,249	\$143,657	\$116,795
Jul-06	\$64,530			\$64,530	\$19,532	\$21,398			\$40,930	\$127,333	\$104,204
Aug-06	\$82,398	\$112,889		\$195,287	\$19,707	\$21,515	\$97,670		\$138,892	\$130,077	\$110,869
Sep-06	\$44,590	\$63,008		\$107,598	\$14,444	\$16,959	\$45,887		\$77,290	\$134,271	\$113,942
Oct-06	\$43,112	\$69,343		\$112,455	\$14,698	\$17,213	\$60,028		\$91,937	\$118,032	\$100,179
Nov-06	\$46,276	\$27,295		\$73,571	\$14,697	\$16,882	\$23,629		\$55,308	\$113,779	\$98,321
Dec-06	\$49,688	\$28,477		\$78,165	\$15,568	\$17,609	\$25,517		\$58,684	\$128,016	\$109,856
Jan-07	\$46,712	\$52,855		\$99,567	\$15,700	\$18,093	\$28,441		\$82,224	\$121,465	\$104,389
Feb-07	\$48,169	\$52,180	\$57,780	\$158,129	\$16,163	\$18,689	\$27,858	\$50,018	\$112,728	\$127,588	\$110,477
Mar-07	\$52,513	\$30,784	\$5,272	\$88,569	\$16,986	\$18,036	\$26,650	\$4,563	\$66,235	\$130,849	\$113,411
Apr-07	\$47,295	\$31,372	\$4,789	\$83,436	\$16,123	\$17,217	\$27,158	\$4,129	\$64,627	\$120,388	\$104,666
May-07	\$41,389	\$26,871	\$3,985	\$72,245	\$12,781	\$18,200	\$23,262	\$3,450	\$57,693	\$115,550	\$100,872
Jun-07	\$60,228	\$27,158	\$3,568	\$90,954	\$18,636	\$20,325	\$23,510	\$3,089	\$65,560	\$112,811	\$98,418
Jul-07	\$55,601	\$39,803	\$4,266	\$99,670	\$18,024	\$21,017	\$33,417	\$3,893	\$76,151	\$123,635	\$107,899
Aug-07	\$58,290	\$39,894	\$4,378	\$102,562	\$18,259	\$20,018	\$33,495	\$3,790	\$75,562	\$123,370	\$107,513
Sep-07	\$53,617	\$40,502	\$4,615	\$98,734	\$17,515	\$19,877	\$35,062	\$3,995	\$76,449	\$131,892	\$115,042
Oct-07	\$47,117	\$40,050	\$4,124	\$91,300	\$14,997	\$17,672	\$34,878	\$3,570	\$70,916	\$121,003	\$105,434
Nov-07	\$37,293	\$28,182	\$3,760	\$69,235	\$10,349	\$17,818	\$24,398	\$3,254	\$55,817	\$113,205	\$98,462
Dec-07	\$37,140	\$60,310	\$9,627	\$107,077	\$10,697	\$17,990	\$52,208	\$8,334	\$89,220	\$152,838	\$135,558
Jan-08	\$39,282			\$39,282	\$11,126	\$18,760			\$29,888		
Feb-08	\$37,829	\$22,251	\$5,185	\$65,265	\$11,038	\$18,473	\$19,286	\$4,418	\$53,213		
Total from June 06 to Feb 08	\$1,013,190	\$741,943	\$111,329	\$1,866,462	\$320,029	\$396,098	\$642,152	\$96,303	\$1,454,581	\$2,534,882	\$2,173,398
Old Rate	2.83	2.52	2.1137		0.82	1.50	2.09	1.7879			
New Rate	2.31	2.01	1.7819		0.59	1.61	1.88	1.5446			
Est Revised IESO Cost	\$854,886	\$591,788	\$93,853	\$1,540,507	\$242,384	\$419,789	\$577,630	\$83,209	\$1,323,012		