

Ontario Energy Board

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 approving just and reasonable rates
and other charges for electricity distribution to be effective
November 1, 2013.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

September 27, 2013

**BRANTFORD POWER INC.
2013 RATES REBASING CASE
EB-2012-0109**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-1

Ref: Exhibit 1, Tab 1, Schedule 2

The evidence indicates that the test year budget was approved by the BPI Board of Directors on January 24, 2013.

- a) Have any changes been made to the test year budget since this approval?**
- b) Has the Board of Directors seen any updates, comparison to budget, etc. since the approval was provided on January 24, 2013? If yes, please provide all material and presentations made to the Board of Directors subsequent to the January 24, 2013 approval.**

1-Energy Probe-2

Ref: Exhibit 1, Tab 1, Schedule 13

Are any of the costs of the Board of Directors of the companies shown in diagram allocated to BPI and included in the historical cost data or the test year forecast? If yes, please show the amounts allocated by year, the company they are allocated from and the basis upon which this allocation has been made.

1-Energy Probe-3

Ref: Exhibit 1, Tab 2, Schedule 1

At page 4 of the schedule the evidence indicates that the information presented in the application represents BPI's forecast results for the 2013 test year, along with the forecasted results for the 2012 bridge year.

- a) How many months of actual data for the 2013 test year, if any, are included in the OM&A forecasts for capital expenditures, OM&A and/or revenues?**

- b) How many months of actual data are included in the 2012 bridge year forecasts for each of capital expenditures, OM&A, depreciation, revenues (including other revenue) and PILs?

1-Energy Probe-4

Ref: Exhibit 1, Tab 2, Schedule 4

- a) Please explain the significant increase in property taxes between 2012 and 2013 shown in Table 1.5.
- b) Please provide the actual historical property taxes for each year in the 2009 through 2012 period.

1-Energy Probe-5

Ref: Exhibit 1, Tab 3, Schedule 1

Please provide a copy of the 2012 Audited Financial Statements.

1-Energy Probe-6

Ref: Exhibit 1, Tab 3, Schedule 2

Please update Table 1.6 to include actual data for 2012.

1-Energy Probe-7

Ref: Exhibit 1, Tab 3, Schedule 5

- a) Please provide copies of BEC's consolidated and non-consolidated 2012 Audited Financial Statements.
- b) Please provide a copy of the BEC Annual Report for 2012.

EXHIBIT 2 - RATE BASE

2-Energy Probe-8

Ref: Exhibit 2, Tab 1, Schedule 2

- a) Please update Table 2.1 to reflect actual data for 2012.**
- b) Please indicate which years shown are based on CGAAP and which years, other than 2013, that are based on Modified CGAAP.**

2-Energy Probe-9

Ref: Exhibit 2, Tab 2, Schedule 1

- a) Please provide a revised Table 2.13 that reflects actual data for 2012.**
- b) Please provide a revised Table 2.14 that reflects the actual data for 2012, along with actual expenditures closed to rate base in 2013 along with the remaining forecast for the 2013 test year.**
- c) Please indicate the reduction in 2013 capital additions as a result of moving to Modified CGAAP.**
- d) Please indicate how much of the fully allocated depreciation shown in Table 2.14 of \$161,947 is allocated to OM&A and to capital additions, respectively.**
- e) How does BPI account for any work-in-progress that may exist at the end of the year?**

2-Energy Probe-10

Ref: Exhibit 2, Tab 2, Schedule 1

At page 6, the evidence indicates that the smart meter funding adder has generated revenues of \$2,683,669.

- a) Please indicate the period over which this revenue from the funding adder has been collected.**
- b) When was the smart meter rate adder discontinued?**

2-Energy Probe-11

**Ref: Exhibit 2, Tab 2, Schedule 1 &
Exhibit 2, Tab 2, Schedule 3**

- a) Please explain why there are no disposals of transportation equipment shown in Table 2.14 in Exhibit 2, Tab 2, Schedule 1 when the evidence at page 6 of Exhibit 2, Tab 2, Schedule 3 indicates that the \$200,000 in capital additions are to replace existing vehicles.**
- b) Please confirm that the vehicles scheduled to be replaced in 2013 are fully depreciated when replaced. If this cannot be confirmed, please indicate the remaining net book value of the vehicles when they were/will be replaced in 2013.**
- c) Has BPI disposed of any of the vehicles that were forecast to be replaced in 2013 as of the current time? If yes, please provide the proceeds from the disposition of these vehicles.**

2-Energy Probe-12

**Ref: Exhibit 2, Tab 2, Schedule 1 &
Exhibit 2, Tab 2, Schedule 3**

The evidence at page 6 of Exhibit 2, Tab 2, Schedule 3 indicates that budgeted capital contributions and grants decreased by (\$203,440) over 2012. However, a review of Tables 2.13 and 2.14 in Exhibit 2, Tab 2, Schedule shows that capital contributions and grants are forecast to decrease by \$420,060 to (\$203,440).

- a) Please reconcile.**
- b) Please explain the significant drop in capital contributions and grants between 2012 and 2013.**

2-Energy Probe-13

Ref: Exhibit 2, Tab 3, Schedule 2

- a) The evidence indicates that the grants and capital contributions forecast is not specific to the projects. How does BPI forecast grants and capital contributions?**
- b) Please update Table 2.18 to reflect actual data for 2012 and any updates for 2013 capital spending.**

2-Energy Probe-14

Ref: Exhibit 2, Tab 4, Schedule 1

With reference to the Board's Regulated Price Plan Price Report - May 1, 2013 to April 30, 2014 issued April 5, 2013, please show the derivation of the \$0.08395 per kWh figure for the RPP price and the derivation of the \$0.08717 per kWh figure for the non-RPP price shown in Appendix D for 2013.

EXHIBIT 3 - OPERATING REVENUE

3-Energy Probe-15

Ref: Exhibit 3, Tab 2, Schedule 1

Please provide the regression coefficients (as shown on page 6), the regression statistics (Table 3.5) and the 2013 forecast (Table 3.6 10 year average only) and the Mean Absolute Percent Error (MAPE) for each of the following equations:

- a) As filed, but with the addition of a trend variable that starts with a value of 1 in the first month and increases by 1.0 each month;**
- b) As in (a) above, but with the Negative Impact Variable Removed.**
- c) Please confirm that the MAPE of the equation as filed is 0.83%. If this cannot be confirmed, please provide the MAPE and the data used to calculate it.**

3-Energy Probe-16

Ref: Exhibit 3, Tab 2, Schedule 1

Please provide the actual number of customers for the most recent month in 2013 for which actual information is available, along with the number of customers in the same month in 2012 in the level of detail shown in Table 3.9.

3-Energy Probe-17

Ref: Exhibit 3, Tab 2, Schedule 1

- a) Please provide the actual kW usage for the Embedded Distributor for each month in 2010 through 2012.**
- b) Please provide the actual kW usage for the Embedded Distributor for each month of 2013 that is currently available.**

3-Energy Probe-18

Ref: Exhibit 3, Tab 3, Schedule 4, Appendix 2-F

- a) Please confirm that the figures shown in Appendix 2-F for 2012 are all actual values. If this is not confirmed, please provide a revised Appendix 2-F that includes actual data for 2012.**
- b) Please explain why there is no forecast for the disposal of the 3 vehicles being replaced in 2013 in account 4355.**
- c) Please provide the most recent year-to-date actual revenues available in the same level of detail as shown in Appendix 2-F for 2013, along with the year-to-date revenues for the corresponding period in 2012.**

3-Energy Probe-19

Ref: Exhibit 3, Tab 3, Schedule 4

Please explain concerns that BPI has with the privacy implications of continuing to provide a service related to Arrears Certificates.

EXHIBIT 4 - OPERATING COSTS

4-Energy Probe-20

Ref: Exhibit 4, Tab 1, Schedule 1

- a) Please confirm that Table 4.2 includes actual costs for 2012. If this cannot be confirmed, please provide a revised Table 4.2 that includes actual data for 2012.**

- b) Please provide a table in the same level of detail as Table 4.5 that shows the most recent year-to-date actual expenses available for 2013, along with the figures for the corresponding figures for 2012.
- c) Please provide the source of the 1.7% increase in the GDP-IPI shown in Table 4.2 for 2011. Please confirm that the Board's figure used for May 1, 2011 increases was 1.3%.

4-Energy Probe-21

Ref: Exhibit 4, Tab 2, Schedule 3

Please update Tables 4.13 through 4.17 to reflect actual data for all of 2012.

4-Energy Probe-222

Ref: Exhibit 4, Tab 2, Schedule 4

- a) Please show the amount included in account 1556 related to smart meters in each of 2008 through 2013.
- b) Please show the amount of smart meter related expenses included in the series 5000 accounts in each of 2008 through 2013.
- c) Please confirm that BPI is proposing to recover the smart meter related OM&A expenses in account 1556 at the end of 2012 through a rate rider.
- d) Please confirm that BPI has not included any smart meter related costs from account 1556 in the actual 2012 OM&A figures. If this cannot be confirmed, please indicate what costs from account 1556 have been included in the 2012 costs.
- e) Has BPI included any of the amounts in account 1556 at the end of 2012 for which it is seeking recovery in the test year OM&A expenses? Please confirm that the 2013 test year revenue requirement does not include any amounts previously included in account 1556.

4-Energy Probe-23

Ref: Exhibit 4, Tab 2, Schedule 8

- a) Given the BPI appears to have used the half year rule for depreciation in Tables 4.36, 4.37 and 4.38, combined with the statement at page 1 that it does not apply the half year rule for financial reporting purposes, mean that BPI has two sets of continuity schedules (one for financial reporting and one for regulatory reporting) that will continue to diverge over time? If not, please explain.**
- b) Table 4.38 does not appear to be correct in that the depreciation expense calculated for 2013 is a fraction of the \$3,157,530 shown in the fixed asset continuity schedule and replicated in this table at column (I). Please provide a complete Table 4.38.**

4-Energy Probe-24

Ref: Exhibit 4, Tab 3, Schedule 2

- a) Please provide a copy of BPI's federal and provincial tax returns for 2012.**
- b) Did BPI claim any tax credits in 2012? If yes, please indicate the amounts claimed for each credit.**

4-Energy Probe-25

**Ref: Exhibit 4, Tab 3, Schedule 3 &
Exhibit 2, Tab 2, Schedule 1**

- a) Please reconcile the 2012 additions of \$5,206,471 found in Table 2.13 of Exhibit 2, Tab 2, Schedule 1 with the additions for CCA purposes of \$4,195,299 shown in Table 4.48 of Exhibit 4, Tab 3, Schedule 3.**
- b) Does Table 4.48 reflect actual CCA figures for 2012? If not, please provide a revised Table 4.48 and 4.50 that reflects actual figures for 2012.**
- c) Please explain why BPI has included expenditures on computer hardware in CCA class 10 for 2013 in Table 4.50 rather than CCA class 50. What is the impact on the CCA deduction for 2013 if the computer hardware is put in class 50 rather than class 10?**

- d) Please confirm and explain why BPI has no positions that qualify for the Ontario Apprenticeship Tax Credit, the federal Employment Tax Credit or the Ontario Co-Operative Education Tax Credit.

EXHIBIT 5 - COST OF CAPITAL AND RATE OF RETURN

5-Energy Probe-26

Ref: Exhibit 5, Tab 1, Schedule 1

The evidence indicates that the Promissory Note with the City of Brantford signed on January 27, 2011 is at a rate of 5.87%.

- a) Please confirm that the 5.87% rate was based on the Ontario Energy Board's Cost of Capital Parameter Updates for 2010 Cost of Service Applications letter dated February 24, 2010. If this cannot be confirmed, please indicate how the 5.87% figure was arrived at.
- b) Please provide the deemed long term debt rate, as determined by the Ontario Energy Board, at the time the promissory note was signed.
- c) Please provide the deemed long term debt rate, as determined by the Ontario Energy Board, based on January, 2011 data.
- d) Did BPI attempt to replace the affiliated debt with third party debt rather than renew the existing agreement for a further 5 years? If not, why not? If yes, please provide details of the third parties contacted, the rates and terms being discussed. Please provide all correspondence related to these negotiations and discussions.
- e) Please provide a copy of the Promissory Note with the City of Brantford that had a start date of February 1, 2006 (Table 5.1) at an interest rate of 6.25%. Please also confirm that this is the promissory note that was renewed on January 27, 2011.

5-Energy Probe-27

Ref: Exhibit 5, Tab 1, Schedule 2,

- a) Does BPI have the ability to pay down any of the outstanding principle on the affiliate promissory note?
- b) If the response to (a) is yes, has BPI investigated replacing any or all of the promissory note with third party debt at a lower rate? If not, why not?

- c) Is there any penalty payable by BPI for paying down the principle during the term of the loan?

5-Energy Probe-28

Ref: Exhibit 5, Tab 1, Schedule 2 &
Exhibit 6, Tab 1, Schedule 1 & RRWF

- a) Please reconcile the following deemed interest expenses for the 2013 test year: \$2,347,802 as shown in Table 5.8 in Exhibit 5, Tab 1, Schedule 2; \$2,346,500 as shown in Table 6.2 in Exhibit 6, Tab 1, Schedule 1; and \$2,345,126 as shown in the RRWF.
- b) Please indicate which of the above figures is the correct figure to use in the calculation of the revenue requirement.

EXHIBIT 7 – COST ALLOCATION

7-Energy Probe-29

Ref: Exhibit 7, Tab 1, Schedule 1

The evidence indicates that BPI does not record the cost of service drops for USL, Street Lighting, Sentinel Lighting or Embedded Distributors in account 1855 and further that it does not record the cost of service drops on underground General Service assets in account 1855.

- a) Does this mean that BPI has no costs associated with these service drops or that BPI has recorded the costs in an account or accounts other than 1855?
- b) If BPI does have costs that are recorded in some account or accounts other than 1855, how does BPI allocate the costs so that they are only allocated to the proper classes?

EXHIBIT 8 - RATE DESIGN

8-Energy Probe-30

Ref: Exhibit 8, Tab 1, Schedule 1

Please provide a version on Table 8.9 that uses actual data from 2008 through 2012.

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9-Energy Probe-31

**Ref: Exhibit 9, Tab 2, Schedule 1 &
Exhibit 9, Tab 2, Schedule 5**

There is a balance of \$670,257 in account 1508 Other Regulatory Assets - Sub-Account - Other that is proposed to be recovered in 2013 (Exhibit 9, Tab 2, Schedule 1). This amount is called an under-recovery from the embedded distributor over the September, 2008 to December, 2012 period.

In Exhibit 9, Tab 2, Schedule 5, Table 9.8 shows that this amount, along with other Group 2 amounts, is allocated to all rate classes except the Embedded Distributor class based on kWh.

- a) Please explain why any other rate class should be paying for the under-recovery from the Embedded Distributor class.**
- b) Please explain why there is no allocation to the Embedded Distributor class shown in Tables 9.7 & 9.8.**

9-Energy Probe-32

Ref: Exhibit 9, Tab 4, Schedule 1

- a) Please explain how BPI has calculated or estimated the net book value of the stranded meters for each of the residential and GS < 50 rate classes.**
- b) Please provide a table that shows the allocation and the resulting rate riders if the remaining net book value of the stranded meters is based on the same relative meter costs as used in the 2008 cost allocation approved by the Board.**