

**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 approval of electricity distribution rates to be
implemented on May 1, 2007**

**BRANTFORD POWER INC. RESPONSES TO OEB STAFF
INTERROGATORIES**

MARCH 30, 2007

Interrogatory No.1:

Re: Z-Factor

Request for Deferral Account for Tracking Expenses Related to Capital Projects

Reporting of 2006 Capital Project Expenditures related to Tier 2 Adjustment

Preamble:

Brantford Power Inc. ("Brantford Power") applied for a Tier 2 Capital Adjustment to its 2004 Historical Test Year rate base as part of its application for 2006 electricity distribution rates. In the Board's Decision and Order RP-2005-0020/EB-2005-0342 issued April 12, 2006, the Board determined that Brantford Power qualified for the Tier 2 adjustment and approved the inclusion of the forecasted 2006 capital expenditures into the rate base, subject to the 1/2 year rule, for determining 2006 distribution rates. However, the Board also stated in the Decision:

The Board notes that in accordance with Handbook, Tier 2 adjustments are subject to monitoring requirements. Therefore, the Board expects the filing of quarterly reports by Brantford Power during the period of the approved expenditures, confirming that they have taken place as stated in the Applicant's filing, or if not, providing an explanation for the variance and Brantford Power's revised plans.

Interrogatory:

1. Appendix B to EB-2007-0510, Tab 2 of Brantford Power's 2007 Electricity Distribution Rate Application reproduces Exhibit B, Tab 3, Schedule 3-3 of Brantford Power's 2006 Electricity Distribution Rate Application, focussing on 2007 amortization and capital expenditures related to the Tier 2 projects. These estimates were first filed on August 11, 2005.
 - (a) Has Brantford Power prepared updated estimates of the 2007 capital costs related to the Tier 2 projects?

- (b) If the answer to a. is in the affirmative, please provide these estimates. Please explain what factors (growth, technological improvements, changes in customer demand, improvements achieved in 2006) have been taken into account in preparing the update, and on how each of these factors has influenced the update.
- (c) If the answer to a. is in the negative, please provide an explanation for not updating the project plan.

Response:

- (a) Brantford Power has not prepared updated estimates of the 2007 capital costs related to the Tier 2 projects.
- (b) Not applicable
- (c) As set out in the 2006 EDR application, schedule 3-3, the proposed Tier 2, Phase 2 projects were planned as 2007 projects and capital costs were based on a forecast for 2007.

Interrogatory No. 2

Request for Deferral Account for Tracking 2007 Capital Expenditures

Preamble:

In its letter of February 19, 2007, Brantford Power amended its request:

That the OEB establish a deferral account that will enable Brantford Power to track all revenue and cost impacts that would typically result from including the Tier 2, Phase 2 assets in rate base, which will include but are not limited to the return, depreciation expense and financing costs associated with the second (2007) phase of the Tier 2 adjustment projects proposed in Brantford Power's 2006 Electricity Distribution Rate Application projects in the event that it determines that it will proceed with the work. Brantford Power notes that the proposed deferral account would not be used to track actual project costs. Brantford Power understands that the projects will remain subject to OEB approval, and we confirm that Brantford Power is no longer requesting the OEB's approval of the projects themselves at this time.

Interrogatory:

2. In stating that Brantford Power would "track all revenue and cost impacts ... which will include but are not limited to the return, depreciation expense and financing costs associated with the second (2007) phase of the Tier 2 adjustment projects", please identify all costs or revenues other than the return, depreciation expense and financing costs that Brantford proposes would be tracked in the proposed deferral account. Please provide an explanation for each such identified expense.

Response:

Brantford Power confirms that revenue and cost impacts tracked would be limited to the return, depreciation expense and financing costs associated with the second (2007) phase of the Tier 2 adjustment projects proposed in Brantford Power's 2006 Electricity Distribution Rate Application projects in the event that it determines that it will proceed with the work.