



Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
Scotia Plaza, 40 King Street West
Toronto, Ontario, Canada M5H 3Y4
tel.: (416) 367-6000 fax: (416) 367-6749
www.blgcanada.com

JAMES C. SIDLOFSKY
direct tel.: 416-367-6277
direct fax: 416-361-2751
e-mail: jsidlofsky@blgcanada.com

April 3, 2007

Delivered by Courier and E-mail

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

Dear Ms. Walli:

Re: EB-2007-0510
Brantford Power Inc. Responses to Schools Interrogatories on its
Application to the Ontario Energy Board for electricity distribution rates
and charges effective May 1, 2007

We are counsel to Brantford Power Inc. ("Brantford Power") in the above-captioned matter. Please find accompanying this letter Brantford Power's responses to interrogatories from the School Energy Coalition ("Schools"). Please note that responses to two of the interrogatories are still being prepared, and will be provided as soon as possible.

We have a number of additional comments with respect to the Schools interrogatories and Brantford Power's responses. As the OEB is aware, Brantford Power's 2007 IRM rate adjustment application, as revised, includes the following 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."

We have, on a number of occasions, including in the request itself, attempted to make it clear to the OEB and the parties to this application that Brantford Power is not seeking the OEB's approval of these projects at this time. As we wrote in our letter to the OEB in this proceeding dated March 19, 2007,

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“To ensure that it is clear, Brantford Power confirms that it is not seeking approval of Phase 2 of its Tier 2 adjustment projects in this Application, nor is it seeking any recovery of the costs of these projects in rates as part of this Application. Presumably, there will be another proceeding before the OEB, with notice to potentially interested parties, if Brantford Power determines to seek approval of this work and recover the costs through rates.”

The OEB, in its letter confirming intervenor status for VECC and Schools, wrote:

“However, the Board will consider costs only for participation that is directed towards the request for an accounting order approving a deferral account for tracking expenses related to capital projects. This restriction is consistent with the IRM implementation plan set out in the Board’s *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors* and Procedural Order No.1 in this rate application.

The Board will recognize VECC and SEC as intervenors in this proceeding with eligibility for an award for costs, subject to the limitation described above.”

Notwithstanding this caution, the majority of the Schools interrogatories can only be described as relating to the projects themselves, and not to the requested deferral account. Accordingly, they are not relevant to this proceeding. The questions may or may not be appropriate in the context of a future Brantford Power application to the OEB for approval of the projects; they are not appropriate here. Brantford Power has indicated in the accompanying responses those questions that are not relevant to the request for a deferral account.

This being said, Brantford Power does not wish to be placed in a position in which the Schools intervention and interrogatories are delaying the processing and implementation of Brantford Power’s mechanistic 2007 distribution rate adjustment. Brantford Power is therefore providing responses to those questions as a courtesy to the OEB and Schools. However, the fact that Brantford Power is providing these responses should not be interpreted as Brantford Power’s acceptance of the legitimacy or relevance of those questions in this proceeding, or as Brantford Power’s acceptance of Schools’ entitlement to recover its costs related to the preparation of those questions or to the preparation of submissions related to the projects themselves as opposed to the requested deferral account.

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

Yours very truly,
BORDEN LADNER GERSAIS LLP

Original Signed by Diana Pereira on behalf of James C. Sidlofsky

James C. Sidlofsky
JCS/dp



cc. G. Mychailenko, Brantford Power Inc.
Heather Wyatt, Brantford Power Inc.
M. Buonaguro
T. Turner
J. Shepherd
B. Williams
R. Chen

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