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**BY E-MAIL**

August 14, 2014

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

Dear Ms. Walli:

**Re: Board Staff Interrogatories**

**Application by Cambridge and North Dumfries Hydro Inc. for leave to purchase all of the issued and outstanding shares of Brant County Power Inc. - Board File Number EB-2014-0217**

**Application by Cambridge and North Dumfries Hydro Inc. for amendment of its electricity distribution licence to include Brant County Power Inc.'s service area and a request by Brant County Power Inc. for cancellation of its electricity distribution licence, upon approval of the proposed section 86 transaction - Board File Number EB-2014-0223**

In accordance with Procedural Order No. 1, please find attached Board Staff's interrogatories with respect to the above referenced applications.

Yours truly,

*Original signed by*

Judith Fernandes  
Case Manager

Attachment

cc: All Parties to the Proceeding





## **Board Staff Interrogatories**

**APPLICATION BY CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. FOR LEAVE TO PURCHASE ALL OF THE ISSUED AND OUTSTANDING SHARES OF BRANT COUNTY POWER INC. - EB-2014-0217**

**APPLICATION BY CAMBRIDGE AND NORTH DUMFRIES HYDRO INC. FOR AMENDMENT OF ITS ELECTRICITY DISTRIBUTION LICENCE TO INCLUDE BRANT COUNTY POWER INC.'S SERVICE AREA AND REQUEST BY BRANT COUNTY POWER INC. FOR CANCELLATION OF BRANT COUNTY POWER INC.'S ELECTRICITY DISTRIBUTION LICENCE - EB-2014-0223**

**August 14, 2014**

## INTERROGATORY NO. 1

**Reference:** Exhibit A, Tab 1, Schedule 1, Page 4, Section 3.1, Paragraph No. 13:

CND projects net annual savings from the transaction of approximately \$1.2 million to \$1.5 million, including reductions in operations, maintenance and administrative costs of \$1 to \$1.2 million per year; and (ii) reductions in capital expenditures of \$0.2 to \$0.3 million per year. More specifically, CND estimates that these savings will be realized through cost synergies in the following areas:...

**Reference:** Exhibit A, Tab 1, Schedule 1, Page 8, Section 3.1, Paragraph No. 20:

Further, neither CND's nor BCP's customers will bear any of the incremental transaction and integration costs (e.g. due diligence, negotiation, regulatory approvals, IT integration, etc.). These costs will be financed through productivity gains associated with the transaction and will not be included in CND's revenue requirement and therefore will not be funded by ratepayers.

- 1.1. Please provide a breakdown of the cost savings for each of the areas identified in Exhibit A, Tab 1, Section 3.1, Paragraph 13.
- 1.2. Please provide the assumptions, analysis and calculations used to arrive at the projected net annual savings amounts.
- 1.3. Please identify any factors that may affect the achievement of the expected efficiencies and the recovery of costs associated with the proposed transaction in the timelines projected.

## INTERROGATORY NO. 2

**Reference:** Exhibit A, Tab 1, Schedule 1, Page 3, Section 2, Paragraph No. 9:

CND is requesting, pursuant to the *Report of the Board titled "Rate-making Associated with Distributor Consolidation"*, July 23, 2007, approval to defer the rate rebasing for up to five years from the closing of the proposed transaction

**Reference:** Exhibit A, Tab 2, Schedule 1, Section 1.6.2, Page 14:

Based on this indicative estimate, approximately 98.6% of the combined CND/BCP customer base will realize lower distribution rates in 2019 than would otherwise be expected in the absence of the proposed transaction. With the exception of the GS>50 kW customer class in the BCP service territory, 98.8% of BCP's existing customers are expected to realize lower distribution rates in 2019, as well as 100% of CND's existing customers. At the time of rate harmonization, CND will revisit its rate design and rate allocation principles in accordance with the Board's applicable rate-making principles to

ensure that rates are just and reasonable for all customers and customer classes, including BCP's current GS>50 kW customer class, in accordance with the terms of the Agreement.

**Reference:** 2006 Electricity Distribution Rate Handbook, Chapter 13, Section 13.2

Distributors who have a merged, acquired, or amalgamated service area, and who have not yet fully harmonized the rates between or among the affected distribution utilities or service areas, may file a rate harmonization plan. The plan must include a detailed explanation, justification, implementation plan, and an impact analysis. In the event that the combined impact of 2006 electricity distribution rate increases and harmonization effects result in total bill increases for any customer class or group exceeding 10%, the applicant should include a discussion of proposed measures to mitigate any such increases in its mitigation plan.

- 2.1. The estimate for the distribution rate impacts following harmonization of rates in 2019, indicates a 54.8% increase for Brant County Power Inc.'s GS>50 kW customer class. Please confirm that Cambridge and North Dumfries Hydro Inc. harmonization plan will include measures to mitigate the distribution rate increases for the customers in Brant County Power Inc.'s GS>50 kW customer class.

### **INTERROGATORY NO. 3**

**Reference:** Exhibit A, Tab 1, Schedule 1, Page 8, Section 2, Paragraph No. 10:

CND and BCP, are further requesting pursuant to sections 74 and 77(5) of the *OEB Act* that upon approval of the proposed transaction, CND's electricity distribution license be amended to include BCP's service area and BCP's electricity distribution license be cancelled.

- 3.1. Please confirm that, if the Board grants the requested relief, Cambridge and North Dumfries Hydro Inc.'s amended licence should reflect the following Conservation and Demand Management Targets:
- a) 2014 Net Annual Peak Demand Savings Target of 20.98 MW; and
  - b) 2011-2014 Net Cumulative Energy Savings Target of 83.51 GWh.

## **INTERROGATORY NO. 4**

**Reference:** Exhibit A, Tab 2, Schedule 1, Page 21, Section 1.8.2:

The price paid by CND as part of the proposed transaction results in a premium over the book value of BCP's assets. The premium paid will not be included in CND's distribution revenue requirement and thus will not be funded by ratepayers.

4.1. Please provide the net book value of the Brant County Power Inc.'s assets being acquired by Cambridge and North Dumfries Hydro Inc.

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