Energy+

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February 12, 2016

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

Dear Ms. Walli :

Re: EB-2015-0054 Brant County Power Inc.
2016 Electricity Distribution Rate Application Reply Submission

In accordance with Procedural Order No. 1 dated December 7, 2015 with respect to the above noted proceeding, Energy+ Inc. is pleased to provide the enclosed Reply Submission for Brant County Power Inc. ("BCP").

The Reply Submission has been submitted through the Board's RESS portal and to the Vulnerable Energy Consumers Coalition ("VECC") via email. Two paper copies will be couriered directly to the Ontario Energy Board's office.

If you require any additional information or clarification, please contact the undersigned at (519) 621-8405, ext 2340.

Yours truly,

Energy+ Inc.

Patti Eitel, CPA,CGA, P.Mgr
Manager, Regulatory Affairs & Financial Planning
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cc: Michael Janigan (VECC)
cc: Shelley Grice (VECC)

Introduction

Brant County Power Inc. ("BCP") filed an application with the Ontario Energy Board (OEB or the "Board") on October 18, 2015 under Section 78 of the Ontario Energy Board Act, seeking approval for changes to its rates, effective May 1, 2016.

The Vulnerable Energy Consumers Coalition ("VECC") was granted intervenor status. Interrogatories were submitted by Board Staff and VECC on December 18 and December 23, 2015 respectively and BCP filed its responses on January 14, 2016. Board Staff provided its submission on February 2, 2016 and VECC provided its submission on January 29, 2016.

The following represents BCP's Reply Submission to assist the Board in evaluating BCP's 2016 IRM Application. BCP's Reply Submission is organized by topic based on the Board Staff's submission.

<u>Retail Transmission Service Rates</u>

As indicated in its submission, Board Staff had no concerns with the data supporting the updated Retail Transmission Service rates proposed by BCP. Board Staff also committed to updating the rate models to incorporate the change to the Uniform Transmission Rates and Sub-Transmission rates effective January 1, 2016. VECC did not make any submissions on the topic of Retail Transmission Service Rates.

Reply Submission

BCP agrees with the Board Staff submission.

<u>Deferral and Variance Account Disposition</u>

BCP's total Group 1 Deferral and Variance account balances amount to a credit of $630,916. These balances include interest computed to April 30, 2016. Based on the threshold test, the Group 1 account balances as at December 31, 2014 equate to a $0.0022 per kWh, which exceeds the pre-set disposition threshold. BCP requested disposition of these accounts over a one year period.

Board Staff noted that BCP made a significant adjustment to Account 1589 – Global Adjustment after it closed its books for 2014 and after it filed its RRRs with the OEB. The adjustment was for a reduction of $1,133,153 and is related to transactions made during the 2014 calendar year. This amount represents the annual true up of the Global Adjustment account that is usually included in the books and records within the year. In this case, BCP did not submit the adjustment to the Independent Electricity System Operator ("IESO") and receive approval from the IESO until August 2015. As the amount related to 2014, the current requested period of disposition, it is reasonable to record the amount in the continuity schedule for the current disposition period, thereby reducing the recovery from customers. Board Staff took no issue with the adjustment, as it relates to the 2014 period and reduces the balance owing from customers.

Board Staff did note, however, that BCP may wish to explain in its reply submission how it has recorded the credit adjustment in its general ledger and whether the 2015 accounts will require a further adjustment for regulatory purposes in the next application.

Board Staff noted that they had no issue with BCP's request to dispose of its 2014 Deferral and Variance account balances over the requested one-year period. VECC did not make any submissions on the topic of the disposition of the Deferral and Variance accounts.

Reply Submission

BCP agrees with the Board Staff submission.

BCP recorded the adjustment of $1,133,153 as a credit to the variance account 1589 (representing a credit to customers) in 2015. The offsetting debit was recorded as an amount receivable from the IESO and was accepted and settled with the IESO in August 2015. For regulatory purposes, BCP will need to show this as an adjustment to the opening balance for 2015 prior to computing the amount eligible for disposition in relation to the 2015 fiscal year balances.

Rate Mitigation

BCP proposed a phase-in period of four years for the transition to a fully fixed rate structure for residential customers based on the OEB's April 2, 2015 policy on electricity distribution rate design. Based upon the four year period, the computed fixed charge amounts to $4.37 per month.

In accordance with the Board's policy, distributors should consider rate mitigation, including extending the phase-in period, when the monthly service charge will rise by more than $4.00, or where the total bill impact for a low-consumption customer (defined as a residential customer at the distributor's 10^{th} consumption percentile) is greater than 10%.

BCP has proposed a four year phase-in period supported by the following rationale:

- Brant County Power Inc. and Cambridge and North Dumfries Hydro Inc. ("CND") amalgamated on January 1, 2016 to become Energy+ Inc. As outlined in the MAADs Application (EB-2014-0217), the amalgamated entity intends to harmonize distribution rates as part of its next Cost of Service rate rebasing application, expected to be for May 1, 2019. A four year period aligns to the final year of phasing in the fixed distribution rates for residential customers based on rate rebasing in 2019.

- Utilizing a 5 year transition period for BCP, as compared to 4 years for CND (EB-2015-0057), would create confusion for customers at the time of rebasing in 2019. A five year transition period would create a two year overlap with the 2019 rate harmonization and add another layer of complexity for former BCP customers who want to understand their rates. Energy+ Inc. would envision having to create a separate residential rate class for former BCP customers that would result in a different fixed and variable rate compared to other Energy+ Inc. customers at the time of rebasing. From both a customer communication and regulatory perspective, BCP believes that this could negatively impact customer satisfaction levels.

Board Staff is of the view that BCP's reasons for the four year phase-in are sufficient to allow for an exception to the mitigation rule, especially in light of the minimal overage on the threshold (10.66% for low-volume residential customers).

VECC supports a five year transition period to keep the total bill impacts below 10% when all of the changes in 2016, including the removal of the Debt Retirement Charge and OCEB, as well as the addition of the OESP charge, are considered.

Reply Submission

BCP is not persuaded to change its proposal for a four-year phase in of the fixed rates and agrees with the Board Staff submission that it has provided sufficient reasoning to support the four year phase-in period.

Furthermore, as noted below, BCP is proposing to defer the approval of its LRAMVA balance at this time. Deferring the disposition of the LRAMVA balance in 2015 will reduce the overall total bill impact to customers, including the low volume residential customers. The overall bill impact to the low volume residential customers changes to approximately 6.7% (excluding the removal of the OCEB), which is below the threshold of 10%. An excel spreadsheet illustrating the bill impacts, based upon a four year phase-in period, and removing the LRAMVA rate rider has been attached as reference.

LRAMVA

BCP has requested approval to dispose of its Account 1568 – LRAMVA balance of $165,361.86, which consists of lost revenues for all CDM programs delivered by BCP from 2011-2014, including persistence of all savings throughout the same time period associated with these programs. To-date, BCP has not requested recovery of lost revenues related to the period 2011-2014.

Board Staff noted in their submission that BCP apparently did not reduce the calculated final net CDM savings (both energy (kWh) and peak demand (kW)) for all CDM programs, by the CDM amounts included in BCP's load forecast prepared at the time of its last cost of service rate application for the 2011 rate year (EB-2010-0125). Board Staff noted that the third party report prepared by IndEco Strategic Consulting Inc. ("IndEco") included a statement that "the load forecast associated with that application did not account for load losses from 2011-2014 CDM programs".

In addition, Board staff also raised a concern with respect to the methodology used by IndEco, particularly with respect to the "annualizing" of demand (kW) and the monthly multiplier factors for all peak demand savings (kW). Board staff is of the view that BCP has not provided sufficient information. Board staff submitted that, in light of further effort required of all parties, BCP should revisit its evidence and propose a revised LRAMVA recovery in its 2017 rate application.

Reply Submission

In light of the issues raised by Board Staff, and the additional effort required by Energy+ Inc. staff and our consultant to investigate the issues raised, BCP would propose to defer its request for the disposition of the LRAMVA balance at this time. BCP appreciates the opportunity to propose a revised LRAMVA recovery and submit its LRAMVA recovery proposal as part of its 2017 IRM Rate Application.

All of which is respectfully submitted.