

Brantford Power 2017 Cost of Service Rate Application

OEB Community Meeting
July 14, 2016



Who We Are

Brantford Power employs approximately 60 staff, serving almost 40,000 customers within the City of Brantford.

Mission Statement

Brantford Power is driven to be a leading electricity distribution company by providing safe, reliable and competitively priced services to our customers, while ensuring excellent shareholder returns.

Values

Safety

Openness and integrity in all relationships

Innovation and creativity

A customer focus

Employee engagement

Governance and Corporate Structure

CITY OF
BRANTFORD



- Wholly owned by the City of Brantford
- Independent corporation governed by a Board of Directors
- Managed by a Senior Leadership Team

Organizational Structure

Operations & Engineering

- Metering
- Design & Construction
- System Service & Maintenance
- Stores & Dispatch

Customer Service & Conservation

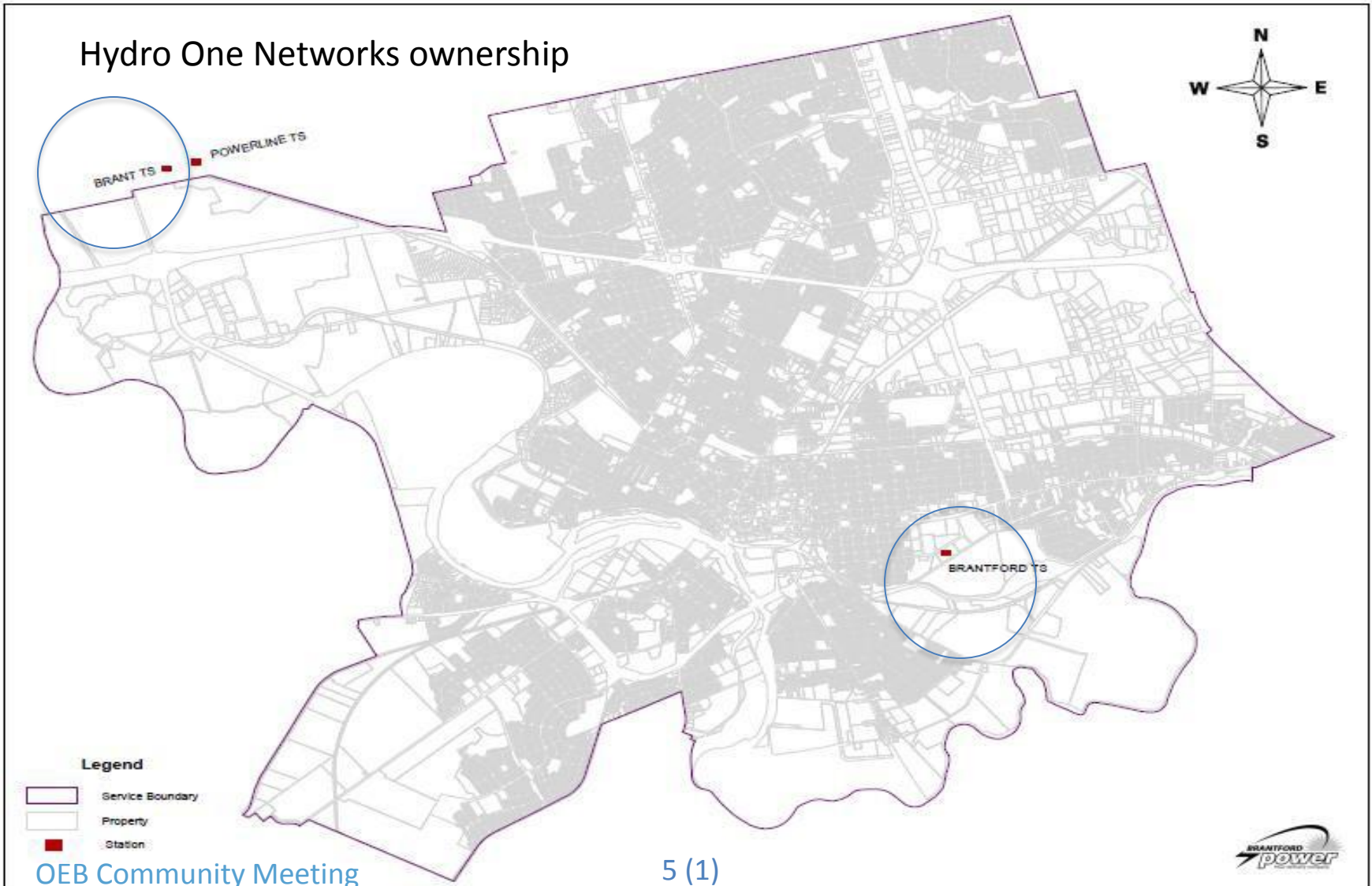
- Call Centre & Collections
- Conservation & Demand Management (CDM)
- Settlement & Billing
- Communications

Corporate Services

- Finance
- Regulatory
- Information Technology
- Corporate Governance

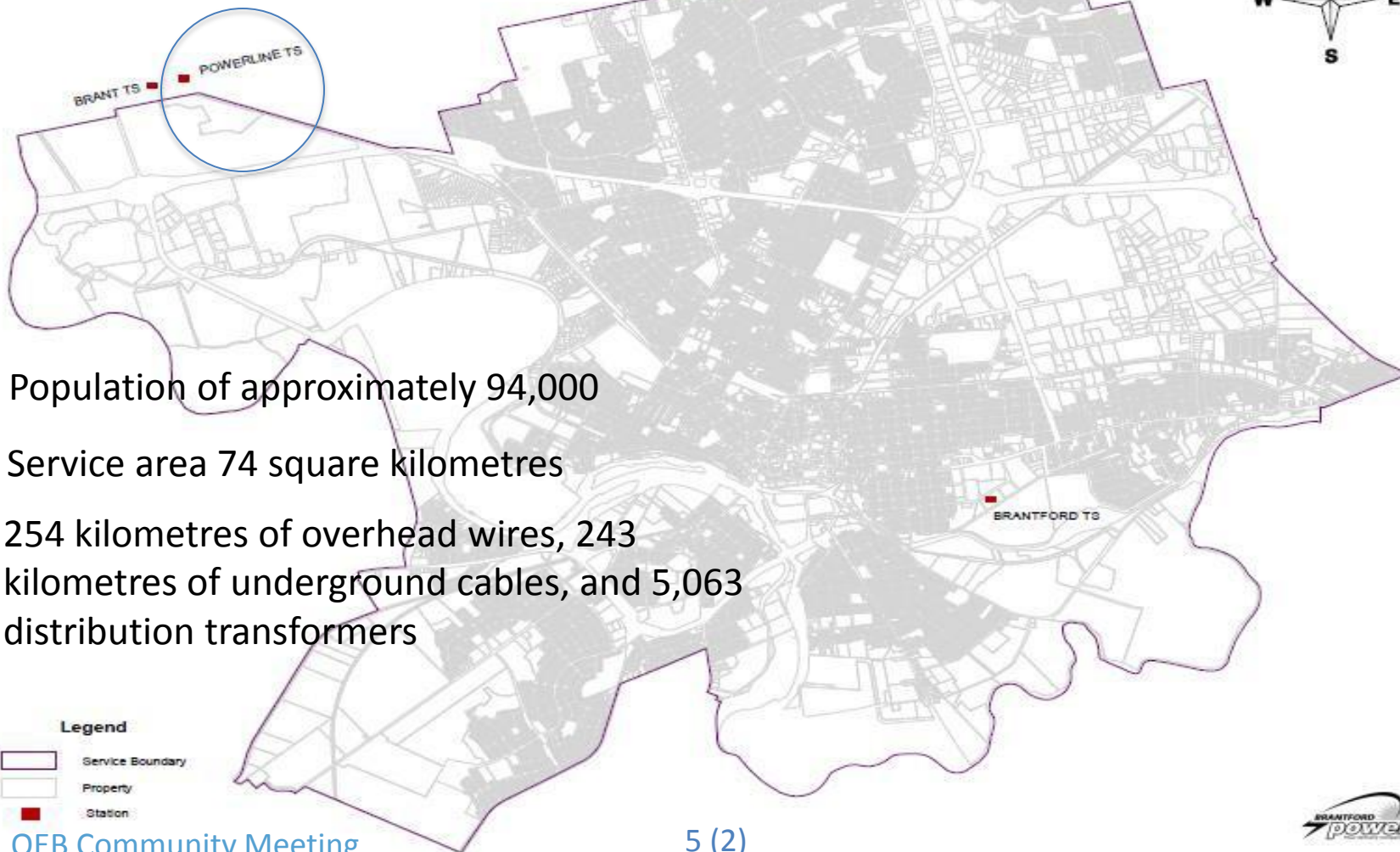
Service Area Profile

Hydro One Networks ownership



Service Area Profile

Brantford Power & Energy+ joint ownership



Population of approximately 94,000

Service area 74 square kilometres

254 kilometres of overhead wires, 243 kilometres of underground cables, and 5,063 distribution transformers

Legend

- Service Boundary
- Property
- Station

Performance Scorecard

To provide customers with a better understanding of how their local electricity utility is performing, relative to other distribution companies across the province, the Ontario Energy Board compiles an annual Scorecard to measure and communicate Brantford Power's performance in four critical areas:

- **customer focus,**
- **operational effectiveness,**
- **public policy responsiveness, and**
- **financial performance.**

Overall, Brantford Power consistently meets targets in the areas of Service Quality, Customer Satisfaction, and Public Safety

Opportunities for improvement have been identified with respect to System Reliability

Cost control metrics continue to be favourable relative to the industry

Summary of Historical Expenditures (millions \$)

	2013 Application	2013 Actual	2014 Actual	2015 Actual
OM&A	\$ 8.9	\$ 8.8	\$ 9.1	\$ 9.1
Capital Expenditures	\$ 2.9	\$ 2.9	\$ 2.8	\$ 4.1

2013 Application Highlights:

- ✓ New organizational structure and transfer of employees
- ✓ Migration to mandated new accounting treatments
- ✓ Split of water and power bills
- ✓ Feeder upgrades on Powerline Rd.
- ✓ Connection of new subdivisions
- ✓ Pole replacement program

Additional Projects Completed:

Operations, Maintenance & Administration (OM&A) Projects 2013-2015

- Planning for the modernization and integration of information systems
- Outsourcing billing (printing and mailing)
- Introduction of e-services

Major Capital Projects 2013-2015

- Powerline MTS capacitor banks
- Transformer replacements
- Asset Management Investments
- Replacement vehicles

Cost Of Service (COS) Rate Application

Background

Brantford Power:

- is funded by the distribution rates paid by its customers
- must submit evidence to justify the amount of funding it needs to operate
- gathers and considers the input and preferences of customers in planning and prioritizing its spending

Rate-Setting Process

- Brantford Power's last Cost Of Service (COS) application resulted in rates effective **March 1, 2014**
- Between COS applications, marginal increases to distribution rates were approved based on inflation and less an adjustment designed to promote efficiency
- Through the COS process the rates are rebalanced to consider the actual level of prudent costs associated with operating and maintaining the distribution system
- The rate impact is forecasted to be greatest in the first year (2017) and lower in the subsequent years (2018-2021)

Highlights of Customer Preferences and Planned Responses

Brantford Power has a comprehensive and ongoing customer engagement program, featuring multiple consultation activities over the past years

Preference Identified	Planned Response
Affordability of electricity	Prudent planning and investment strategy Conservation and Demand Management programs
Power quality and reliability, outage notification	Capital projects, including line capacitors, automatic reclose switches, and an outage management system
Transactional Ease: <ul style="list-style-type: none">• Billing Accuracy• Tools to view and manage consumption• Self-service billing and account access• Credit card payments	Plans to implement a new customer information system Expansion of e-services

Impact of 2017-2021 COS Application

Year	Average Residential Bill	Distribution Portion of the Bill (excl. Pass Through)	Change from Previous Yr. – Distribution excl. Pass Through	Change From Previous Yr.-Total Bill (incl. tax)	% Change (on total bill)
2016	\$ 134.14	\$ 23.92			
2017	\$ 136.22	\$ 28.04	\$ 4.12	\$ 2.08	1.55%
2018	\$ 135.56	\$ 27.46	\$ (0.59)	\$ (0.66)	-0.49%
2019	\$ 136.02	\$ 27.87	\$ 0.41	\$ 0.46	0.34%
2020	\$ 136.49	\$ 28.28	\$ 0.42	\$ 0.47	0.35%
2021	\$ 136.97	\$ 28.71	\$ 0.42	\$ 0.48	0.35%

Bill Impacts are calculated on a typical monthly bill for the average residential customer consuming 750 kWh per month. Future years' increases are illustrative projections only.

Planned Capital Investments

System Access

Definition: Investments that respond to customer requests for new connections or new infrastructure development. These are high priority, “must do” projects, as Brantford Power is mandated to connect new customers to the distribution system.

Projects Include: new subdivision and business customer connections, and relocating assets based on infrastructure needs

System Renewal

Definition: These projects are a mix of planned end-of-life replacement and emergency replacement investments.

Projects Include: transmission station upgrades, and underground cable, overhead wire and pole replacements

System Service

Definition: These investments consist of projects that improve system reliability and customer service.

Projects Include: automated switches and improved distribution system monitoring equipment

General Plant

Definition: These investments, such as tools, vehicles, buildings, and the information technology (IT) systems used to manage financial and customer information, are required to operate and maintain the distribution system efficiently and service customers.

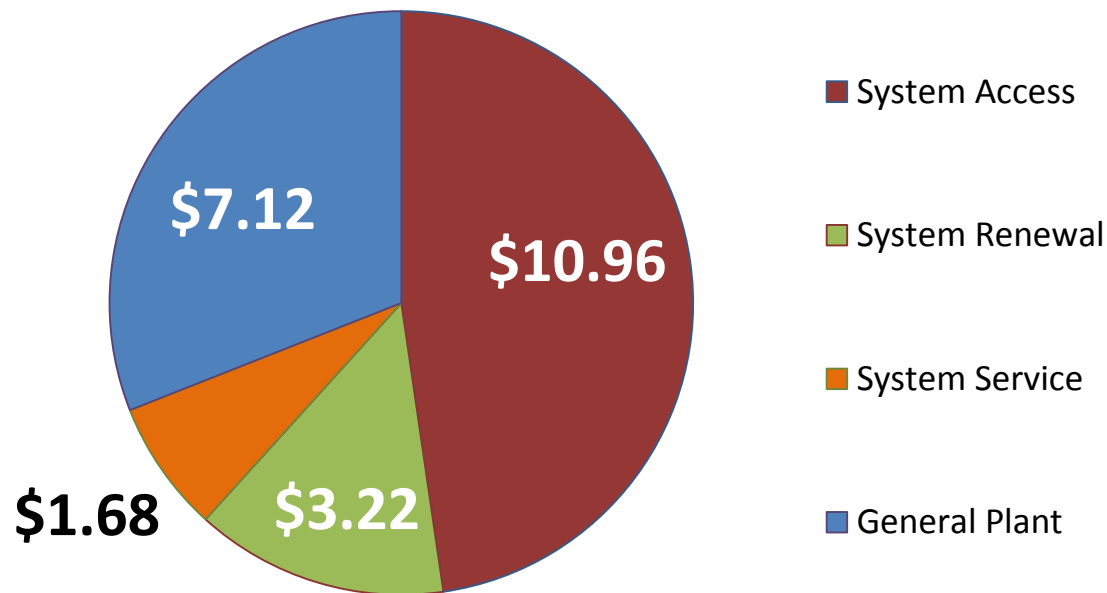
Projects Include: financial and customer information systems, and vehicle replacements, facility relocation

General Plant Facility Relocation

- Currently, employees are located across three facilities, each rented from the City of Brantford
- The availability of these facilities is uncertain in the near to medium-term, as the City of Brantford is assessing its facilities requirements
- Brantford Power has explored its relocation options thoroughly in consultation with 3rd party experts
- Brantford Power also consulted customers regarding the options available for relocation
- The spending envelope requested in this rate application includes funding for the purchase and refurbishment of an existing facility in Brantford to house all employees, equipment and vehicles

Planned Capital Investments

Forecasted Capital Expenditures, 2017- 2021 (\$millions)

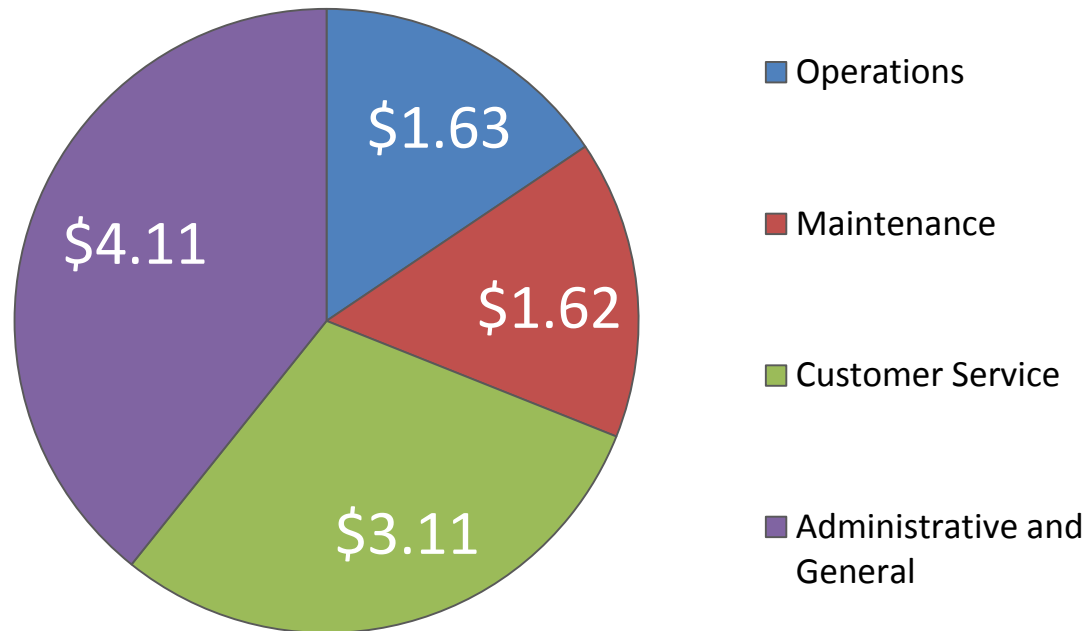


Planned OM&A Expenses

- Increase in one-time implementation costs and ongoing support and hosting fees for new systems
- Skills training of technical staff and costs associated with preparation for succession planning
- Increases in labour costs required to attract and retain skilled labour, as well as increases to statutory benefits

Planned OM&A Expenses

2017 Forecasted OM&A Expenses (millions \$)



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Questions