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August 19, 2016

BY EMAIL & BY COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, Suite 2701
Toronto ON M4P 1E4

Dear Ms. Walli:

Board File No. EB-2016-0058
Brantford Power Inc. --- 2017 Cost of Service
Energy Probe – Interrogatories to Applicant

Pursuant to Procedural Order No. 1, issued August 3, 2016, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) to Brantford Power in the EB-2016-0058 proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh
Case Manager

cc. Brian D'Ambroise, Brantford Power (By email)
Paul Kwasnik, Brantford Power (By email)
James Sidlofsky, Borden Ladner Gervais LLP (By email)
Randy Aiken, Aiken & Associates (By email)
Parties of Interest (By email)

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Ontario Energy Board

Brantford Power Inc.

**Application for electricity distribution rates beginning
January 1, 2017**

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

August 19, 2016

**BRANTFORD POWER INC.
2017 RATES REBASING CASE
EB-2016-0058**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

1-Energy Probe-1

Ref: Exhibit 1, Tab 2, Schedule 7

How was the rate of 4.20% on the affiliate debt that was renewed on Feb. 1, 2016 determined to be a competitive rate? Did BPI seek any debt from third parties in the same timeframe?

1-Energy Probe-2

Ref: Exhibit 1, Tab 4, Schedule 8

The evidence states that BPI applies fully allocated costing to the provision of services to its affiliates and that the costs exactly match the revenues.

- a) Please confirm that all of the costs are included in account 4380 and that there are no costs included in the OM&A associated with the provision of services to affiliates in either the test year, bridge year or in any of the historical years. If this cannot be confirmed, please explain fully.**

- b) Please confirm that the fully allocated costs include both direct and indirect costs, such as a percentage of building rate base and operating/maintenance expenses, a percentage of computer and software capital costs and operating/maintenance expenses and the associated depreciation costs. If this cannot be confirmed, please explain why these costs are not fully allocated to the provision of services to the affiliates.**

1-Energy Probe-3

Ref: Exhibit 1, Tab 5, Schedule 1

The evidence states that for 2014 there were no material changes from the transition to MIFRS from CGAAP.

- a) Does this statement also apply to only the impact on OM&A?
- b) What is the approximate impact on 2013 OM&A of the change from CGAAP to MIFRS?

1-Energy Probe-4

**Ref: Exhibit 1, Tab 2, Schedule 10 &
Exhibit 1, Tab 7, Schedule 8**

Please explain the different level of bill impacts shown in Table 1.2.10 and Table 1.7.8.

1-Energy Probe-5

Ref: Exhibit 1, Tab 8, Schedule 1

- a) Please provide live Excel spreadsheets of the PEG benchmarking tool used by BPI to arrive at the figures shown in Table 1.8-B.
- b) Please explain why some figures are missing for actual 2014 in Table 1.8-B.
- c) Please update the table to include actual 2015 data.

1-Energy Probe-6

Ref: Exhibit 1, Tab 9, Schedule 1

- a) Please explain how the salary, wages and benefits associated with the Vice President responsible for customer service, communications and conservation and demand management departments have been split between the utility related functions and the CDM department function.
- b) Has BPI included all of the costs associated with this new position in the BPI revenue requirement?
- c) Has BPI determined the amount of the costs associated with the CEO that should be included in the regulated revenue requirement, given the additional responsibilities taken on related to the affiliates?

1-Energy Probe-7

Ref: Exhibit 1, Tab 9, Schedule 1

Does the position of executive assistant only perform work for BPI or does the position also assist the CEO with his role in the affiliates? If the latter, please explain how the costs associated with this position have been allocated between the regulated BPI and the unregulated affiliates.

1-Energy Probe-8

Ref: Exhibit 1, Tab 9, Schedule 2

- a) Please confirm that there are no costs included in the historical, bridge or test year OM&A figures associated with the cost of the Board of Directors of Brantford Energy. If this cannot be confirmed, please provide the costs included in the OM&A costs both historically and forecast for the bridge and test years that have been included in the BPI OM&A figures.**
- b) Are there any costs related to Brantford Energy that have been included in the BPI revenue requirement? If yes, please provide a description of the costs and quantification of the costs from 2013 through 2017.**

EXHIBIT 2 – RATE BASE

2-Energy Probe-9

Ref: Exhibit 2, Tab 1, Schedule 1

Is all of the \$14,750,349 added to rate base in 2016, or was some of it added in 2015?

2-Energy Probe-10

Ref: Exhibit 2, Tab 1, Schedule 1, page 17

- a) What is the current status of the acquisition and repurposing of the new facility?**
- b) What is the current forecast for the costs? Please provide an updated version of Table 2.1-D that reflects the current amounts spent and the amounts forecast to be spent in 2016.**

2-Energy Probe-11

Ref: Exhibit 2, Tab 1, Schedule 1

Did BPI do any sensitivity analysis around the option to lease calculations, such as changes in the weighted average cost of capital and/or inflation? If not, please explain why not. If yes, please provide a summary of the scenarios run, the assumptions and the results.

2-Energy Probe-12

Ref: Exhibit 2, Tab 1, Schedule 1

Please update Table 2.1-G to reflect the Board decision for Milton Hydro in EB-2015-0089.

2-Energy Probe-13

Ref: Exhibit 2, Tab 1, Schedule 1, page 16

- a) Please provide a table that shows the breakout of the \$751,669 in forecasted operating costs by line item. Please also show the line item savings that are forecasted to total \$574,902.**
- b) Please provide a table that shows for each of 2013 through 2016 the total costs associated with the three current facilities that will be eliminated with the move to the new facilities.**
- c) Please confirm that there are no costs included in the 2017 revenue requirement associated with any of the three current facilities. If this cannot be confirmed, please quantify the costs included in the 2017 revenue requirement and explain why these costs are still included in the forecast.**

2-Energy Probe-14

Ref: Exhibit 2, Tab 1, Schedule 1, Table 2.1-H

BPI has reflected the OM&A cost associated with the new facilities of \$406,502 in the calculation of the working capital component of rate base. Please explain why the OM&A savings of \$574,902 have not been reflected in the working capital calculation.

2-Energy Probe-15

Ref: Exhibit 2, Tab 1, Schedule 1, Table 2.1-D

- a) What is the cost associated with the land included in acquisition cost of \$10,800,000?**
- b) If this amount is different from the \$4,500,000 shown in the 2016 fixed asset continuity schedule, please explain fully.**
- c) BPI indicates that the land has an acquisition cost of \$125,000 per acre. Please confirm that the land being purchased is 36 acres (\$4,500,000/\$125,000). If this is not confirmed, please explain fully.**
- d) BPI proposes to exclude 5 acres from rate base because this land is surplus to BPI's needs and could be severed and sold. How many acres does this leave for BPI and included in rate base?**
- e) Please provide the address for the facility.**

2-Energy Probe-16

Ref: Exhibit 2, Tab 1, Schedule 1

Please confirm that there are no differences in the net book values calculated in Table 2.1-Q through 2.1-U as compared to the Tables 2.1-V through 2.1-Z. If this cannot be confirmed, please highlight any differences (other than WIP and non-regulated utility assets).

2-Energy Probe-17

Ref: Exhibit 2, Tab 1, Schedule 1

- a) Please confirm that Table 2.1-X for 2015 was based on audited financial actual data. If this cannot be confirmed, please provide an updated Table 2.1-X.**
- b) Please provide an updated Table 2.1-Y for the 2016 bridge year that reflects the most recent year-to-date figures available for 2016, along with the current forecast for the remainder of the year.**
- c) Based on the response to part (b) above, please provide an updated Table 2.1-Z for the 2017 test year that reflects the updated 2016 figures.**

2-Energy Probe-18

Ref: Exhibit 2, Tab 1, Schedule 1

Please explain why BPI continues to add capital expenditures on meters in the meters line rather than the smart meters line on the fixed asset continuity schedules.

2-Energy Probe-19

**Ref: Exhibit 2, Tab 1, Schedule 1 &
Exhibit 2, Tab 3, Schedule 1**

An amount of \$218,274 is shown as fully allocated depreciation in the 2017 test year fixed asset continuity schedule in Exhibit 2, Tab 1, Schedule 1.

- a) How much of this amount has been allocated to capital expenditures and how much has been included in OM&A?**
- b) Table 2.3-A in Exhibit 2, Tab 3, Schedule 1, shows a reduction in OM&A expenses used to calculate the working capital allowance in 2013 through 2016 of an amount that is equal to the fully allocated depreciation expense shown in the corresponding fixed asset continuity schedules. However, the 2017 reduction for working capital allowance is significantly less than the fully allocated depreciation expense shown in the fixed asset continuity schedule for the test year. Please explain.**

2-Energy Probe-20

Ref: Exhibit 2, Tab 5, Schedule 2

Please update and correct Table 2.5-A to reflect each of the following:

- i) 2012 Plan and Actual data as indicated in the evidence and title of the table;**
- ii) Please provide the total budgeted capital expenditure for each year shown, in place of the Plan figure, other than for 2013, which should match the Board approved figures from EB-2012-0109 (please note that the budgeted capital expenditures need not be broken down into the four categories); and**
- iii) Replace the 2016 Actual figures with the most recent year-to-date actuals available along with the forecast for the remainder of the year.**

2-Energy Probe-21

Ref: Exhibit 2, Tab 5, Schedule 4

Please explain the difference between the amount capitalized for the facility/project manager shown in Table 2.5-AS for 2016 of \$154,392 and the amount of \$100,714 noted in Table 2.1-D.

EXHIBIT 3 – OPERATING REVENUE

3-Energy Probe-22

Ref: Exhibit 3, Tab 1, Schedule 1

Table 3.1-A shows revenue associated with the SSS Administration Charge beginning in the 2016 bridge year.

- a) Where was this revenue recorded in previous years?**
- b) Please show the actual amount of revenue from this source for each of 2013 through 2015.**

3-Energy Probe-23

Ref: Exhibit 3, Tab 2, Schedule 1

Please provide the “statistically weak results” of the regression analysis based on the individual rate classes noted on page 1. Please provide the regression analysis and data used in a live Excel spreadsheet.

3-Energy Probe-24

Ref: Exhibit 3, Tab 2, Schedule 2

Please confirm that the negative impact variable is, in fact, calculated based on CDM only, as shown in the Negative Impact Var tab of the forecasting model.

3-Energy Probe-25

Ref: Exhibit 3, Tab 2, Schedule 2

Please show the derivation of the figure of 18,155,410 for net kWh savings in 2017 from 2015 to 2017 CDM programs based on the figures shown in Table 3.2-Q.

3-Energy Probe-26

Ref: Exhibit 3, Tab 2, Schedule 2

- a) For each of the three rate classes shown in Table 3.2-V please estimate a regression equation where the dependent variable is the kW/kWh ratio and the independent variable is a trend variable.**
- b) For each of the regression equations estimated in part (a) that has a statistically significant coefficient on the trend variable, please provide the regression statistics and calculate the forecast for 2017 for the kW/KWh ratio.**
- c) Based on the kW/kWh ratio calculated in part (b) above, what is the impact on the kW forecast for the 2017 test year shown in Table 3.2-W?**
- d) Based on the change in the kW forecast noted in part (c) above, what is the impact on the revenue deficiency in the test year?**

3-Energy Probe-27

Ref: Exhibit 3, Tab 2, Schedule 2

- a) Please rerun the regression analysis using the model as filed, with the addition of trend variable as an explanatory variable (i.e. value of 1 in the first month, 2 in the second month, and so on). Please provide the regression statistics and forecast for the 2017 test year, as well as the Excel spreadsheet that would replace the forecast model if the new equation was used.**
- b) What is the resulting impact on the revenue deficiency if the equation that includes the trend model is used?**

3-Energy Probe-28

Ref: Exhibit 3, Tab 3, Schedule 1

Please provide a version of Table 3.4-A (only that portion found on page 1) that reflects the removal of CDM related revenues (account 4375) and costs (account 4380) in all the years shown. If applicable, please also remove any revenue or costs associated with interest on regulatory assets (deferral and variance accounts) included in account 4405.

3-Energy Probe-29

Ref: Exhibit 3, Tab 3, Schedule 1

Please provide the year-to-date actual revenues for the most recent period available in 2016 in the same level of detail as the portion of Table 3.4-A on page 1. Please also include the revenues for the corresponding period in 2015. Please exclude all CDM related revenues and costs and any regulatory asset interest, consistent with the table requested in the preceding interrogatory.

3-Energy Probe-30

Ref: Exhibit 3, Tab 3, Schedule 1

- a) Please explain why there is no offsetting revenue in 2016 shown in Table 3.4-A for the \$118,939 in account 4380 for new building operational costs – non-utility.**
- b) Please explain the decline in pole rental revenues other in account 4210 in 2016 and 2017 relative to the previous years.**
- c) Please explain the significant decrease in revenues from specific service charges forecast for 2016 and 2017 relative to 2015. In particular, please explain what is meant by field connection charge and explain why this is forecast to drop by approximately \$150,000 in 2016 and 2017 as compared to 2015.**
- d) Please explain, including showing all calculations and assumptions used, in the decline in investment income in account 4405 in 2016 and 2017 relative to the average of the previous years shown.**

EXHIBIT 4 – OPERATING EXPENSES

4-Energy Probe-31

Ref: Exhibit 4, Tab 1, Schedule 1

Does Table 4.1-A include costs associated with property taxes and LEAP? If not, please provide the additional costs associated with each of these items for the 2013 through 2017 period, including Board approved 2013.

4-Energy Probe-32

Ref: Exhibit 4, Tab 1, Schedule 1

Please provide the most recent year-to-actual OM&A expenses available for the 2016 bridge year in the same level of detail as shown in Table 4.1-A. Please also provide the figures for the corresponding period in 2015.

4-Energy Probe-33

Ref: Exhibit 4, Tab 2, Schedule 1

With respect to each of the following items in Table 4.2-B:

- a) Smart meter contra adjustment – Was any of the \$536,035 shown as adjustments in 2013 and 2014 costs that were actually incurred in 2013 and 2014 or were these amounts that were incurred in 2012 and previous years? Please explain fully.**
- b) What was the actual OM&A expense incurred in 2013 related to smart meters and is this amount included in the 2013 Board approved and/or 2013 actuals?**
- c) Employee future benefits actuarial valuation and severance adjustments – Please break these costs into each of the items noted. Please also indicate which adjustments were one-time events.**
- d) Construction materials and supplies – line transformers – Please explain why this is an adjustment to OM&A when it appears these would be capital costs.**
- e) One-Time costs relating to Cost of Service filing – Is the \$63,700 shown for 2016 included in Table 4.1-A for 2016? Is this amount also included in the regulatory costs that are proposed to be amortized over 5 years?**

4-Energy Probe-34

Ref: Exhibit 4, Tab 2, Schedule 1

- a) Where is the increase associated with the facility manager position shown for 2017, given that this cost was capitalized in 2016?**
- b) What is the increase in 2017 relative to 2016 associated with this position?**

4-Energy Probe-35

Ref: Exhibit 4, Tab 2, Schedule 1

- a) Please provide a reconciliation between the changes shown for 2016 and 2017 of \$868,191 and -\$486,476, respectively, for the system integration projects shown in Table 4.2-B and the figures shown in in Tables 4.2-C through 4.2-F.**
- b) Please explain what costs are included in the implementation costs associated with the FIS and CIS and explain why these costs are expensed and not capitalized.**
- c) What are the capital costs associated with the FIS and CIS projects and where are they reflected in the fixed asset continuity schedules for 2016 and 2017?**

4-Energy Probe-36

Ref: Exhibit 4, Tab 2, Schedule 1, page 15

The evidence states that BPI is forecasting a decrease in service provided to the affiliates in the 2017 test year, resulting in an increase in OM&A because BPI will no longer be providing services to BGI, as a result of the plan to sell BGI's assets to the City of Brantford.

- a) What is current status of this proposed sale?**
- b) Please confirm that the total cost of providing the services to BPI and its affiliates is not going up, but rather BPI will be allocated a larger portion of the costs in the test year.**
- c) Please explain why the total cost of providing the services to BPI and its affiliates is not decreasing, given that services will no longer be provided to BGI.**

4-Energy Probe-37

Ref: Exhibit 4, Tab 2, Schedule 1

Please explain how BPI has allocated the costs for the Vice President of Customer Service and Conservation between the regulated utility and costs associated with CDM that are to be recovered from the IESO.

4-Energy Probe-38

Ref: Exhibit 4, Tab 2, Schedule 1

Please expand Table 4.2-G to include a column for actual data for 2012.

4-Energy Probe-39

Ref: Exhibit 4, Tab 4, Schedule 2

Please add lines to Table 4.4-D that shows the amount of total compensation that is capitalized and the resulting total compensation that is included in OM&A expenses.

4-Energy Probe-40

Ref: Exhibit 4, Tab 5, Schedule 1

- a) Please provide a table that shows the decrease in shared services provided by the City of Brantford to BPI between 2016 and 2017.**
- b) Please provide a table that shows the increase in costs for BPI related to the services no longer provided by the City of Brantford.**
- c) If there are non-OM&A related expenses such as cost of capital, PILS and depreciation that are impacted by the movement to BPI of services previously provided by the City of Brantford, please provide a table showing the change in costs.**
- d) Please provide the business case for the transfer of the shared services that have been assumed by BPI from the City of Brantford.**

4-Energy Probe-41

Ref: Exhibit 4, Tab 7, Schedule 1

Are the regulatory costs associated with the current application of \$29,160 in 2015 and \$318,499 in 2016 included in the amounts shown in Table 4.1-A in 2015 and 2016? If yes, please indicate whether the full amounts are shown in Table 4.1-A or whether the amortized amounts are included in 2015 and 2016.

4-Energy Probe-42

Ref: Exhibit 4, Tab 7, Schedule 2

- a) Please break out the \$127,000 for OEB and intervenor costs associated with the current application between OEB costs and intervenor costs.**
- b) Please explain what the forecasted OEB costs are related to.**

4-Energy Probe-43

Ref: Exhibit 4, Tab 9, Schedule 1

Please explain why BPI is forecasting a depreciation expense of \$100,000 (Table 4.1-A) as a depreciation expense adjustment from loss on retirement of assets in the test year when no such adjustment is shown for any other year.

4-Energy Probe-44

Ref: Exhibit 4, Tab 10, Schedule 1

The evidence states that BPI has actual loss carry forwards, but no loss carry forwards for regulatory PILS purposes because regulatory assets and liabilities have been included in the calculation of actual PILS while they are not included in the calculation of regulatory PILS.

- a) Please provide a table that shows a reconciliation of the actual taxable income and actual regulatory taxable income that shows the impacts of the regulatory assets and liabilities and any other differences between actual and regulatory PILS.**
- b) What is the loss carry forward at the end of 2015?**
- c) Please provide a copy of the actual 2015 PILS filing.**

4-Energy Probe-45

Ref: Exhibit 4, Tab 10, Schedule 1

- a) For each of the positions eligible for the apprenticeship tax credit in 2015 and/or 2016, please confirm that the 48 month eligibility does not extend into the 2017 year. If this cannot be confirmed, please provide details on the expiry date.**
- b) Does BPI have any positions that qualify for the co-operative education tax credit or the federal job creation tax credit? If yes, please provide details.**

4-Energy Probe-46

Ref: Exhibit 4, Tab 10, Schedule 2

- a) Please explain the loss of \$100,000 due to asset disposals increases taxable income.**
- b) Does the net income before taxes reflect the above noted loss of \$100,000? If not, please explain why not.**
- c) Please explain why there is a deduction of only \$15,000 related to disposal of assets.**

4-Energy Probe-47

Ref: Exhibit 4, Tab 10, Schedule 2

Please confirm that bottom line in Table 4.10.2-B for property taxes are amounts that have been included in the OM&A figures shown in Table 4.1-A. If this cannot be confirmed, where are these costs included in the revenue requirement?

4-Energy Probe-48

Ref: Exhibit 4, Attachment 4-G & Exhibit 2, Tab 1, Schedule 1

- a) Please explain why the additions to CCA shown for the 2014 historical year in the PILS filings are \$2,612,998, while in the fixed asset continuity schedule, the additions are \$2,794,244.**
- b) Please explain why the additions to CCA shown for the 2015 historical year in the PILS filings are \$3,857,084, while in the fixed asset continuity schedule, the additions are \$4,111,311.**

4-Energy Probe-49

Ref: Exhibit 4, Tab 10, Schedule 1

What is the impact, if any, of the changed noted with respect to transferring the CEC balances to Class 14.1 on the 2017 taxable income?

EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE

5-Energy Probe-50

**Ref: Exhibit 5, Tab 1, Schedule 1 &
Exhibit 5, Tab 2, Schedule 1**

- a) Has BPI entered into a loan agreement with Ontario Infrastructure & Lands Corporation for the loan of \$13.8 million shown having a start date of October 1, 2016 for a term of 30 years? If no, does BPI still expect to enter into such an agreement in 2016?**
- b) What is the current 30 year rate available from Infrastructure Ontario for such a loan?**

5-Energy Probe-51

Ref: Exhibit 5, Attachment 5-A

- a) How was the rate of 4.20% determined for the renewal for 5 years of the affiliate debt?**
- b) Did BPI approach third party lenders to refinance all or part of the affiliate debt that came due in early 2016? If not, please explain why not? If yes, please provide a summary of the quotes received including amount, rate and term available from these parties.**

EXHIBIT 6 - CALCULATION OF REVENUE DEFICIENCY OR SUFFICIENCY

6-Energy Probe-52

Ref: Exhibit 6

Based on any corrections, changes or updates, please provide updated live Excel work forms for the RRWF, PILS, Chapter 2 appendices, cost allocation model and any other work forms that have been changed as a result of the changes or updates. Please include the necessary entries in the Tracking Form in the RRWF indicating the interrogatory response which is the basis for the change made.

EXHIBIT 7 – COST ALLOCATION

7-Energy Probe-53

Ref: Cost Allocation Model, Sheet I7.1

Please explain the difference between a smart meter and a smart meter – network and explain why 1,302 residential customers have the smart meter – network.

EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS

9-Energy Probe-54

Ref: Exhibit 9, Tab 1, Schedule 1

More information is now available about the Ontario cap and trade program than when BPI filed its application. Does BPI still believe it requires the requested deferral account? If yes, please explain fully why and provide examples of what costs BPI expects would be included in it.