PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

August 19, 2016

VIA E-MAIL

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

Dear Ms. Walli:

Re: EB-2016-0058 – Brantford Power Inc. – 2017 Rate Application
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the interrogatories of VECC in the above-noted proceeding.

Yours truly,

Michael Janigan
Counsel for VECC

Brian D'Amboise, Chief Financial Officer & Vice President Corporate Services
Email: bdamboise@brantford.ca

1204-ONE Nicholas Street, Ottawa, ON K1N 7B7 Tel: 613-562-4002 Fax: 613-562-0007 piac@piac.ca www.piac.ca
Michael Janigan - Direct: 31 Hillsdale Avenue E, Toronto, ON M4S 1T4 Tel: 416-840-3907 mjanigan@piac.ca

REQUESTOR NAME	**VECC**
TO:	**Brantford Power Inc. (Brantford or BPI)**
DATE:	**August 19, 2016**
CASE NO:	**EB-2016-0058**
APPLICATION NAME	**2017 COS Application**

1.0 ADMINISTRATION (EXHIBIT 1)

1.0-VECC-1
Reference: E1/T1/S3/pg.2

a) Please provide the evidence that BPI's wage rates are lower than comparable utilities.

1.0-VECC-2
Reference: E1/T8/S1/pg.9-10

a) Please explain if Table 1.8 is showing improving or declining total cost efficiency.

1.0-VECC-3
Reference: E1/Attachment 1-A/pg.25

a) Have all of the recommendations of the Convergys study (e.g. pages 25, 27) been implemented? If not please explain why not.

1-0-VECC-4
Reference:

At the noted reference it states: "*Residential customers were asked which course of action they think Brantford Power should pursue in regards to their planned facility relocation. The plurality (43%) think that Brantford Power should buy and* [sic] *existing facility and refurbish it to meet their current needs and foreseeable future needs. 17% feel that it would be better to build a new facility, and just over one-in-ten (12%) think that Brantford power should find new rental space to house equipment and staff*."

a) How many customers questioned the need for any change? Did the survey offer the status quo as an option?

b) What cost was given to the respondent as being associated with the each move option?

1.0-VECC-5

Reference: E1/Attachment 1-A/pg.25

a) Has BPI or its parent had any discussions with interested parties in the last 12 months with respect to the sale of BPI?

2.0 RATE BASE (EXHIBIT 2)

2.0 – VECC - 6

Reference: E1/T1/S1

a) Please provide the analysis which shows combining the three facilities is more cost efficient than the existing arrangements.
b) Please explain the conditions of the current lease which allow for early termination.
c) What plans does the city have for the properties currently occupied by BPI?
d) Please provide an update on the negotiations to acquire the existing building.

2.0 – VECC - 7

Reference: E1/T1/S1/pg.17

a) In the analysis of the existing vs new build why is there an adjustment for depreciation in the latter, but not the former (new build)?

2.0 – VECC - 8

Reference: E2/T5/S2/Table 2.5

a) Please provide the rationale for capitalizing the costs of the proposed facility manager.
b) Please provide any precedent for this form of accounting treatment.

2.0 – VECC - 9

Reference: E2/T1/S1/pg.7 & Table 2.5

a) The evidence summarizes the total estimated building space requirement as 37,000 sq. ft. Please reconcile that figure with the table at page 11 of the AECOM report which identifies total GSF of 13,167 for existing requirements.
b) Please explain the additional 20 FTEs (30%) increase in FTE over the 2015-2017 period which were incorporated into the requirements. Specifically identify all positions above the 56 actual FTEs in 2015 which are anticipated to be resident in the new facilities.

2.0 – VECC - 10

Reference: E2/T1/S1/Table 2.1-G

a) Does the square footage shown in this table include garage space?
b) If yes, please provide a breakdown of square footage by office and garage space separately for each of the comparators

2.0 – VECC - 11

Reference: E2/T9/S1

c) Please provide the outages (number and duration) for 2012 through 2015 by cause code.
d) Please explain how the proposed DSP is forecast to impact outages caused by defective equipment.

2.0 – VECC -12

Reference: E2/Attachment A – DSP/pg. 26

a) Please provide a table showing the project, cost and start date and in-service date for all capital programs required as part of the completed IRRP Report.

2.0 – VECC - 13
Reference: E2/Attachment A – DSP/pg. 49-

a) Please provide a table which shows for each asset class the asset percentage by condition (i.e. very poor to excellent) and the method by which the condition was determined (inspection, age, sampling, etc.)

2.0 – VECC -14
Reference: E2/Attachment A – DSP/pg. 96-

a) Please provide a table showing separately the capital contributions for (i) customer access, ii) municipal relocations, (iii)connection evaluations; (iv) lots and town houses. In separate rows please provide the total capital spending related to each category of contributions.
b) Please explain why contributions for lots & townhomes were not received in 2012 through 2015, but are expected in 2016 and 2017 (see Appendix 2-AA).
c) Please explain how the forecast of contributions for 2016 and 2017 was derived.
d) Please provide the total actual contributions for 2016 to-date by category.

2.0 – VECC - 15
Reference: E2/Appendix 2-AA

a) Between 2013 and 2015 BPI capital spending on New Services was on approximately 99k. The 2017 test year shows a forecast of $267k. Please provide the supporting evidence for this above average increase.
b) Please identify the subdivision or developments which support this forecast.
c) Please provide the 2016 forecast of new services (number of services) and the actual do-date.

2.0 – VECC - 16
Reference: E2/Appendix 2-AA

a) The annual spending on vehicles between 2015 and 2017 is almost three times the average annual spending between 2012-2014. Please explain why?

2.0 – VECC - 17

Reference: E2/Attachment A – DSP/Appendix 13 & E4/T2/S1/pgs.7-

a) In addition to CIS, FIS, OMS projects Util-Assist identified over 20 projects to improve processes and productivity (see page 137). Please provide a table which lists all the projects identified, indicates whether BPI intends to implement the recommendation, gives the in-service time of that project and the total project cost (please identify capital separately from OM&A).
b) Please also show the quantum of savings expected by implementing each project.

3.0 OPERATING REVENUE (EXHIBIT 3)

3.0 –VECC -18

Reference: E3/T1/S1, page 1
E8/T5/S4, page 1, Table 8.5-B

a) Please confirm that the revenue at proposed rates set out in Table 3.1-A is actually the proposed revenue allocation to each of the customer classes.

3.0 –VECC -19

Reference: E3/T2/S1, page 1 (lines 6-7)
E3/T2/S2, pages 1-5

a) Did Brantford test any other model specifications to determine whether the model and variables used in EB-2012-0109 were still the most appropriate?
b) If yes, what other model specifications and/or variables were tested and what were the results?

3.0 –VECC -20

Reference: E3/T2/S2, page 2

a) Please explain why the predicted purchases for 2015 are materially less than those the years immediately prior (e.g. 2014) or immediately after (2016 and 2017).
b) The Table indicates that the 20 year value is based on the 20 year average

while the text (line 5) indicates it is based on the 20 year trend in weather data. Please clarify which is the case.

c) If Table 3.2-D is based on the 20 year average in weather data, please provide the results based on the 20 year trend per the Filing Guidelines.

3.0 –VECC -21

Reference: E3/T2/S2, page 4

a) Has Brantford Power received the report from the IESO on its actual 2015 CDM results? If so, please provide a copy of the Report and update the load forecast model and 2016 & 2017 predictions for power purchases.

3.0 –VECC -22

Reference: E3/T2/S2, page 4
Load Forecast Model, CDM Results Tab, Cells T3 to AE11
Exhibit 4, Attachment 4-H, page 12

a) In many instances the savings in the years 2013 and 2014 due to CDM program from each of the years 2006-2014 as set out in the CDM Results Tab do not reconcile with the totals for 2013 and 2014 as set out in the Burman Report (page 12). Please explain why the differences exist and/or correct the tables as necessary.
b) Based on the results of part (a) please revise the load forecast model/projections and the LRAM claim as necessary.

3.0 –VECC -23

Reference: E3/T2/S2, page 4
Load Forecast Model, CDM Results Tab
Exhibit 4, Attachment 4-J, page 7

a) Please provide any reports available from the IESO/OPA regarding the persistence of savings from 2011-2014 CDM programs through to 2017 (i.e., similar to the projections provided in the 2010 CDM Report for 2006 to 2010 programs).
b) Please reconcile the 2011-2014 CDM results as show in the CDM Results Tab with those set out in Attachment 4-J, Tables #1 and #5. In particular, it appears that the values as set out in the CDM Results Tab have not been appropriately adjusted to account for “Adjustments to Previous Years' Verified Results” as shown in Attachment 4-J, Table 1.

3.0 –VECC -24
Reference: E3/T2/S2, page 9

a) Please provide the actual customer/connection count for each class as of June 30, 2016.

3.0 –VECC -25
Reference: E3/T2/S2, page 9

b) Please explain the historical decrease in Streetlight use per connection. Is it due to reductions in energy use per device or due to a decrease in the number of devices per connection?

3.0 –VECC -26
Reference: E3/T2/S2, page 12

a) Please provide a copy of Brantford's 2015-2020 CDM Plan as submitted to the IESO.

3.0 –VECC -27
Reference: E3/T2/S2, page 14

a) Given that the full year net level savings are used for LRAM purposes and the load forecast model uses 2015 data why are savings from 2015 CDM programs included in the LRAMVA baseline?

3.0 –VECC -28
Reference: E3/T2/S2, page 17

a) Please provide a schedule that sets out the actual energy use and billed kW for the first seven months of 2014, 2015 and 2016 for: i) the Embedded Distributor and ii) the Wholesale Market Participant.

3.0 –VECC -29
Reference: E3/T3/T1, page 5

a) Has Brantford also reduced its forecast OM&A for 2016 and 2017 to account for the expected decrease in field connection activity (per lines 15-18)? If so, please indicate where in Exhibit 4 the reduction is reflected.

4.0 OPERATING COSTS (EXHIBIT 4)

4.0 -VECC -30
Reference: Exhibit 4,

a) Please update the status of collective bargaining.

4.0 -VECC -31
Reference: Exhibit 2/T1/S1/pg.17,

a) Please confirm the forecast savings from the consolidation of buildings is $574,902 per year (as per Table 2-1-H).

4.0 -VECC -32
Reference: Exhibit 4/T1/S1

a) Please confirm that there are incremental OM&A costs since the last cost of service filing of $495,143 due to the proposed new IT projects.
b) If this is confirmed please provide details of this ongoing cost specifically identifying the FTE related incremental costs.

4.0-VECC-33
Reference: E4/T2/S1/Table 4.2-B:Cost Drivers/E4/T2/S1/pg.17/Appendix 2-JC

a) Please explain how the forecast for 2016 and 2017 for bad debt is derived.
b) Please explain the increase in collections OM&A costs in 2017 as compared to 2015 and prior.
c) Will the increase in collections costs lead to lower bad debts. If not please explain why not?

4-VECC- 34
Reference: E4/T2/S1/Table 4.2-C

a) Please confirm that the $596,786 in OM&A costs are not recovered in the revenue requirement for 2017 or beyond.
b) Please provide a breakdown/details as to the nature of the 596k and $108k in FIS OM&A related implementation costs.
c) Please explain why FIS fees are paid to the City after implementation of the new FIS system.

4-VECC-35
Reference: E4/T2/S1/Table 4.2-

a) Please explain why BPI appears to be paying a full year of fees for the current year and a partial year of fees for the new CIS system in 2017.

4-VECC-36
Reference: E4/T2/S1/Table 4.2-F

a) Please identify any OM&A costs that are expected to be incurred prior to 2017 which are included in the normalization of Implementation costs as shown in Table 4.2-F (i.e. confirm the statement at page 15 which states no OM&A prior to 2017 is included).
b) What are the current 2016 related OM&A implementation costs.

4-VECC-37
Reference E4/T4/S2/pgs.23-

a) Please provide a table which lists each new incremental positon, starting from Board approved 2013 to 2017. In one column provide the salary band mid-point (not actual salary) and, separately, the average benefit cost for the incremental position. In another column provide the hiring start date (actual or forecast). In the final column provide a brief synopsis of the reason for the incremental positon.
b) Please confirm that the both the salary and benefits of the 3 conservation positions are not included in the OM&A figures or in the proposed revenue requirement (or confirm that there are equal offsetting revenues).

4.0-VECC-38
Reference: E4/T5/S1/Tables 4.5-A Appendix 2-N

a) Please explain the increase in affiliate IT services to 916k in 2016 as compared to prior years and notwithstanding the transfer of FIS and other systems to from the city to BPI.
b) In explaining the variance as between 2013 and 2017 BPI speaks of an IT employee joining and being part of the CIS project. Please clarify the role of City IT personnel in the transition to the new FIS and CIS systems and their role (if any) after implementation of these new systems.

4.0-VECC-39

Reference: E4/T5/S1/Tables 4.5-A Appendix 2-N

a) Given the evidence that 2017 is a transition year for IT system implementation please provide BPI's forecast of shared service revenues and costs (i.e. Appendix 2-N) for 2018.

4.0-VECC-40

Reference: E4/T5/S1/Tables 4.5-A Appendix 2-N

a) Please explain how street light maintenance is charged (e.g. on a per unit serviced or annual fixed sum basis).
b) If it is charged on a per unit basis please provide a table showing the units serviced, fee and total (i.e. sum shown in Appendix 2-N).

4.0 -VECC -41

Reference: Exhibit 4, Attachment 4-H, pages 12-13
Exhibit 4, Attachment 4-J, Tables 1 and 2

a) With respect to the Residential CDM program savings used in Attachment 4-H, please explain why:
    i. The total Residential savings used for results from 2011 programs in 2013 (1,096,631 kWh) exceeds the reported savings in 2011 from 2011 programs (1,096,007 kWh – after adjustments to the verified results per Attachment 4-J) as one would have expected the value to be either equal or less due to loss of persistence.
    ii. The total Residential savings for the results from 2013 programs in 2013 (868,401 kWh) and in 2014 (867,452 kWh) both exceed the reported savings in 2013 from 2013 programs (853,969 kWh – after adjustment to verified results per Attachment 4-J).

5.0 COST OF CAPITAL AND RATE OF RETURN (EXHIBIT 5)

5.0-VECC-42
Reference: E1/T8/S1

a) Please provide a table showing the achieved ROE for 2011 through 2016 with an additional row showing the Board ROE approved for 2011 and the subsequent ROE benchmarks set by the Board each year 2012 through 2015.

5.0-VECC-43
Reference: E5/Attachment 5-A

a) Is the new debt note with the City callable on demand?
b) Please explain what the “adjustment provisions of the Transfer By-law” are with respect to this note.
c) How was the rate of 4.20% determined for this note?

5.0-VECC-44

Reference: E5/T2/S1

a) Please provide the source of the 3.68% forecast for Ontario Infrastructure and Lands Corporation sourced debt.

6.0 CALCULATION OF REVENUE DEFICIENCY/SURPLUS (EXHIBIT 6)

N/A

7.0 COST ALLOCATION (EXHIBIT 7)

7.0 – VECC –45
Reference: E7/T1/S2, page 7

a) What, if any, adjustments have been made to Brantford’s Standby rate since the approval of the 2013 Rates?
b) What are the forecast 2017 revenues from Standby Rates?

8.0 RATE DESIGN (EXHIBIT 8)

8.0 –VECC - 46
Reference: E8/T1/S1, page 5 (lines 9-13)

a) Have there been any updates to the load forecasts for either Embedded Distributor or the GS 50-4,999 classes?

9.0 DEFERRAL AND VARIANCE ACCOUNTS (EXHIBIT 9)

9.0 –VECC -47
Reference: E9/T1/S1/pgs4- RSVA

a) Please provide the relevant pages of the 2013 settlement agreement (EB-2013-0109) which pertain to the issue of the 284k being sought for recovery. Please also provide the related Board Staff interrogatory noted in the evidence and the evidence showing the RSVA balances in EB-2013-0109.

9.0-VECC-48
Reference: E9/T1/S5/section 9.1.5

Pre-amble: At section 9.2 of the settlement agreement in EB-2012-0109 there is the following provision: "*In its application, BPI requested an accounting order to authorize the creation of a variance account to capture specifically defined differences related to BPI's future transition to International Financial Reporting Standards ("IFRS"). The variance account was proposed to track gains or losses on disposition of plant property and equipment as well as other postemployment benefits. For the purposes of settlement, the Parties agreed that BPI will no longer request this deferral and variance account*."

a) Please explain how the recovery sought at section 9.1.5 is consistent with this agreement.

End of document