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November 22, 2018

VIA E-MAIL

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St.  
Toronto, ON

Dear Ms. Walli:

**Re: EB-2018-0020 – Brantford Power Inc. - 2019 Electricity Distribution Rates  
Vulnerable Energy Consumers Coalition (VECC) Submissions**

Please find enclosed the final submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

*(Original Signed By)*

John Lawford  
Counsel for VECC

Ccopy to: Oana Stefan, Brantford Power Inc.  
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**EB-2018-0020**  
**Brantford Power Inc.**

**Application for electricity distribution rates effective January 1, 2019**

**Submissions of the Vulnerable Energy Consumers Coalition (VECC)**

Brantford Power Inc. (Brantford Power) filed an application with the Ontario Energy Board (OEB) on August 13, 2018 under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B) and under the OEB's Filing Requirements for Incentive Regulation Rate Applications seeking approval for changes to its electricity distribution rates to be effective January 1, 2019.

VECC submissions below are in relation to Brantford Power's proposal to correct balances previously approved by the OEB in affected Retail Settlement Variance Accounts (RSVA).

Group 1 Deferral and Variance Accounts

Brantford Power's original application reported a significant credit balance owed to customers of \$3,109,432<sup>1</sup> including interest in its Group 1 Deferral and Variance Accounts (DVAs) as at December 31, 2017, which exceeds the OEB's threshold for disposal. Brantford Power proposes that the OEB dispose of the LRAM Variance Account balance at this time, but not the Group 1 balance owing to customers. Brantford Power asks that the balance be disposed of in its next IRM application for 2020 rates to offset a bill increase related to a new ICM request related to Brantford Power's Facility Relocation Project. For the reasons discussed below, VECC submits the OEB should order Brantford Power to clear the Group 1 Balances now and return the amounts owed to customers, subject to VECC's comments below regarding Brantford's proposed corrections to 2015 data errors.

Brantford Power's evidence with respect to Group 1 DVAs identified variances in three accounts where the account balances differed from the account balances reported through the RRR:

- Account 1580-RSVA Wholesale Market Service Charge - (\$129,329)
- Account 1588-RSVA Power - \$307,922
- Account 1589-RSVA Global Adjustment – (\$307,260)

The variances in RSVA Accounts 1588 and 1589 reflect three issues:

- 1) 2017 billing true-up related to 2017 consumption;
- 2) A data error in Smart Metering data provided by its third-party Operational Data Storage (ODS) provider in 2015 and 2016; and
- 3) Secondary impacts to reflect the split of amounts allocated to RPP vs non-RPP customers.

During its 2018 IRM application, Brantford Power requested, and the OEB approved, a request to continue its investigation of the balances in accounts 1588 and 1589. As part of this investigation, Brantford Power discovered a data error in 2015 and 2016 related to the Smart Metering data provided by its third party ODS provider that is relied upon in its monthly RPP submission to the IESO.

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<sup>1</sup> Manager's Summary P13

The 2015 error affected the settlement with the IESO and resulted in \$279,884<sup>2</sup> more (principal amount) being collected from the IESO, and amounts were misallocated between Accounts 1588 and 1589. In total, Brantford proposed a (\$925,092) credit correction to Account 1588 and a debit correction to Account 1589.<sup>3</sup> Account 1588 is cleared to both RPP and non-RPP customers and Account 1589 is cleared to only non-RPP customers, so the impact on customers differs. Of Brantford Power's 46,324 customers, 38,519 are RPP customers and 7,805 are non-RPP customers. The outcome of Brantford Power's 2015 data correction was that the majority of RPP customers would experience a bill decrease.

In its response to interrogatories, Brantford Power identified a need to make further corrections to the 1588 and 1589 account balances in 2015 which significantly changed the resulting impact on customers. The revised 2015 adjustment reflected a debit balance of \$365,324 offset by a (\$645,208) credit to be refunded to non-RPP customers, resulting in a bill increase for the majority of customers who are RPP.

As a result, Brantford Power decided to withdraw its request to make adjustments to the DVA schedule related to the 2015 ODS issue as the outcome was no longer favourable to the majority of customers who fall into the RPP category. Brantford Power proposes to return the \$279,884 error to the IESO. Brantford Power believed the initial retroactive adjustment would be considered by the OEB because it was initially a benefit to the majority of customers.

Due to the Brantford Power's error, RPP customers were undercharged by \$181,103 and non-RPP customers were overcharged \$473,750.<sup>4</sup>

#### Nature of the Error

Brantford Power relied on ODS data for the monthly smart metered customer consumption to settle with the IESO and until now believed that the consumption data from the ODS accurately represented smart meter consumption data and did not require true-ups.<sup>5</sup> In its investigation of accounts 1588 and 1589, Brantford Power examined the original input data for the calculations, including ODS meter data, and identified unexpected high 2015 and 2016 consumption records for a number of customers. Brantford Power has changed its processes since data inconsistencies were discovered. Brantford Power now includes a true-up of consumption estimates to ensure settlement with the IESO is accurate and it has implemented additional review processes with respect to the third party ODS data received in order to identify any such issues in the future.<sup>6</sup> In addition, Brantford Power engaged KPMG to conduct a review of its 1598 process and identify opportunities for improvement.<sup>7</sup> KPMG's December 2017 report noted that some informal data integrity checks are performed on a certain data in the spreadsheet but these checks are not documented or noted as tasks to be performed.<sup>8</sup> Also, KPMG notes the review of the spreadsheet, specifically manual data inputted, is often only checked by the preparer and an independent and second individual often does not review on a consistent or timely basis. KPMG recommends manual data entered be checked by an individual other than the preparer.<sup>9</sup>

VECC submits these practices left Brantford Power vulnerable to data errors at the time the 2015 and 2016 data errors occurred. Although the errors were not deliberate, the outcome was that non-RPP

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<sup>2</sup> Manager's Summary P18

<sup>3</sup> Manager's Summary P20

<sup>4</sup> SEC IR#5

<sup>5</sup> Staff IR#1 (d)

<sup>6</sup> Staff IR#2

<sup>7</sup> SEC IR#2

<sup>8</sup> SEC #6 KPMG Report P9

<sup>9</sup> SEC #6 KPMG Report P7

customers paid more. Brantford Power has a responsibility to ensure it has taken the proper precautions and has the appropriate controls and oversight in place to manage the integrity of the data so that customers are not harmed.

The ODS data error involves 2015 account balances previously approved by the OEB. The balances for 1588 and 1589 were disposed of on a final basis in Brantford Power's last Cost of Service Application in 2017 (EB-2016-0058). As stated in the OEB's Filing Requirements, the OEB expects that no adjustments will be made to any deferral and variance account (DVA) balances previously approved by the OEB on a final basis.<sup>10</sup>

VECC has reviewed the submissions of the School Energy Coalition (SEC) and supports the conclusions reached by SEC that the Board should exercise its discretion and order BPI to repay non-RPP customers the amounts it has overpaid. VECC agrees that BPI's customers should not bear the cost of the errors, the utility should.<sup>11</sup> All affected customers are innocent third parties. Vulnerable energy consumers and in particular low-income seniors cannot afford to be out of pocket because of inadequate controls and errors made by the utility. In doing so, VECC submits that the Board should approve an asymmetrical treatment whereby RPP customers who underpaid are not required to payback the unbilled amounts and no retroactive adjustment is made to Account 1588.

#### Disposition

Brantford Power is proposing that the OEB not dispose of the credit balance in the Group 1 DVAs Accounts in 2019 and instead wait until its next IRM application. Brantford Power indicates its next IRM rate application, for 2020 rates, will include a request for the approval of ICM rate riders related to BPI's Facility Relocation Project, and deferring disposition of Group 1 DVAs to 2020 will help offset some of the bill increase from the ICM rate riders.<sup>12</sup> VECC does not agree with this approach. VECC submits the Group 1 DVA credit balance should be returned to customers now and should not be tied to a future ICM that may not receive OEB approval.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 22<sup>nd</sup> of November 2018.

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<sup>10</sup> Filing Requirements For Electricity Distribution Rate Applications - 2018 Edition for 2019 Rate Applications - Chapter 3 Incentive Rate-Setting Applications, Page 11

<sup>11</sup> SEC Submission P5

<sup>12</sup> Manager's Summary P15