Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

October 17, 2019

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2019-0022 – Brantford Power Inc. (Brantford Power) and EB-2019-0031 – Energy+ Inc. (Energy+) 2020 Rates Applications
OEB Staff Interrogatories

In accordance with Procedural Order #1, please find attached OEB staff's interrogatories in the above proceedings. The applicants and intervenors have been copied on this filing.

Brantford Power's responses and Energy+'s responses to interrogatories are due by November 5, 2019.

Any questions relating to this letter should be directed to Jerry Wang at Jerry.Wang@oeb.ca or at 416-440-7637. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Jerry Wang
Electricity Distribution – Major Rate Applications & Consolidations

Encl.

OEB Staff Interrogatories
2020 Electricity Distribution Rates Applications
Brantford Power Inc. (Brantford Power)
EB-2019-0022
-and-
Energy+ Inc. (Energy+)
EB-2019-0031
October 17, 2019

Brantford Power Interrogatories

B-Staff-1
Ref: Brantford Power, Rate Generator Model, Tab 3 – Continuity Schedule

Appendix A of the Chapter 3 Filing Requirements[1] states, “Applicants are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year only once, on a final basis.”

OEB staff notes that Brantford Power has selected “Yes” for disposition of the residual balances of its 1595 Sub-Account (2016) despite having already cleared the residual balances in the 2019 rates proceeding.

a) Please explain why Brantford Power has selected the 1595 Sub-Account (2016) for disposition. If it is in error, please update the Rate Generator Model.

B-Staff-2
Ref: Brantford Power, Rate Generator Model, Tab 3 – Continuity Schedule

OEB staff notes that no disposition of Group 1 Deferral and Variance accounts was allowed during the 2018 rates proceeding. For the 2018 rate year, Brantford Power has included transaction and interest entries for the 1595 Sub-Account (2016), 1595 Sub-Account (2017) and 1595 Sub-Account (2018) in the continuity schedule. The amounts are reproduced below:

	Transactions Debit / (Credit) in 2018	Interest in 2018
1595 (2016)	1,725	3,618
1595 (2017)	(63,373)	1,557
1595 (2018)	(7,598)	7,508

[1] Ontario Energy Board Filing Requirements For Electricity Distribution Rate Applications – 2018 Edition for 2019 Rate Applications – Chapter 3: Incentive Rate-Setting Applications, Issued July 12, 2018

a) Given that no disposition of Group 1 Deferral and Variance accounts was allowed in 2018, what do the 1595 (2018) amounts shown above represent?

b) Given that the rate riders for 1595 (2016) and 1595 (2017) ended in 2016 and 2017 for the two accounts, respectively, please explain the reasons for the amounts recorded in the 1595 sub-accounts for 2016 and 2017.

B-Staff-3
Ref: Brantford Power, Rate Generator Model, Tab 12 – RTSR – Historical Wholesale

IESO	Network			Line Connection			Transformation Connection		
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount
January	150,244	$3.61	$ 542,381	155,718	$0.95	147,932	123,560	$2.34	$ 289,130
February	140,250	$3.61	$ 506,303	144,858	$0.95	137,615	114,429	$2.34	$ 267,764
March	131,349	$3.61	$ 474,170	138,060	$0.95	131,157	105,599	$2.34	$ 247,102
April	130,075	$3.61	$ 469,571	134,091	$1.17	156,813	102,221	$3.01	$ 307,748
May	175,856	$3.61	$ 634,840	180,206	$0.95	171,196	140,320	$2.34	$ 328,349
June	164,935	$3.61	$ 595,415	208,857	$0.95	198,414	152,964	$2.34	$ 357,936
July	195,251	$3.61	$ 704,856	198,871	$0.95	188,927	156,627	$2.34	$ 366,507
August	187,250	$3.61	$ 675,973	188,543	$0.95	179,116	147,017	$2.34	$ 344,020
September	189,612	$3.61	$ 684,499	192,601	$0.95	182,971	149,907	$2.34	$ 350,782
October	144,959	$3.61	$ 523,302	149,277	$0.95	141,813	117,382	$2.34	$ 274,674
November	142,746	$3.61	$ 515,313	154,256	$0.95	146,543	115,310	$2.34	$ 269,825
December	135,269	$3.61	$ 488,321	147,233	$0.95	139,871	107,017	$2.34	$ 250,420
Total	1,887,796	$ 3.61	$ 6,814,944	1,992,571	$ 0.96	$ 1,922,369	1,532,353	$ 2.38	$ 3,654,257

In tab 12, the UTR amounts and units billed for the month of April 2018 for Line Connection and Transformer Connection result in rates that do not match the OEB approved 2018 UTRs.

a) Please explain the discrepancy and provide an updated Rate Generator Model if any errors are identified.

B-Staff-4
Ref 1: Brantford Power, IRM Application, Page 25
Ref 2: Brantford Power, Rate Generator Model, Tabs 18, 19

Brantford Power proposes having the ICM rate riders be effective until the effective date of its next cost of service-based rate order.

OEB staff has updated the description of the ICM rate rider expiry dates in tabs 18 and 19 of the rate generator model. The rate riders now read "…effective until the next cost of service-based rate order."

Please confirm if Brantford Power agrees with OEB staff's changes.

B-Staff-5
Ref: Brantford Power, IRM Application, Page 12

a) Please confirm whether Brantford Power has implemented the new accounting guidance by August 31, 2019.

b) Please discuss the changes in accounting and processes made to adhere to the new accounting guidance.

B-Staff-6
Ref: Brantford Power, pages 3-4

Regarding question 3a:

a) Question 3a asks for a description on how the RPP GA used in the RPP settlement is determined. In its response, Brantford Power discusses how RPP consumption is derived and how it is used to allocate CT 148. Please explain Brantford Power's process in determining RPP GA used in the RPP settlement process, resulting in CT 1142.

b) For TOU meter read dates and the estimate of conventional meter consumption, please explain whether the consumption data obtained is for the full calendar month. If not, please explain how the remaining consumption for the month after the meter read/estimate date is incorporated into the RPP settlement process.

B-Staff-7
Ref 1: Brantford Power, IRM Application, Pages 12-14, 20
Ref 2: Brantford Power, GA Appendix A, Pages 3-4

On page 12, it states that "As BPI used a different CIS system in those years, the required reports were available for prior years." In Appendix A, it states that the new CIS was implemented in April 2019.

a) Please clarify which years the required reports were available for.

b) Please explain how the implementation of the CIS in April 2019 correlates to the adjustments identified for 2017 and 2018 balances.

c) Per page 14 of the Manager's Summary regarding adjustments, the original true up calculation did not factor the difference between final pricing and RPP pricing on the estimated and actual consumption difference. Smaller variances resulted from differences due to the use of the posted GA rate instead of the GA rate calculated using the IESO invoice.

    i. Please confirm that the adjustments are only pertaining to the RPP settlement.

    ii. If yes, please confirm the adjustments only affect Account 1588 and not Account 1589.

iii. If Account 1589 is affected, please provide the GA Analysis Workform for 2016 and 2017.

iv. Please explain whether the above is referring to both a RPP pricing difference and GA pricing difference.

v. Please explain how the “final pricing” for RPP was calculated before and after the issue was noted. Please provide an example of the calculation.

d) Brantford has not recorded these entries into its GL. Please confirm that Brantford has also not settled the adjustments to the true ups with the IESO.

e) Page 20 explains that the above issues did not affect the 2016 balance even though Brantford Power used the posted final GA rate instead of the GA rate calculated using the IESO invoice. Brantford Power stated that this was a reasonable source for GA pricing and that any differences were not material.

i. Please clarify if the issue did not affect the 2016 balance or if any difference was not material.

ii. Did Brantford Power actually quantify the impact to the 2016 balance? If not, how did Brantford Power determine that the impact was not material, unlike the impact to 2017 and 2018 balances.

f) In Brantford Power’s 2019 IRM, Accounts 1588 and 1589 were incorrect due to errors from data provided its third-part operational data store provider. Please explain whether this had any relation to the CIS and reports noted above.

B-Staff-8
Ref 1: Brantford Power, IRM Application, Page 14 – Table 1.5.6-D
Ref 2: Brantford Power, GA Appendix A, Page 14

a) In the Table 1.5.6-D, the Account 1588, 2018 adjustment due to the new accounting guidance is $917,045. In the Reconciliation of Account 1588 table in Appendix A, there is an adjustment of $953,855 for “Adjustments due to Accounting Guidance for 2018” and another adjustment of ($36,809) for the “True up of CT1142”, the two adjustments sum to $917,045. Please clarify whether the $36,809 true up is for the normal year-end RPP settlement true up as alluded to in Appendix A #3di or were they a result of the review of the new accounting guidance.

b) In Table 1.5.6–D, the adjustments for November and December 2018 Power Purchased True-ups with the IESO sum to $27,741. In the Reconciliation of Account 1588 in Appendix A, there is an adjustment of $27,741 for the “True Up of RPP vs. Non-RPP”.

i. Please confirm that these are the same adjustments to split CT 148.

ii. If they are not the same adjustment, please explain the difference and why they are for the same amount

B-Staff-9
Ref 1: Brantford Power, IRM Application, Pages 14, 17
Ref 2: Brantford Power, GA Appendix A, #1, #5b
Ref 3: IRM Rate Generator, DVA Continuity Schedule

To determine the appropriate Account 1588 principal adjustments for 2018, please review and complete the following table, making any adjustments needed in consideration of the questions below.

		Recorded in GL	Recorded in DVA Cont Schedule in 2019 IRM	Is Adjustment in DVA Cont Schedule a Reversal in 2020 IRM?	Explanation
2016	Transactions	632,566	632,566		
	Adj - remapping GA/COP		(371,340)		
	Adj - IESO Settlement		375,315		
	Ending 2016 Adjusted Transactions	632,566	636,541		
2017	Transactions	(798,434)	(798,434)		
	Adj - per decision		(279,884)		
	Adj - IESO Settlement	375,315			
	Adj - 2017 YE true up		(127)		
	Ending 2017 Adjusted Transactions	(423,119)	(1,078,445)		

		Recorded in GL	Recorded in DVA Cont Schedule in 2020 IRM
2018	Transactions	(585,514)	(585,514)
	Adj - remapping GA/COP	(371,340)	0
	Adj - 2017 new accounting guidance		666,597
	Adj - reversal of 2017 YE true up		0
	Adj - 2018 new accounting guidance		953,855
	Adj - 2018 CT 148 true up		27,741
	Adj - 2018 CT 1142 true up		(36,809)
	Ending 2017 Adjusted Transactions	(956,854)	1,025,870

a) On page 17 of the Manager’s Summary, Brantford Power indicates that it made principal adjustments in 2018 relating to 2016 and 2017 balances. The reversal of these adjustments are included in the transactions of 2018. Appendix A #1 shows transactions of ($585,514) for Account 1588, which agree to the transactions in the DVA Continuity Schedule. However, in Appendix A#1, the ($585,514) is shown separately from the principal adjustments. This appears to conflict with the statement in the Manager's Summary. Please provide a breakdown of the transactions, principal adjustments and principal adjustment reversals included in the ($585,514) and revise the above table as needed. Note that transactions should only include the activity in the year and no adjustments.

b) In Appendix A, #5b it shows $0 of principal adjustments for Accounts 1588 and 1589 in 2015. However, in the "Year Adjustment made in G/L" column, it shows 2018 and 2017. Please explain what adjustments were made in the GL and the amounts for these adjustments. Please explain whether they should be principal adjustments to the 2018 balance in the DVA Continuity Schedule.

c) In Appendix A, #5b, Brantford Power provided a table showing the principal adjustments approved in its 2019 rate proceeding for 2017 balances. In Brantford Power's 2019 decision, the OEB ordered an adjustment of ($279,884) to the Account 1588 2017 balance. Please confirm that this should be included in the table in Appendix A #5b. Please explain when the ($279,884) was recorded in the GL and whether a principal adjustment is needed in the 2018 balance in the DVA Continuity Schedule.

d) In Appendix A, #5b, there is a principal adjustment of $371,340 made to 2016 in the DVA Continuity Schedule that was recorded in the GL in 2018. Please explain why there is no reversing principal adjustment for the $371,340 in the 2018 balance in the DVA Continuity Schedule.

e) Please explain why there is no reversal for the 2017 year-end true up in the 2018 balance in the DVA Continuity Schedule.

B-Staff-10
Ref: Brantford Power, GA Analysis Workform

In the reconciling items for Account 1589:

a) 2a and 2b state that Brantford Power accrues unbilled revenue based on actual billings and no unbilled to actual revenue differences are identified. Reconciling item 8 of $484,889 is for an over estimation of unbilled revenue at year-end related to GA. These two statements conflict. Please explain Brantford Power's approach to unbilled revenues. Please explain why reconciling item 8 is identified for the current year, but not the prior year.

b) Please provide the calculation of the loss factor difference for reconciling item 7.

c) Please provide further details on reconciling item 10 for the June 2019 billing corrections.

    i. Please confirm that the Class B customer was overbilled in 2018 and the correction was made in the GL 2019.

    ii. Please explain what the net Class A = $0 is referring to.

B-Staff-11
Ref 1: Brantford Power, IRM Attachment A, page 11
Ref 2: Brantford Power, IRM Attachment A, page 39

Brantford Power indicates that it is currently operating out of three facilities leased from the City of Brantford: 84 Market Street, 220 Colborne and 400 Grand River. As indicated in reference 2, Brantford Power intends to move all of its operations to the new facility at 150 Savannah Oaks in early 2020.

a) For each of the three locations, please indicate when the term of the lease is set to expire.

b) For any lease that expires after Brantford Power's move to 150 Savannah Oaks in early 2020, is Brantford Power able to terminate the lease(s) early or is Brantford Power expected to continue to make lease payments?

    i. If Brantford Power is expected to continue to make lease payments until the expiry of the lease(s), what will Brantford Power do with the facility it continues to make lease payments for?

B-Staff-12
Ref: Brantford Power, IRM Attachment A, Page 21

Brantford Power indicates that at one point in its selection process it investigated 20 existing buildings, 19 greenfield/brownfield properties and 16 "off-market" properties.

a) Were 150 Savannah Oaks and Garden Avenue the only two properties to meet Brantford Power's requirements? If no, what other properties were considered?

b) Please provide a comparison of advantages and disadvantages of 150 Savannah Oaks and Garden Avenue as well as any other properties identified in part a).

B-Staff-13
Ref: Brantford Power, IRM Attachment A, Page 21

Brantford Power notes that it eliminated items from the scope of its project to reduce project costs.

a) Please provide the changes made to the scope and the amount of cost savings achieved.

B-Staff-14
Ref: Brantford Power, IRM Attachment A, Page 21

As part of its selection process, Brantford Power indicates that it "[…] worked with AECOM to complete further planning on the Garden Avenue property, first for a stand-alone building for BPI, and then for a shared facility with Energy+."

a) Please provide the timeline for Energy+'s involvement with this new facility project.

b) What advantages and disadvantages did Brantford Power identify in sharing a facility with Energy+? Please explain the reason for pursuing a shared facility. If cost savings were identified, please quantify the amount of savings.

c) What input and influence did Energy+ have on the site selection process? In particular, once Energy+ was involved, did Brantford Power pursue a shared facility as a mandatory requirement, or did Brantford Power consider non-shared facility options?

B-Staff-15
Ref: EB-2016-0058, Application, Exhibit 2, Tab 1, Schedule 1, Page 16-17

In Brantford Power's 2017 cost of service application, it identified $574,902 in OM&A savings related to the elimination of facility management and rental fees to the City of Brantford due to moving out of the existing facilities. Brantford Power also identified an increase of $140,106 related to a new facility/project manager.

a) What are the annual OM&A savings Brantford Power expects from moving out of its leased facilities at the time of this application?

b) What is the expected increase in OM&A Brantford Power expects from having a new facility/project manager at the time of this application?

c) If either parts a) or b) differ from the amounts presented during the 2017 cost of service application, please explain the reason(s) for the difference(s).

d) Are the facility/project manager expenses identified in part b) allocated between all tenants of the new facility? If yes, please provide the calculations showing Brantford Power's portion. If no, why not?

e) Please explain why Brantford Power has not proposed using any net OM&A savings from parts a) and b) to offset the revenue requirement of the ICM request.

B-Staff-16
Ref 1: EB-2016-0058, Application, Exhibit 2, Tab 1, Schedule 1, Page 17
Ref 2: Brantford Power, IRM Attachment A, Page 24

In Brantford Power's 2017 cost of service application, the net revenue requirement of the new facility is $889,304. OEB staff notes that the new facility identified in the 2017 cost of service application is also 150 Savannah Oaks, albeit without the inclusion of Energy+ as a tenant. The current application calculates the revenue requirement of the new facility to be $1,355,062

a) Please explain the increase from $889,304 to $1,355,062 in annual revenue requirement.

b) Please quantify any incremental savings from having a shared facility with Energy+ at 150 Savannah Oaks compared to not sharing the facility with Energy+ as proposed in the 2017 cost of service application.

B-Staff-17
Ref 1: EB-2016-0058, Application, Exhibit 2, Tab 1, Schedule 1, Page 11
Ref 2: Brantford Power, IRM Attachment A, Pages 23-24

In Brantford Power's 2017 cost of service application, Brantford Power estimated the acquisition cost of the land and building, less 5 acres of land that could be sold, to be $10,175,000 ($10,800,000 - $625,000). Additionally, Brantford Power estimated the building refurbishment costs to be $4,474,635.

In the current application, Brantford Power provides the actual acquisition cost of the land and building to be $8,670,102 and the "Construction, Soft Costs, Permits and Fees" to be $19,714,948.

OEB staff notes that the cost of acquiring the land and building has decreased by $1,504,898 while the construction costs have increased by $15,240,313.

a) Please provide the reason for the increase in construction costs.

    i. If the reason for the increase in construction costs is to accommodate the inclusion of Energy+ and/or other parties as tenants, please explain if the incremental amount of $15,240,313 is fully allocated to the additional tenants. If it is not fully allocated to the tenants, please explain why not.

The total capital cost of the new facility for Brantford Power was $14,750,349 in its 2017 cost of service application. The current application puts Brantford Power's allocated portion of the total capital cost to be $16,133,146.

b) Please explain why, despite having the acquisition cost of the new property decrease by $1,504,898 from 2017, Brantford Power has an overall higher capital cost.

    i. If the reason is accommodations made to include additional tenants, please explain why it is more advantageous for Brantford Power to include additional tenants given the added costs. If there are additional cost savings from having additional tenants, please quantify the savings and explain how the savings will be reflected to customers.

B-Staff-18
Ref: Brantford Power, IRM Attachment A, Page 15

Brantford Power notes that it is currently renting parking spaces for staff at the 220 Colborne and 84 Market locations due to parking space limitations. In particular, Brantford Power notes that “The recent sale of one of these lots resulted in BPI struggling to make alternate arrangements for 12+ new spaces, at double the previous cost.”

a) Please provide the cost of the current parking arrangements at 220 Colborne and 84 Market.

b) Once Brantford Power moves out of the 220 Colborne and 84 Market locations, please discuss whether Brantford Power has considered using the amounts identified in part a) to offset the incremental revenue requirement of the ICM request. If no, why not?

B-Staff-19
Ref 1: Brantford Power, IRM Attachment A, Page 35
Ref 2: Brantford Power, IRM Attachment A, Page 21

Brantford Power notes that the project costs include “Soft costs such as project management, cost consulting, due diligence and legal fees […]” and “A portion of costs from the Garden Avenue project which are related to transferrable work including detailed specifications and designs.”

a) Please provide a cost breakdown of each of the soft costs identified above.

b) Please confirm that the only costs from the Garden Avenue project that have been included in the ICM request relate strictly to work that is transferrable to the current ICM project.

Brantford Power indicates that it bought the 9.9 acre Garden Avenue property in January 2017.

c) What are Brantford Power's plans with the Garden Avenue property that it has purchased?

d) Has Brantford Power included legal and consultant fees related to the purchase and ownership of the Garden Avenue property in the soft costs identified above? If yes, please explain why.

B-Staff-20
Ref 1: Brantford Power, IRM Attachment A, Page 39
Ref 2: Brantford Power, IRM Attachment A, Page 21-22

The current construction estimate is a Class D estimate. Brantford Power anticipates having a Class C estimate in September 2019.

a) Please provide the status of the Class C estimate and provide the Class C estimate when it is available.

b) Please discuss the accuracy of the estimated costs and Brantford Power's plans to mitigate any risks.

Brantford Power indicates that its budget for the Garden Avenue project was too low for any firms to bid on its RFP.

c) Has Brantford Power engaged any construction firms for the construction project at 150 Savannah Oaks?

d) Please explain what steps Brantford Power has taken to ensure that it doesn't run into the same problem as the Garden Avenue project (i.e. the budget was too low so that no firms bid on the RFP).

e) What backup plans does Brantford Power have in the event that it is unable to secure a construction firm due to the same issue as the Garden Avenue project?

f) What are Brantford Power's plans in the event that construction is delayed and the new facility is not finished within the original timeframe?

B-Staff-21
Ref 1: Brantford Power, IRM Attachment A, Pages 4, 24, 30, 39
Ref 2: EB-2016-0058, Application, Exhibit 2, Tab 1, Schedule 1, Page 17

Tables 11-B and 11-C on page 24 of the IRM application show the costs allocated to Brantford Power as well as the other tenants of the new facility based on the amount of space allocated to each party. The allocation of costs seems to suggest that each party will contribute to the capital of the new building; however, elsewhere in the application (e.g. page 30), Brantford Power makes mention of renting space in the new facility to other tenants.

a) Please explain ownership structure of the new facility and in particular the percent ownership of each party.

b) Brantford Power plans to lease the majority of the first floor of its office building to a third tenant, which it has yet to do so.

    i. Please clarify the nature of transactions with the third tenant (e.g. lease or sale of facility).

    ii. Please explain the transactions that will be recorded for financial accounting and regulatory accounting purposes.

    iii. Please explain the proposed regulatory treatment of these transactions at Brantford Power's next rebasing application (e.g. revenue offset).

c) Brantford Power will also share the new facilities with its affiliates.

    i. Please explain the transactions that will enable the "sharing" of facilities (e.g. shared service agreement).

    ii. Please explain how the sharing transactions will be recorded for financial accounting and regulatory accounting purposes.

    iii. Please explain the proposed regulatory treatment of these sharing transactions at Brantford Power's next rebasing application (e.g. revenue offset).

d) Brantford Power will lease the new facilities with Energy+.

    i. Please explain how the lease will be recorded for financial accounting and regulatory accounting purposes.

    ii. Please explain the proposed regulatory treatment of the lease at Brantford Power's next rebasing application (e.g. revenue offset).

e) If other parties own part of the land/building, please explain how the rent price will be determined and how the rental income will be split amongst the owners identified in part a).

f) If a portion of the costs of the new facility is to be paid off through tenants that pay rent, please explain the treatment of rental income after the cost of the new facility is fully depreciated.

g) OEB staff notes that in Brantford Power's 2017 cost of service application, the approach taken was to include the total capital cost of the new building in rate base, while including a revenue offset to the revenue requirement for the expected rental income from tenants.

i. Please confirm that Brantford Power's proposed approach in the ICM application is to determine the revenue requirement of its portion of allocated capital and to exclude any rental income received.

ii. Please explain why Brantford Power did not take a similar approach, as that in its 2017 cost of service application, in this application (i.e. include the full cost of the new facility in the ICM request, but reduce the revenue requirement by the expected amount of rental income from tenants.)

iii. Please quantify the revenue requirement that would be requested if the approach in the 2017 cost of service application was used.

B-Staff-22
Ref 1: Brantford Power, IRM Attachment A, 23, 35-39
Ref 2: Brantford Power, IRM Application, page 24

Brantford Power purchased 150 Savannah Oaks in February 2019. The facilities are expected to be in use by early 2020. Brantford Power has allocated the purchase price to the various components (i.e. land, building, excess land etc.) based on a third party market valuation of the property. The various components are then allocated to each party based on percentage of space occupied.

a) Please explain the journal entries Brantford Power has recorded to account for the purchase of the land and building, showing the allocation of land, building, excess land as applicable.

   i. Please explain how the costs allocated to Brantford Power, third tenant, affiliates and Energy+ is recorded for financial accounting purposes.

   ii. Please also explain how the costs allocated to Brantford Power, the third tenant, affiliates and Energy+ is recorded for regulatory accounting purposes.

b) Please confirm that Brantford Power used the above allocation methodology to determine the amounts recorded in its general ledger. If not confirmed, please explain the allocation methodology used.

c) Please explain whether Brantford Power has consulted with its auditor regarding the allocation approach and whether the auditor agreed with the approach.

d) Please explain whether the percentage of space occupied is subject to change. If yes, will Brantford Power update its allocation calculations based on final percentage of space occupied?

B-Staff-23
Ref 1: EB-2019-0031, Energy+ 2020 Rates Application, Pages 29-30

Energy+, in its request for ICM funding for the same shared facility that is the subject of Brantford Power's ICM request, notes that any shared spaces will form part of a Shared Services Agreement and will not be incorporated into the ICM request (i.e. Energy+'s shareholders will bear the costs of the Shared Services Agreement until Energy+'s next rebasing application).

Please explain why Brantford Power has not also proposed excluding any costs associated with shared spaces from its ICM request and having its shareholders bear the costs of any shared spaces until the next rebasing application.

B-Staff-24
Ref 1: Brantford Power, ICM Model – Tab 9b. Proposed ACM ICM Projects
Ref 2: Brantford Power, IRM Attachment A, Page 34
Ref 3: Brantford Power, IRM Attachment A, page 7

OEB staff has reproduced the data entered in Tab 9b of the ICM Model in the table below:

Project Descriptions:	Proposed ACM/ICM	Amortization Expense	CCA
Building	$ 15,718,146	$ 362,902	$ 512,384
Furniture/Equipment	$ 415,000	$ 29,833	$ 58,100

OEB staff has also reproduced ICM Table 16 below:

ICM Table 16: Summary Total Project Budget (all tenants)	
	Projected Cost - Total Building
Construction, Soft Costs, Permits and Fees	$ 19,714,948
Land and Building	$ 8,670,102
Building Capital Cost	**$ 28,385,050**
Furniture, Fixtures and Equipment	$ 551,000
Total Proposed Budget	**$ 28,936,050**

a) Please confirm that the entry for "Building" in the first table includes Brantford Power's allocated portion of "Construction, Soft Costs, Permits and Fees" and "Land and Building" as identified in ICM Table 16.

b) Please explain when the "Building" was available for use and when depreciation started.

c) Please provide the calculation and breakdown of the depreciation expense and CCA of each sub-category of items under the “Building” entry.

d) Please confirm that Brantford Power has not included any depreciation expense or CCA to capital attributed to the purchase of land.

   i. If no, please remove the depreciation expense and CCA attributed to the land portion of capital costs and provide an updated ICM model.

e) Brantford Power has not incorporated the accelerated CCA in its ICM calculations but proposes to capture the accelerated CCA impact in Account 1592. Please provide a calculation of the revenue requirement using the accelerated CCA. Please also include a calculation showing the difference in CCA using the CCA rules before and after November 20, 2018.

f) Please provide details on and justification for the $415,000 “Furniture/Equipment.”

g) Please explain what will happen to existing furniture and equipment currently in use by Brantford Power at the three leased facilities. If Brantford Power is able to reuse or sell any of its old furniture and equipment, please indicate whether this has been used to offset the costs discussed in part f).

B-Staff-25
Ref: Brantford Power, IRM Attachment A, Pages 20 and 39

On page 20, Brantford Power lists the following minimum space requirements (developed by AECOM) for its new facility:

- Minimum of 6.8 to 8.3 acres of space, depending on the consolidation of outdoor storage needs.
- Minimum square footage of 37,000 square feet
  - Approximately 16,000 square feet of office space,
  - 7,500 square feet for warehouse
  - 13,500 square feet of vehicle storage;

On page 39, Brantford Power provides ICM Table 22, reproduced below, showing the allocation of costs and square footages of the new facility:

ICM Table 22: Fully Allocated Costs and Square Footages				
	Initial Purchase Price	Allocated Costs	Total	Sq Feet
BPI	$ 4,356,356	$ 11,361,790	$ 15,718,146	70,747
E+	$ 1,689,779	$ 7,298,012	$ 8,987,792	27,934
Affiliates	$ 259,878	$ 142,031	$ 401,909	3,589
Tenant 3	$ 2,119,069	$ 1,158,134	$ 3,277,204	29,269
Totals	$ 8,425,082	$ 19,959,968	$ 28,385,050	131,539

a) For the 70,747 square feet of space allocated to Brantford Power, please provide a breakdown of the space into: 1) office space, 2) warehouse space, 3) vehicle storage space and 4) if applicable, any space allocated to Brantford Power that does not fit into any of the previous three categories.

b) Please explain why Brantford Power chose a property with almost twice as much space as the minimum requirements (i.e. 70,747 vs. 37,000).

   i. Please explain if Brantford Power explored smaller properties during its search for a new facility. Please provide examples and the reasons why the smaller properties were not chosen.

   ii. Please explain if Brantford Power considered leasing out additional space at 150 Savannah Oaks (i.e. in addition to the space Brantford Power has already allocated to other tenants in the current application).

c) In the context of the categories identified in part a), please explain, if any category exceeds the minimum requirements identified by AECOM, the justification for the additional space.

d) Please provide the amount of space in each of the categories identified in part a) that Brantford Power currently occupies in its three leased facilities.

B-Staff-26
Ref: Brantford Power, IRM Attachment A, Page 5

Brantford Power has opted for fixed monthly rate riders for all classes rather than fixed and volumetric rate riders because it considers the facility cost to be unrelated to load or consumption metrics.

OEB staff notes that when Brantford Power adds the new facility to its rate base at its next rebasing, any revenue requirement from the new facility portion of the rate base would follow standard rate design (i.e. fixed and volumetric rates, with the exception of the residential class). Fixed and volumetric rate riders therefore align more closely with standard rate design.

In light of the above, please discuss the rationale for choosing fully fixed rate riders.

B-Staff-27
Ref: Brantford Power, IRM Attachment A, page 4

Brantford Power leases three locations from the City of Brantford under a Shared Services Agreement. The existing leases will not be renewed at the end of the agreement at the end of 2021. The new lease standard IFRS 16 came into effect on January 1, 2019. For each of the existing leases:

a) Please explain how they were treated for financial accounting purposes prior to January 1, 2019 (i.e. operating or finance lease)

b) Please explain how they were treated for regulatory purposes in Brantford Power's last cost of service proceeding (e.g. included or excluded from rate base)

c) Please discuss and quantify, if possible, the impact of IFRS 16 for financial accounting purposes

d) Please explain whether there is any regulatory accounting impact from IFRS 16 and whether a deferral and variance account would be needed to capture the impact. Please include a discussion on the proposed regulatory treatment of the leases at Brantford Power's next cost of service rate application with consideration of the end of the lease terms.

B-Staff-28
Ref: Brantford Power, IRM Attachment A, page 31

The 13.9 acres of severable land has been allocated $3.12M in cost. Please explain Brantford Power's regulatory treatment of gain or loss that will arise when the land is sold.

B-Staff-29
Ref: Brantford Power, IRM Application, Page 28

Brantford Power indicates that it will have $440,889 in annual lost revenue as a result of the OEB's elimination of the $30 Collection of Account Charge.

a) Please provide a breakdown of the revenues received and the lost revenues from the Collection of Account charge from 2017 to 2019 (i.e. as determined by the number of notices issued).

b) Please provide a forecast of actual lost revenues from 2019 to 2021 (i.e. based on the number of notices issued).

c) Brantford Power is proposing to recover a total of $440,889 equaling the revenue offsets, from 1) actual revenues received from the charge and 2) the difference in $440,889 and revenues received in the account. Please explain if Brantford Power has considered recording lost revenues in the account based on the number of collection notices issued, capped at $440,889.

d) Assuming $440,889 approximated actual revenues from the Collection of Account charge, Brantford Power would have issued approximately 15,000 notices annually ($440,889/$30 per notice).

    i. Please explain why Brantford Power would have issued such a high number of notices for a utility with about 37,000 residential customers

    ii. Please indicate the actual number of notices issued from 2017 to 2019 and explain the number of notices issued given the size of the utility.

e) Please provide the annual revenue requirement associated with the costs of the collection activities.

f) What is the unit cost of mailing a disconnection notice?

g) Page 31 states that the elimination of the Collection of Account charge would have an impact of 146 basis points. Please clarify how the calculation of 146 basis point was done. Please also confirm that the 2017 and 2018 achieved ROE already reflect revenues that were lost in those years.

h) Please confirm that this account will be discontinued at Brantford Power’s next rebasing application. If yes, please include this in the draft accounting order.

Energy+ Interrogatories

E-Staff-30
Ref 1: Energy+, Rate Generator Model, Tab 3 – Continuity Schedule
Ref 2: EB-2018-0028, DVA Continuity Schedule, Tab 2b – 2017 Continuity Schedule[2]

OEB staff notes that the closing interest balance as of Dec 31, 2017 for Energy+'s Account 1568 LRAMVA in rate generator model does not match the amount in Energy+'s continuity schedule as part of its previous rates proceeding, EB-2018-0028. The interest amount shown in the current continuity schedule is $43,319. The interest amount shown in the previous continuity schedule is $16,055.

Please reconcile the two amounts and update the rate generator model as necessary.

E-Staff-31
Ref 1: Energy+, Rate Generator Model, Tabs 11 & 12
Ref 2: Brantford Power 2019 Tariffs

Energy+ provides the following billing data under the "Extra Host (I)" section in tab 12:

Add Extra Host Here (I) (if needed)	Network			Line Connection			Transformation Connection			Total Connection
Month	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	7,754	$ 2.4295	18,838		$ -		7,754	$ 1.7948	13,916	$ 13,916
February	7,577	$ 2.4295	18,408		$ -		7,577	$ 1.7948	13,599	$ 13,599
March	7,095	$ 2.4295	17,238		$ -		7,095	$ 1.7948	12,734	$ 12,734
April	6,613	$ 2.4295	16,066		$ -		6,613	$ 1.7948	11,869	$ 11,869
May	6,953	$ 2.4295	16,892		$ -		6,953	$ 1.7948	12,479	$ 12,479
June	7,379	$ 2.4295	17,928		$ -		7,379	$ 1.7948	13,245	$ 13,245
July	7,590	$ 2.4295	18,441		$ -		7,590	$ 1.7948	13,623	$ 13,623
August	7,533	$ 2.4300	18,305		$ -		7,533	$ 1.7948	13,520	$ 13,520
September	7,652	$ 2.4295	18,590		$ -		7,652	$ 1.7948	13,733	$ 13,733
October	6,485	$ 2.4295	15,755		$ -		6,485	$ 1.7948	11,639	$ 11,639
November	7,099	$ 2.4295	17,247		$ -		7,099	$ 1.7948	12,741	$ 12,741
December	7,194	$ 2.4295	17,478		$ -		7,194	$ 1.7948	12,912	$ 12,912
Total	86,924	$ 2.43	$ 211,186	-	$ -	$ -	86,924	$ 1.79	$ 156,012	$ 156,012

a) Please confirm that Energy+ is partially embedded within the Hydro One Networks Inc. and Brantford Power Inc. distribution systems.

b) Please confirm that the billing data under "Extra Host (I)" refers to billing from Brantford Power Inc. If not, please indicate the host distributor.

   i. OEB staff notes that, in Brantford Power Inc.'s 2019 Tariffs, the RTSRs for the embedded distributor class is $2.4118 (network) and $1.8282 (Line and Transformation). If part b) is confirmed, please explain the difference between the rates shown in the picture above and the RTSRs in Brantford Power Inc.'s tariffs.

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[2] File name: "EnergyPlus_2019_DVA_Continuity_Schedule_CoS_20180712 - Consolidate_xlsb_20190718.XLSB", filed September 18, 2019

c) Please update Tab 11 with the RTSRs for Brantford Power Inc. under the “If needed, add extra host here. (I)” section.

E-Staff-32
Ref 1: Energy+, Rate Generator Model, Tab 18 – Additional Rates
Ref 2: Energy+, IRM Application, Page 30

Tab 18 has been filled with the ICM rate riders and the Gain on Sale rate riders, both of which have been set to expire December 31, 2022. In the IRM application, Energy+ indicates its intention for the ICM rate riders to be effective until its next rebasing scheduled for 2023, and for the Gain on Sale rate riders to be aligned with the ICM rate riders.

OEB staff notes that Energy+ last rebased in 2019 and that 2023 would be the fourth IRM year.

a) Please confirm that Energy+’s next rebasing is scheduled for 2024.

b) Please confirm that Energy+ intends for the ICM rate riders to be effective until the next cost of service-based rate order and that Energy+ intends for the ICM rate riders to remain in effect in the event that Energy+’s next rebasing is deferred.

   i. If yes to b), please update the effective date (column E) for the ICM rate riders in Tab 18 to “the effective date of the next cost of service-based rate order”.

   ii. If yes to a) and b), and Energy+ intends for the Gain on Sale rate riders to remain aligned with the ICM rate riders, please confirm whether Energy+ will update the Gain on Sale rate riders to be effective until December 31, 2023. If no, please explain the reasoning for the effective date chosen by Energy+.

E-Staff-33
Ref 1: Energy+, IRM Application, Page 25
Ref 2: Energy+, Rate Generator Model, Tab 4 – Billing Det. For Def-Var
Ref 3: Energy+, GA Workform – GA 2018

In the Manager’s Summary on page 25, Energy+ notes that the Non-RPP Class A consumption in the GA workform should be corrected and updated to 312,372,764 kWh.

In addition to the change above, it appears there are additional mismatches between the consumption data in the Rate Generator Model and the GA Workform. The total metered kWh consumption excluding WMP in the Rate Generator Model (Cell I30) is 1,725,712,365 kWh whereas the GA Workform (Cell D14) is 1,664,945,457. OEB staff notes that the difference of 60,766,908 seems to arise from missing kWh consumption for the "Embedded Distributor – Waterloo North Hydro" class, which has a total consumption of 60,766,638 kWh. There remain other discrepancies between the two sets of data. OEB staff has produced the table below summarizing the consumption data found in the two models:

2018 Consumption Data	GA Workform	Rate Generator Model	
			References from Rate Generator Model
Total Metered excluding WMP	1,664,945,457	1,725,712,365	(A) Tab 4 - Cell I30
RPP	714,025,368	714,025,756	(B) = (A) - (C)
Non RPP	950,920,089	1,011,686,609	(C) Tab 4 - Cell E30
Non-RPP Class A	316,960,390	312,372,794	(D) Tab 6.1a - Cell D20 + Cell D21
Non-RPP Class B*	633,959,699	699,313,815	(E) Tab 6.1a - Cell D22

OEB staff has corrected the GA Workform to match the consumption data in the rate generator model.

a) Please confirm that the data in the updated GA Workform is correct.

b) If no to a), please provide the correct consumption data for OEB staff to update the GA Workform and an explanation for any discrepancies with the consumption data found in the Rate Generator Model.

c) If the corrected consumption data in either parts a) or b) is different than Energy+'s RRR data, please contact OEB Licensing & Performance Reporting staff to revise any incorrect RRR data as necessary.

E-Staff-34
Ref: Energy+, IRM Application, Page 15

Energy+ is requesting disposition of Group 1 accounts as at December 31 2018. Please clarify whether Energy+ is requesting interim or final disposition of December 31, 2018 balances.

E-Staff-35
Ref: Energy+, IRM Application, Pages 23-24

Per the letter *Accounting Guidance related to Accounts 1588 RSVA Power, and 1589 RSVA Global Adjustment,* dated February 21, 2019, the OEB expects that distributors will consider the new accounting guidance in the context of their historical balances.

a) Please explain whether Energy+ has reviewed the 2017 balance approved on an interim basis with consideration of the new accounting guidance.

b) If yes, please explain why no adjustments similar to that identified for the 2018 balance have been identified for 2017.

c) If no, please perform the review and quantify any adjustments needed to the 2017 balance.

   i) Please explain the adjustments and provide the analysis performed.

d) If an adjustment is identified, please provide the GA Analysis Workform for 2017 and revise the the DVA Continuity Schedule as needed.

e) Please clarify whether Energy+ is requesting final disposition for the 2017 balance.

E-Staff-36
Ref 1: Energy+, IRM Application, Page 23-24
Ref 2: Energy+, Appendix A GA Methodology Description

Energy+ identified adjustments to Accounts 1588 and 1589 balances for 2018 as a result of the new accounting guidance. Previously Energy+ performed RPP settlements based on its billing cycle and not the previous calendar month. Energy+ will revisit its process by August 31, 2019 to be in line with the new accounting guidance.

a) Please confirm that Energy+ has implemented the new accounting guidance by August 31, 2019. If not, please provide a timeline for the implementation.

b) Please explain how the year-end RPP settlement and subsequent true up was done before the process change. Please explain whether the RPP true up at year-end trued up consumption to the total billed in the year or actual consumption in the year.

   i. If the consumption was trued up to the actual consumption in the year, please explain why there would be adjustments identified.

   ii. If consumption was trued up to the consumption billed in the year, please confirm that the adjustments are only for the differences in unbilled to actual consumption at the beginning and end of the year. If not, please explain why not.

c) Page 24, Table 11 shows principal adjustments to revenue and expense. Please confirm that the revenue adjustment is to reflect the reduction of the higher of revenues and expenses. If not, please explain why revenues would be adjusted as a result of a change in the RPP settlement process, which is recorded as an expense.

d) In Appendix A #4, Energy+ indicated that it also changed its allocation of charge type 148 from a billed basis to an actual consumption basis.

i. Please confirm that the change in allocation basis for charge type 148 form part of the adjustments identified in Table 11.

ii. If not confirmed, please explain why adjustments to Account 1589 are identified in Table 11 as adjustments to charge type 1142 should be recorded only in Account 1588.

iii. Please explain whether a true up of charge type 148 was performed before the process change on August 31, 2019 and explain how the true up was done.

iv. In Appendix A #5b, 2017 principal adjustments included a RPP/non-RPP allocation correction. Please explain what the error was and how it is different than the allocation issue noted in the current application.

e) Please provide the analysis performed regarding Energy+'s assessment of the Account 1588 and Account 1589 balances in consideration of the new accounting guidance.

E-Staff-37
Ref 1: Energy+, IRM Application, Page 18 – Table 8
Ref 2: Energy+, GA Analysis Workform and Appendix A GA Methodology Description

Table 8 shows the principal adjustments for the 2018 balances. Appendix A #5b shows the principal adjustments approved for the 2017 balances. For Account 1589,

a) Appendix A #5b shows total principal adjustment of $3,768,756 to the 2017 balance. The DVA Continuity Schedule, dated July 18, 2019 from Energy+'s 2019 cost of service proceeding shows principal adjustment of $3,435,588 to the 2017 balance. Please explain the difference and revise the table in Appendix A #5b as needed.

b) In Appendix A #5b, there is a 2017 principal adjustment for "current year end unbilled to actual revenue differences" of ($209,336). Please explain why this is not a reversal in the 2018 principal adjustments. Please revise Table 8 and the DVA Continuity Schedule as needed.

   i. Please also explain why this is not identified as reconciling item 2a in the GA Analysis Workform. Please revise the GA Analysis Workform as needed.

c) Appendix A, #5b shows a 2017 principal adjustment for "IESO overbilling – Class A timing difference" of ($595,817). Please confirm that this was a reversal of a principal adjustment that pertained to a year prior to 2017, but was recorded in the GL in 2017. If not confirmed, please further explain why this adjustment does not impact 2018. Please revise Table 8 and the DVA Continuity Schedule as needed.

d) In Appendix A #4e, Energy+ indicates that the October to December 2018 true up of charge type 148 is recorded in the 2019 GL. Please confirm that this true up has been included in the ($4,541) adjustment in Table 8 resulting from the new accounting guidance review. If not, please quantify the true up, and revise Table 8 and the DVA Continuity Schedule as needed.

   i. Please also explain whether the year-end true up of charge type 148 is included in reconciling item 9 of ($4,541) in the GA Analysis Workform. If not, please quantify the true up and include this as reconciling item 1b in the GA Analysis Workform.

   ii. Please explain whether the prior year reversal of the charge type 148 true up is included in reconciling item 8 of ($640,180) in the GA Analysis Workform. If not, please explain why there is no reconciling item identified for 1a. Please quantify the reversal true up and include this as reconciling item 1a in the GA Analysis Workform.

E-Staff-38
Ref: Energy+, GA Analysis Workform

In the GA Analysis Workform, reconciling item 7 for differences in actual system losses and billed total loss factor of $514,641 is identified. Please provide the calculation for this difference.

E-Staff-39
Ref 1: Energy+, Appendix A GA Methodology Description
Ref 2: Energy+, IRM Application, Page 18 – Table 8

In the reconciliation of Account 1588 shown in Appendix A, #1:

a) The 2018 beginning balance is ($1,739,794). This does not agree to the Account 1588 transactions of ($1,701,671) in the DVA Continuity Schedule. Please explain the difference and revise the evidence as needed.

b) Appendix A #3d and 4d indicate that the true up of charge types 1142 and 148 for October to December 2018 is recorded in the GL in 2019. Please confirm that the true up for these charge types are included as a principal adjustment in #9 of the Account 1588 reconciliation of $669,995. If not confirmed, please quantify the true ups and revise the Account 1588 reconciliation.

E-Staff-40
Ref 1: Energy+, Rate Generator Model, Tab 19 – Final Tariff Schedule
Ref 2: Energy+, Rate Generator Model, Tab 20 – Bill Impacts

OEB staff noted an error in the rate generator model in tab 19 that caused certain rates for the "Embedded Distributor Service Classification – Hydro One #2" class to be displayed incorrectly, see below:

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	70.52
Rate Rider for Disposition of Account 1508 - Gain on Sale of Property - effective until December 31, 2022	$	(18.90)
Rate Rider for Recovery of Incremental Capital - effective until December 31, 2022	$	55.92
Rate Rider for Application of Forgone Revenue Adjustment - effective until December 31, 2020	$	(11.19)

MONTHLY RATES AND CHARGES - Regulatory Component

Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until December 31, 2020	$/kW	(0.2070)
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until December 31, 2020 Applicable only for Class B Customers	$/kW	(0.0205)
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until December 31, 2020 Applicable only for Non-RPP Customers	$/kWh	(0.0020)
Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

The error also caused the bill impacts not to include the CBR rate rider for this class. OEB staff has fixed the error and provided an updated rate generator model. Please confirm that tabs 19 and 20 in the updated model are correct.

E-Staff-41
Ref: Energy+, Rate Generator Model, Tab 20 – Bill Impacts

The "Embedded Distributor – Waterloo North Hydro" class is missing the input for consumption (kWh). Please update the Rate Generator Model with the consumption (kWh) for the "Embedded Distributor – Waterloo North Hydro" class.

E-Staff-42

If the updates made to the rate generator model, in response to the interrogatories, result in bill impacts that are 10% or greater for any rate class, please provide plans for rate mitigation or an explanation for why rate mitigation is not required.

E-Staff-43
Ref: Energy+, IRM Application, Page 188

The Memorandum of Understanding between Brantford Power Inc. and Energy+ Inc. include the following clauses under section "2. Joint Use Agreement":

[…]

(b) BPI will retain complete control of all decisions relating to the project, and shall maintain sole responsibility for managing the project, along with any consultant or contractor retained by BPI in BPI's sole and absolute discretion;

[…]

(d) Energy+ will have a limited ability to make changes to the design during the Design Phase, subject to such changes being at the cost of Energy+ and creating no delay for BPI or the project;

(e) Energy+ will have input into the functional design of the leased space; however, Energy+ will not have input into the overall design of the project.

[…]

a) What input did Energy+ have in the site selection process of the new facility?

b) Given the limitations in the clauses above, please explain how Energy+ ensured the new facility is right-sized for Energy+'s needs.

c) Please explain how Energy+ is able to manage costs of the new facility, i.e. how is Energy+ able to minimize project delays or cost overruns if Brantford Power retains complete control of all decisions relating to the project?

E-Staff-44
Ref 1: Energy+, IRM Application, Page 61
Ref 2: EB-2018-0028, Application, Exhibit 9, Page 36

In the current application, Energy+ provides the following values in its gain on sale calculations:

	Original Cost	Acc. Amort.	NBV
Regulatory Net book value, as at April 3, 2018			
Land	87,795	-	87,795
Building	550,700	253,271	297,429
Total	638,495	253,271	385,224

In Energy+'s 2019 cost of service proceedings, Energy+ provided, at that time, the following values in its gain on sale calculations:

	Original Cost	Acc. Amort.	NBV
Regulatory Net book value, as at December 31, 2017			
Land	87,795	-	87,795
Building	544,100	273,198	270,902
Total	631,895	273,198	358,697

a) Please explain why the "Original Cost" of the building has changed and increased by $10,600.

b) Please explain why the accumulated amortization of the building has decreased rather than increased as time has progressed.

c) Please provide Energy+'s calculations for the gain on sale rate riders.

d) Please explain how the gain on sale credit amount was allocated to each rate class and the reasoning for the method chosen.

E-Staff-45
Ref 1: Energy+, IRM Application, Page 9
Ref 2: Energy+, IRM Application, Page 61

In the Manager's Summary, Energy+ states that the total disposition amount of the gain on sale of the former operations facility in Paris is ($411,861). On page 61 of the application, in table 23, the computation of the gain on sale shows a net gain of $402,807.

Please reconcile the two amounts and indicate the correct amount that Energy+ is proposing to refund to customers.

E-Staff-46
Ref 1: Energy+, IRM Application, Page 61
Ref 2: EB-2014-0217/EB-2014-0223, Decision and Order, Pages 4-5

On page 61, the computation of the gain on sale shows a deduction of $479,581 from the proceeds of the property for the "Fair value increase paid by former [Cambridge and North Dumfries Hydro Inc. (CND)] on Acquisition" less the accumulated depreciation.

In the Decision and Order (EB-2014-0217/EB-2014-0223) granting approval for CND to acquire Brant County Power Inc., the decision notes that CND is paying a premium of approximately $16.3 million above the $23.9 million net book value of Brant County Power Inc.'s assets as at December 31, 2013.

a) Please confirm that the “fair value increase” in reference 1 refers to the portion of premium that the predecessor CND’s shareholders paid, attributable to the Paris facility.

b) Please explain how Energy+ calculated “the fair value increase” amount of $479,581 from the total premium paid of $16.3 million.

The Decision and Order in reference 2 on page 5 notes:

> As indicated in the 2007 Report, it is not appropriate for the premium to find its way into future rates. As noted above, Cambridge has confirmed that the premium will not be included in its distribution revenue requirement.

c) In light of the above, please explain why it is appropriate to extract the premium paid by the former CND on acquisition of Brant County Power Inc. from the gain on sale proceeds to ratepayers.

E-Staff-47
Ref: Energy+, IRM Application, Page 29

Energy+ states that it currently occupies the Dundas St. facility as part of a leaseback arrangement and that it expects to terminate the lease in 2020 once it occupies the new facility with Brantford Power.

a) What is the annual lease of the Dundas St. facility currently being paid by Energy+?

b) Please explain, if the lease will be terminated after Energy+ moves to the new facility, why Energy+ has not proposed using the amount identified in part a) to offset the incremental revenue requirement of the ICM.

E-Staff-48
Ref: Energy +, IRM Application Pages 29 and 61

Energy + entered into a sale leaseback transaction for Dundas St. facility in 2018.

a) Please explain the financial accounting treatment and the regulatory accounting treatment of the lease aspect.

b) Please discuss how the proceeds of $1.5M from the sale was determined. Please explain if the $1.5M proceeds represented the fair value of the asset. If not, please explain how the difference in fair value and proceeds were treated for financial accounting and regulatory purposes.

c) Please explain how the rent expense was determined. Please explain whether the rent expense is at market value. If not, please explain the financial accounting and regulatory impact from this.

d) In the gain calculation on page 61, please show how the estimated tax of $189,338 is calculated.

E-Staff-49
Ref: Energy+, IRM Application, Page 39

On page 39 of 255, Energy+ included “Emergency preparedness considerations – allowing both utilities to respond to emergencies in a more efficient and effective manner” as one of the reasons to share a facility with Brantford Power.

Please elaborate how a shared facility with Brantford Power will enable more efficient and effective responses to emergencies.

E-Staff-50
Ref: Energy+, IRM Application, Appendix F, Exhibit VI – Project Timelines

According to the project timelines provided in Appendix F, construction of the new facility is not expected to begin until November, 2019 and Energy+ is not expected to take occupancy of the new facility until late 2020.

a) What assurances does Energy+ has from Brantford Power that the construction will be completed on time?

b) What are Energy+’s plans in the event that construction is delayed and, subsequently, Energy+ is not able to occupy the new facility on the originally planned date?

    i. If the response to b) is to continue the existing lease for the Dundas St. facility until the new facility is completed, please explain if Brantford Power will compensate Energy+ for additionally incurred costs as a result of the delayed move-in.

E-Staff-51
Ref: Energy+, IRM Application, Page 51

Energy+ states it had a space needs analysis performed for its requirements at the new facility.

a) Who performed the space needs analysis?

b) What are Energy+’s requirements in terms of total square footage of space as identified by the analysis?

c) Please provide the analysis.

E-Staff-52

What is the approximate travel time between Energy+'s operations center in Cambridge and the new operations center at 150 Savannah Oaks Dr. in Brant County?

E-Staff-53
Ref: Energy+, IRM Application, Page 54

On page 54, the application states that "[In considering option 3: Acquire/Lease New Space in Brant County], Energy+ was also able to leverage the detailed work completed by [Brantford Power]."

OEB staff notes that the detailed work referenced above was performed according to Brantford Power's criteria for a new facility, not that of Energy+'s.

a) Did Energy+ review sites that could be solely dedicated for Energy+ use (i.e. not shared with Branford Power)?

   i. If no to a), why not?

   ii. Please explain how reliable the estimate of $6.8 million would be for option 3, given that the estimate is based off of a shared facility with Brantford Power, not a dedicated facility for Energy+.

   iii. If yes to a), please provide examples and the associated costs.

E-Staff-54
Ref: Energy+, IRM Application, Page 52

Energy+ states that rebuilding a new facility on the land at Dundas St. would incur a similar cost per square foot relative to option 3.

Please provide the cost per square foot assumed above, and a calculation of the total costs for rebuilding a new facility on the land at Dundas St.

E-Staff-55
Ref 1: Energy+, IRM Application, Page 56
Ref 2: EB-2018-0028, Application, Exhibit 2, Table 2-44

The estimated cost of Energy+'s option 3 is based on the estimate cost of the Garden Ave. facility of $6,771,987. The cost estimate of the same facility presented in Energy+'s previous rate application, EB-2018-0028, is $4,400,000.

a) Please explain why the cost estimate of the Garden Ave. facility increased by over $2 million

b) Please explain whether the $4,400,000 estimate would be a more accurate proxy for estimating the cost of option 3 (Energy+ acquiring or leasing a new space).

E-Staff-56
Ref: Energy+, IRM Application, Page 37

Energy+ notes that a shared facility with Brantford Power is an innovative approach to reducing costs by sharing facilities and services.

a) Please quantify the amount of savings Energy+ expects to achieve.

b) How will the costs savings be reflected to customers?

c) Has Energy+ considered using the savings identified in part a) to offset the incremental revenue requirement of the ICM? Please explain why or why not.

d) Did Energy+ identify any disadvantages in having a shared facility with Brantford Power? If yes, please provide the disadvantages and Energy+'s reasons to proceed with the shared facility despite the disadvantages.

E-Staff-57
Ref: Energy+, IRM Application, Page 46

Energy+ indicates that the shared facilities and common space would be treated as an operating contact.

a) Please explain whether Energy+ has evaluated if there is an embedded lease in the operating contract.

b) If yes, what are the results of Energy+'s assessment?

c) Has Energy+ consulted its auditor regarding the assessment? If yes, please discuss the auditors' views.

E-Staff-58
Ref 1: Energy+, IRM Application, Page 53
Ref 2: Energy+, Appendix F, Exhibit II – MOU
Ref 3: Energy+, Appendix F, Exhibit V – Calculation of Lease Rates

Page 53 of the application states that the rent rate was based on the annuity payments required to recover the capital costs over the 41 year useful life of the assets, discounted at Brantford Power's approved 2017 cost of capital rate, grossed-up for PILS, divided by the square footage.

a) The Memorandum of Understanding indicates that the initial term is 20 years, followed by a potential 20 year renewal period, totaling 40 years. In the calculation of lease rates, a 44 years lease term is used. Please clarify the lease term.

b) On page 3 of the Memorandum of Understanding, section j(i)(3)(a)(i) states that the base rent calculation will include the recovery of amortization, PILS and return on invested capital for the portion of the project that relates to Energy+'s exclusive use. Please explain how the annuity payment calculation mentioned above will achieve recovery referenced in the Memorandum.

c) Please explain whether the discount rate used for the annuity payments is considered the "implicit lease rate".

d) Has Energy+ consulted its auditor regarding the assessment? If yes, please discuss the auditors' views.

E-Staff-59
Ref: Energy+, ICM Model, Tab 11 – Rate Rider Calc

OEB staff notes that Energy+ has proposed fixed only rate riders for all rate classes for its ICM.

Please provide the rationale for choosing fixed only rate riders. In particular, please discuss why Energy+ did not choose fixed and variable rate riders in order to better align with standard rate design once the new facility is included in rate base.

E-Staff-60
Ref 1: Energy+, ICM Model, Tab 9b – Proposed ACM ICM Projects
Ref 2: Energy+, IRM Application, Page 34

The ICM Model includes an amortization expense of $107,216 and CCA of $175,834 for the proposed ICM capital of $4,395,862.

a) Please confirm that the amortization expense and CCA do not include any amortization expense or CCA for land. If no, please remove the land portion of the amortization expense and CCA from the model.

b) Energy+ has not incorporated the accelerated CCA in its ICM calculations but proposes to capture the accelerated CCA impact in Account 1592. Please provide a calculation of the revenue requirement using the accelerated CCA. Please include a calculation showing the difference in CCA using the CCA rules before and after November 20, 2018.

E-Staff-61
Ref: Energy+, ICM Model, Tab 9b – Proposed ACM ICM Projects

The ICM model lists a total ICM capital request of $4,395,862 for the “Building – Shared Facilities with Brantford Power Inc.”

a) Please explain whether the proposed ICM capital amount of $4,395,862 includes capital for furniture and equipment. If yes, please provide the breakdown and the justification for spending.

b) Please explain what will happen to existing furniture and equipment currently in use by Energy+ at its Dundas St. facility. If Energy+ is able to reuse or sell any of its old furniture and equipment, please indicate whether this has been used to offset the costs discussed in part a).

E-Staff-62
Ref 1: Energy+, IRM Application, Page 56
Ref 2: EB-2019-0022, IRM Attachment A, Pages 22, 24

OEB staff notes that Energy+ has provided in reference 1 a comparison of the capital lease costs of the options it has considered. However, the comparison does not take into account the added costs of the shared spaces Energy+ will have to lease from Brantford Power as part of the Shared Services Agreement. Brantford Power’s 2020 IRM application provides the total costs allocated to Energy+ (dedicated space and shared space):

Energy+ Garden Ave. total allocated costs – $9,543,404
Energy+ Savannah Oaks total allocated costs – $8,987,792

OEB staff notes that the total cost of the Garden Ave. facility is 6.2% higher than the Savannah Oaks facility, which is within the +/- 30% Class D estimate range of the Savannah Oaks cost estimate.

a) Given that the costs of the two options are similar (within the estimate range), please explain why a shared facility is preferable to a standalone dedicated Energy+ facility.

OEB staff further notes that Energy+ would retain control over all decisions for a dedicated Energy+ facility, but would need to defer to Brantford Power in the case of a shared facility (as previously noted in E-Staff-35)

b) In light of the above, please explain why a shared facility is preferable to a non-shared dedicated Energy+ facility.

E-Staff-63
Ref: Energy+, IRM Application, Pages 26-28

Energy+ has requested a deferral and variance account for its Notification charge of $15, when a notice of disconnection is required and delivered to the customer.

Energy+ indicates that it will have $278,000 in annual lost revenue as a result of the OEB's elimination of the Collection of Account Charges. Energy+ expects to have a cumulative lost revenue of $973,000 over the next four years.

OEB staff notes that Energy+ has based the $973,000 off of 3 and a half years ($278,000 * 3.5 = $973,000)

a) The *Notice of Amendments to Codes and a Rule*[3], dated March 14 2019 indicated that the request for a deferral and variance account would need to meet the eligibility requirements set out in the OEBs *Filing Requirements for Electricity Distribution Rate Applications*.

    i. Please provide a discussion on the causation and prudence eligibility criteria for the requested account.

    ii. Please provide a draft accounting order, which should include a description of how lost revenues will be calculated, the time frame of the account etc.

b) Revenue offset of $278,000 was included in Energy+'s approved 2019 revenue requirement under Document charges.

    i. Please clarify whether or not Energy+ charged the Notification charge during the winter disconnection bans.

    ii. Please clarify if the $278,000 forecasted was reduced in consideration of the winter disconnection bans.

    iii. Please provide a breakdown of the revenues received and the lost revenues, if any, from the notification charge from 2015 to 2019 (i.e. as determined by the number of notices issued).

    iv. Please provide a forecast of actual lost revenues (i.e. based on the number of notices issued) from 2019 to 2022.

c) Please explain how Energy+ proposes to calculate the lost revenue.

    i. If based on revenue offset, please confirm that Energy+ is proposing to record a half year of lost revenue for 2019 of $139,000 and $278,000 annually in subsequent years.

[3] EB-2017-0183

ii. Please discuss whether it would be more accurate to record $278,000 in lost revenues for 2019 minus any revenues collected to date identified, as opposed to recording half a year of lost revenue.

iii. Please discuss whether Energy+ considered basing lost revenue on the number of disconnection notices, capped at its revenue offset.

d) Please clarify the circumstances in which Energy+ will continue to issue disconnection notices.

e) What is the unit cost of delivering a notice of disconnection?

f) Please explain if Energy+ has any cost savings as a result of the amended customer service rules.

g) Please calculate the impact of the 2019 forecasted actual lost revenues (i.e. based on number of notices issued) on Energy+'s approved 2019 ROE (i.e. recalculating the ROE to be reduced by lost revenues)

h) Please confirm that the requested account will be discontinued at Energy+'s next cost of service application

E-Staff-64
Ref 1: Energy+, IRM Application, Page 25
Ref 2: Energy+, LRAMVA workforms (CND and Brant County RZs), Tab 5
Ref 3: Energy+, Supplementary Data and Value Added Services Reports (excel)
Ref 4: Energy+, 2019 Participation and Cost Report (excel)

Energy+ notes that it supplemented the preliminary IESO reports with project level details that were submitted monthly to the IESO.

a) Please clarify what is meant by 'preliminary' IESO reports (e.g. the 2019 Participation and Cost Report) and whether the 'project level' details submitted on a monthly basis to the IESO refer to the 'CDM-IS' or supplementary reports. Please also provide more detail on which CDM programs relied on supplementary reports and explain why.

For the LRAMVA tables in the CND RZ (Table 5-b: 2016 LRAM and Table 5-c: 2017 LRAM) and Brant County RZ (Table 5-c: 2017 LRAM) in Tab 5 of the LRAMVA workform, the following programs were not included in the 2019 Participation and Cost Report filed on record:

<u>2016</u> (applicable only to CND RZ)

- Small & Medium Business Energy Management System LDC Innovation Fund Pilot Program

- Home Depot Home Appliance Market Uplift

2017 (applicable to CND and Brant County RZs)

- Small & Medium Business Energy Management System LDC Innovation
- Save on Energy Energy Performance Program for Multi-Site Customers
- Whole Home Pilot Program
- Save on Energy Smart Thermostat Program
- Save on Energy Instant Discount Program

b) Please clarify whether the IESO has indicated that it does not recognize the persistence of these program savings into 2018.

c) Please explain why the 2018 savings persistence should be included for lost revenue recovery.

d) Please confirm whether there are any other CDM programs whose energy and demand savings are not shown on the 2019 Participation and Cost Report, but are included for lost revenue recovery. If yes, please reconcile these savings to the CDM-IS report(s) or supplementary excel reports and explain the appropriateness of claiming the savings in the LRAMVA workform.

E-Staff-65
Ref: Energy+, LRAMVA workform, Tab 2 (LRAMVA threshold)

In Table 2-a, the descriptions of the LRAMVA threshold, including the year(s) of forecast savings and the reference source of the threshold, relate to the Brant County RZ and not the CND RZ.

a) Please revise the responses on the LRAMVA threshold in Table 2-a to reflect the correct references for the CND rate zone.

E-Staff-66
Ref 1: Energy+, LRAMVA workform, Tab 9 (PSUI Project)
Ref 2: Energy+, IRM Application, Page 25

For the CND RZ, Energy+ states that the 2018 persistence from the 2015 PSUI project was calculated using actual 2018 meter data from the customer's CHP generator and Energy+'s feed, which is consistent with the methodology approved in the 2019 COS application.

a) Please confirm whether any Measurement and Verification (M&V) on the CHP project was done by a third party consultant. If yes, please file the M&V reports to show that the 2018 demand savings claimed in the LRAMVA workform are appropriate.

b) Please provide the detailed monthly data of the load (with the CHP running) and the total energy including generation (without the CHP running) for 2018 in live excel format. Please show that the difference between actual billed demand and the baseline reconcile back to the 2018 savings included in Tab 9 of the LRAMVA workform.

c) Please explain the appropriateness of applying 1.0013 net-to-gross ratio to the CHP project to convert gross savings to net savings in 2018.

E-Staff-67
Ref : Energy+, LRAMVA workform

a) If Energy+ made any changes to the CND RZ - LRAMVA work form as a result of its responses to the above LRAMVA interrogatories, please file an updated LRAMVA work form, the revised LRAMVA balance requested for disposition, and a table summarizing the revised rate riders.

b) Please confirm any changes to the LRAMVA workform in response to these LRAMVA interrogatories in “Table A-2. Updates to LRAMVA Disposition (Tab 2)”.