



Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4
Sent via email and RESS

June 24, 2021

Dear Ms. Long:

RE: Brantford Power Inc. ("BPI") Cost of Service Application - EB-2021-0009
Response to OEB – Addressing Errors

On June 10, 2021 OEB staff sent a series of clarification question to BPI regarding its 2022 Cost of Service Application filed on May 12, 2021. Please find below the response for each question.

1. OEB Staff Question

There is a value missing between was and which in the following sentence at Exhibit 1, page 93:
"BPI's return achieved in 2020 was which is within the +/-3% range allowed by the OEB".

Response

At the time of filing this rate application BPI had not yet finalized its ROE calculation as part of the RRR filing for 2020, this sentence was a typo and was meant to read "BPI's return achieved in **2019** was **7.17%** which is within the +/-3% range allowed by the OEB". BPI's 2020 regulated ROE was 3.76% which was outside of the +/-3% range and BPI was under-earning.

2. OEB Staff Question

In Exhibit 1, page 64, Brantford Power notes that it is proposing to discontinue the Retail Cost Variance Account. At Exhibit 9, page 31 (Table 9.3W), the table shows "continue" for these accounts.

Response

BPI confirms it is proposing to discontinue both Retail Cost Variance Accounts, 1518 and 1548. The table was labeled as though they would continue for 2021 and then be discontinued

beginning in 2022. Since BPI is proposing the disposition of 2020 balances as part of this application, there will be balances accrued in these accounts in 2021 to be disposed of in BPI's next rebasing. An update of table 9.3-W is included with **Attachment A**.

3. OEB Staff Question

At Exhibit 9, page 31 (Table 9.3W), the table shows Retail Cost Variance Account – Retail with an associated USoA of Account 1509. Per the Accounting Procedures Handbook, the USoA for the Retail Cost Variance Account – Retail is Account 1518.

Response

BPI confirms that the labeling of the account in table 9.3-W was incorrectly labelled as 1509, this should have read 1518. BPI has included an updated version of table 9.3-W in **Attachment A**.

4. OEB Staff Question

In Exhibit 4, page 14, line 13 Brantford Power states: "With the facility expected to be fully occupied for the entirety of 2021, BPI expects higher facility costs compared to the prior years' actual". Line 31 of the same page reference states: "Facility costs will decrease in 2021 compared to 2020..."

Response

Facility Costs 2020 vs. 2021

Facility related costs over the period can be broken into two categories- short term "overlap" costs and ongoing costs.

Overlap costs are related to the existing facility lease/rentals and associated costs for the prior buildings and are expected to decrease in 2021 compared to 2020 levels.

Ongoing operating costs (utilities, general maintenance, landscaping, etc.) are expected to increase in 2021 compared to 2020 as the building achieves full occupancy and higher costs are required throughout the year.

Overall, facility operating costs are expected to decrease in 2021 compared to 2020.

The first statement (on line 13) should have been clarified to refer to ongoing facility OM&A costs, while line 31 correctly states that on the whole, facility costs will decrease in 2021.

Please see table below.

	2020 Actual	2021 Bridge Year	Expected Variance
Rent Paid to COB	\$381,290	\$79,999	-\$301,291
Ongoing Costs (Utility Component Only)	\$161,793	\$401,293	\$239,500
Total Building OM&A	\$543,083	\$481,292	-\$61,791

5. OEB Staff Question

In Exhibit 4, page 70, line 15 it states: “The following table 4.3.1-Y outlines the retiree benefits included with OM&A in each year.” However, Table 4.3.1-Y is titled “Capitalized OPEBs”.

Response

Please see a revised table which includes the estimated breakout of capitalized and expensed OM&A. BPI has provided an updated excerpt from Exhibit 4 as **Attachment B**.

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Capitalized Retiree Benefits (est)	\$ 17,473	\$ 24,252	\$ 22,037	\$ 21,397	\$ 35,205	\$ 28,859
Expensed Retiree Benefits (est)	\$ 107,083	\$ 105,248	\$ 77,363	\$ 91,403	\$ 166,710	\$ 122,961
Total	\$ 124,556	\$ 129,500	\$ 99,400	\$ 112,800	\$ 201,915	\$ 151,820

6. OEB Staff Question

The variances in Exhibit 2 for Tables 2.1.1-H (2020-2019 column) and 2.1.1-I (2019-2018 column) appear to be calculated incorrectly. Please provide any necessary updates to variance analysis discussion.

Response

BPI confirms that there was a formula error in both tables, 2.1.1-H and 2.1.1-I, additionally BPI identified the same error in table 2.1.1-D. BPI has provided a marked up version of pages 6-10 of exhibit 2 as **Attachment C**, which includes the amended variance analysis as well as the updated tables. Please note that the outdated tables are shown in grey.

7. OEB Staff Question

The General Service > 50 demand in Chapter 2 Appendix 2-IB includes the total of the demand from General Service > 50 excel WMP and from WMP from the load forecast model. However, the connection forecast at in Appendix 2-IB includes only General Service > 50 excel WMP from the load forecast model.

Response

BPI updated the General Service > 50 kW demand in Chapter 2 Appendix 2-IB to include the WMP numbers, please see **Attachment D**. Please see the table below for the statistics for the General Service > 50 kW Class.

	2016	2017	2018	2019	2020	2021	2022
	Actual	Actual	Actual	Actual	Actual	Weather Normal, CDM Adjusted	Weather Normal, CDM Adjusted
GS>50 (excl. WMP)							
Connections	452	457	483	489	491	499	507
kW	1,378,958	1,400,391	1,435,245	1,450,909	1,428,137	1,317,808	1,337,288
Wholesale Market Participants (WMP)							
Connections	2	2	2	2	2	2	2
kW	12,437.30	12,330.00	12,258.00	10,962.46	11,674.01	11,674	11,674
GS>50 (Incl. WMP)							
Connections	454	459	485	491	493	501	509
kW	1,391,396	1,412,721	1,447,503	1,461,872	1,439,811	1,329,482	1,348,962

8. OEB Staff Question

In Exhibit 4, page 32 (also in the Chapter 2 Appendices, Tab 2-JB), for the “Maintenance Supervision and Engineering” line item, the 2017 OEB-approved amount shows \$7. Please confirm this value is correct.

Response

BPI confirms this is the case. The Maintenance Supervision and Engineering for 2017 Board Approved corresponds directly to USOA Account# 5105, Maintenance Supervision and Engineering from the final models in BPI’s 2017 COS. The screen shot below shows the \$7 in account 5105 from tab I3-TB Data of the Cost Allocation model filed with BPI’s 2017 Settlement Agreement.

383	5085	Miscellaneous Distribution Expense		\$345,696
384	5090	Underground Distribution Lines and Feeders - Rental Paid		\$0
385	5095	Overhead Distribution Lines and Feeders - Rental Paid		\$1,911
386	5096	Other Rent		\$9,423
387	5105	Maintenance Supervision and Engineering		\$7

9. OEB Staff Question

OEB staff is unable to reconcile the 2018 “Plan” Net Capital Expenditures in current application (\$3,726,000) in Appendix 2-AB to Brantford Power’s last settlement agreement - Attachment C (Appendix 2-AB) (\$7,478,861).

Response

The variance of \$3,752,548 is related to the HONI – 115 Kv Automated switches project. This project was listed in section 5.2.1.F- Contingent Aspects of BPI's 2017 DSP (in OEB Case No. EB-2016-0058).

BPI had limited details on this project at the time of its application, which may have required a capital contribution from BPI to its transmitter. Due to the uncertain nature of the project as well as the materiality of the capital contribution, BPI identified this project as a potential future Incremental Capital Module (ICM) project and stated that it would make a decision on the submission of an ICM application once the full details of the project were known. Since BPI was not required to pay the capital contribution to Hydro One, BPI did not submit a request for ICM as it related to this project and BPI removed the project amount from its 2018 DSP amount for variance analysis purposes.

While the project spending was included in Appendix 2-AB of its 2017 Application, BPI removed it for comparison purposes in this (2022) Application since it was identified as an uncertain project from the outset. BPI did not think it would be accurate to indicate a \$3.8M under-spending on the project given the initial uncertainty.

10. OEB Staff Question

OEB staff is unable to reconcile the "Other Revenue" inputs for line items Other Operating/Distribution Revenue and Other Income or Deductions in Tab 3 of the RRWF to Appendix 2-H.

Response

BPI has made the required corrections to the subcategories for other revenue. The discrepancy was a result of 'Gain on Disposition of Utility and Other Property' being mapped to the "Other Income or Deductions" sub-category rather than "Other Operating Revenues", though the total for Other Revenue/Revenue Offsets was consistent between both documents. The RRWF has been adjusted to reconcile the other revenue accounts. Please see table below for a reconciliation as well as **Attachment E** for the updated RRWF.

	Appendix 2-H (Filed)	RRWF (Tab 3) (Filed)	4355 Gain on Disposition of Utility and Other Property (Adjustment)	RRWF (Tab 3) Updated (Att E)	Difference After Adjustment
Specific Service Charges	188,127	188,127	0	188,127	0
Late Payment Charges	341,499	341,499	0	341,499	0
Other Operating Revenues	576,162	397,262	178,900	576,162	0
Other Income or Deductions	-38,756	140,144	-178,900	-38,756	0
Total	1,067,032	1,067,032	0	1,067,032	0

11. OEB Staff Question

In Exhibit 4, page 88, table 4.3.4.1-A notes **2017** test year (emphasis added) costs. Please confirm that these are in fact that the 2022 test year costs.

Response

BPI confirms that the labelling of the Test Year Amount on table 4.3.4.1-A was incorrectly labelled as "2017 Test Year Amount"; this should have read "2022 Test Year Amount". BPI has included an updated version of table 4.3.4.1-A below:

Table 4.3.4 .1-A: One-time Costs

One-Time Cost	Total Cost	Years Incurred	2022 Test Year Amount (Amortized)
Cost of Service Application	\$521,982	2020 & 2021	\$104,396

12. OEB Staff Question

In Exhibit 8, page 11, Brantford Power notes it is using the proposed inflation factor of 2.2% on **2020** charges (emphasis added) and is not proposing any changes to the retail service charges in this application except for the above inflation factors. Please confirm that it is in fact Brantford Power's current 2021 charges being escalated by inflation. Please also confirm that Brantford Power will update the inflation factor applicable for 2022 applications once announced by the OEB.

Response

BPI confirms it is the current 2021 charges being adjusted by inflation, 2020 is a typo.

BPI confirms it will work with OEB staff to make the necessary updates when the 2022 inflation factors are released.

We hope that the answers provided can clarify the OEB staff's questions and help facilitate this proceeding.

In case of any additional questions please contact Oana Stefan, Manager Regulatory Affairs at ostefan@brantford.ca or 519-751-322 ext. 5477.

Sincerely,

Oana Stefan

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Attachment A

Exhibit 9 Table 9.3-W Update

Table 9.3-W: Group 2 Accounts to Continue/Discontinue

Account Description	USOA	Continue/Discontinue	Explanation
Pole Attachment Revenue Variance	1508	Continue	BPI is requesting to continue this account in the event of a decrease in the expected Pole Rental charge. If this does not occur, the account will be closed for further principal activity as of December 31, 2021 (or else the day before the effective date of new distribution rates in this Application)
OPEB FORECAST CASH VS ACCRUAL	1508	Discontinue as of 2022	Balances will continue to accumulate in this account in 2021
Lost Collection of Account Revenue	1508	Discontinue as of 2022	Balances will continue to accumulate in this account in 2021
1509-COVID-19 Other Incremental Cost DVA	1509	Continue	Balances will continue to accumulate in this account for the duration of the Pandemic
1509-COVID-19 Bad Debt DVA	1509	Continue	Balances will continue to accumulate in this account for the duration of the Pandemic
Retail Cost Variance Account - Retail	1518	Discontinue as of 2022	BPI is seeking disposition of this balance up to December 31, 2020 with forecasted interest up to December 31, 2021 with this Application
Retail Cost Variance Account - STR	1548	Discontinue as of 2022	BPI is seeking disposition of this balance up to December 31, 2020 with forecasted interest up to December 31, 2021 with this Application
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	Continue	Balances will continue to accumulate in this account

Account Description	USOA	Continue/Discontinue	Explanation
Pole Attachment Revenue Variance	1508	Continue	BPI is requesting to continue this account in the event of a decrease in the expected Pole Rental charge. If this does not occur, the account will be closed for further principal activity as of December 31, 2021 (or else the day before the effective date of new distribution rates in this Application)
OPEB FORECAST CASH VS ACCRUAL	1508	Continue-2021	Balances will continue to accumulate in this account in 2021
Lost Collection of Account Revenue	1508	Continue-2021	Balances will continue to accumulate in this account in 2021
1509-COVID-19 Other Incremental Cost DVA	1509	Continue	Balances will continue to accumulate in this account for the duration of the Pandemic
1509-COVID-19 Bad Debt DVA	1509	Continue	Balances will continue to accumulate in this account for the duration of the Pandemic
Retail Cost Variance Account - Retail	1509	Continue-2021	BPI is seeking disposition of this balance up to December 31, 2020 with forecasted interest up to December 31, 2021 with this Application
Retail Cost Variance Account - STR	1548	Continue-2021	BPI is seeking disposition of this balance up to December 31, 2020 with forecasted interest up to December 31, 2021 with this Application
PILs and Tax Variance for 2006 and Subsequent Years- Sub-account CCA Changes	1592	Continue	Balances will continue to accumulate in this account

Variance Accounts to Continue

In Table 9.3-W above, it is noted that the following accounts will continue: 1508 – Pole Attachment Revenue variance, 1508-OPEB Cash vs. Accrual, 1509-COVID-19 Incremental Cost DVA, 1509- COVID-19 Bad Debt DVA and 1592-PILS Variance CCA Change. BPI expects that balances will continue to accrue in all of these accounts in 2021. Currently the Pole Attachment Rate is to remain at \$44.50 on an interim basis; BPI expects that any reduction outside of the normal inflationary increase should be recorded in this account. BPI was instructed to include the OPEB variance in account 1508 every year until 2022 as such a variance will be recorded in 2021. As COVID continues to have an unpredictable impact on the industry and without the appropriate accounting guidance BPI proposed to continue both COVID DVA

Attachment B

Exhibit 4 Table 4.3.1-Y Update

The following amounts related to Actuarial Expense are included in benefits:

Table 4.3.1-X: Retiree Benefits Per Year

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Retiree Benefits (accrual basis- used 22TY in rate setting)	\$ 124,556	\$ 129,500	\$ 99,400	\$ 112,800	\$ 201,915	\$ 151,820
Retiree Benefits (Cash Basis)	\$ 53,336	\$ 66,500	\$ 138,300	\$ 80,600	\$ 80,600	\$ 80,600
Difference between Methods	\$ 71,220	\$ 63,000	\$ (38,900)	\$ 32,200	\$ 121,315	\$ 71,220

These amounts correspond to the amounts included in the PILS section of this Exhibit. The most recent actuarial report is included as **Attachment 4-A**.

Consistent with the default approach identified in the OEB's **Report of the Ontario Energy Board: Regulatory Treatment of Pension and Other Post-Employment Benefits (OPEBs) Costs** (EB-2015-0040, released September 14, 2017), BPI is proposing to use the Accrual basis of accounting for OPEBs for rate setting purposes. In its 2017 COS, BPI initially proposed to include OPEBs on this basis, however as part of the OEB Decision, a reduction was made in order to include OPEBs on a cash basis. For each of the Historic, Bridge and Test years above, BPI has shown OPEBS expressed both on the cash basis and the accrual basis. As shown above, the impact of switching to the accrual basis for in the 2022 Test Year is quantified at \$71,220.

The following table 4.3.1-Y outlines the retiree benefits included with OM&A in each year. BPI does not track separately the benefits component of allocations to capital (done through payroll burden) and has provided estimates based on the earnings allocated to capital.

Table 4.3.1-Y: Capitalized OPEBS

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Capitalized Retiree Benefits (est)	\$ 17,473	\$ 24,252	\$ 22,037	\$ 21,397	\$ 35,205	\$ 28,859
Expensed Retiree Benefits (est)	\$ 107,083	\$ 105,248	\$ 77,363	\$ 91,403	\$ 166,710	\$ 122,961
Total	\$ 124,556	\$ 129,500	\$ 99,400	\$ 112,800	\$ 201,915	\$ 151,820

	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Capitalized Retiree Benefits (est)	\$ 17,473	\$ 24,252	\$ 22,037	\$ 21,397	\$ 35,205	\$ 28,859

Table 4.3.1-Z Estimated Benefits To Capital

	2017 Board Approved	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Bridge	2022 Test
Benefits to Capital	\$ 185,601.60	\$ 192,347.67	\$ 272,701.93	\$ 323,125.24	\$ 286,423.04	\$ 343,626.37	\$ 370,472.04
Benefits for OM&A and Billable	\$ 1,336,151.40	\$ 1,178,812.87	\$ 1,183,447.08	\$ 1,134,344.26	\$ 1,223,512.53	\$ 1,627,207.58	\$ 1,578,513.68

Attachment C

Exhibit 2 Rate Base Variance Update

1

TABLE 2.1.1-D: RATE BASE VARIANCES

2

Description	2017 Approved	2017 Actual	Variance from 2017 Actual to 2017 Approved	2018 Actual	Variance from 2018-2017	2019 Actual	Variance from 2019-2018	2020 Actual	Variance from 2020-2019	2021 Bridge Year	Variance from 2020-2021	2022 Test Year	Variance from 2022-2021
Opening Balance Gross Fixed Assets		\$ 75,306,209		\$ 79,011,911	\$ 3,705,703	\$ 82,525,469	\$ 3,513,557	\$ 89,655,966	\$ 7,130,497	\$ 106,455,859	\$ 16,799,893	\$ 115,358,723	\$ 8,902,864
Closing Balance Gross Fixed Assets		\$ 79,011,911		\$ 82,525,469	\$ 3,513,557	\$ 89,655,966	\$ 7,130,497	\$ 106,455,859	\$ 16,799,893	\$ 115,358,723	\$ 8,902,864	\$ 123,345,215	\$ 7,986,492
Average Gross Fixed Assets	\$ 110,734,352	\$ 77,159,060	\$ (33,575,292)	\$ 80,768,690	\$ 3,609,630	\$ 86,090,717	\$ 5,322,027	\$ 98,055,913	\$ 11,965,195	\$ 110,907,291	\$ 12,851,378	\$ 119,351,969	\$ 8,444,678
Opening Balance Accumulated Depreciation		\$ 9,632,017	\$ 9,632,017	\$ 12,967,651	\$ 3,335,634	\$ 16,266,663	\$ 3,299,011	\$ 19,713,177	\$ 3,446,514	\$ 23,303,663	\$ 3,590,487	\$ 27,211,112	\$ 3,907,449
Closing Balance Accumulated Depreciation		\$ 12,967,651	\$ 12,967,651	\$ 16,266,663	\$ 3,299,011	\$ 19,713,177	\$ 3,446,514	\$ 23,303,663	\$ 3,590,487	\$ 27,211,112	\$ 3,907,449	\$ 31,498,777	\$ 4,287,665
Average Accumulated Depreciation	\$ 46,395,553	\$ 11,299,834	\$ (35,095,718)	\$ 14,617,157	\$ 3,317,323	\$ 17,989,920	\$ 3,372,763	\$ 21,508,420	\$ 3,518,500	\$ 25,257,388	\$ 3,748,968	\$ 29,354,945	\$ 4,097,557
Average Net Fixed Assets	\$ 64,338,799	\$ 65,859,226	\$ 1,520,427	\$ 66,151,533	\$ 292,307	\$ 68,100,798	\$ 1,949,265	\$ 76,547,493	\$ 8,446,695	\$ 85,649,903	\$ 9,102,411	\$ 89,997,024	\$ 4,347,121
Working Capital	128,865,801	118,632,057	\$ (10,233,744)	119,844,100	1,212,043	128,559,863	8,715,762	133,746,564	5,186,702	149,531,279	15,784,715	109,084,215	(40,447,064)
Working Capital Allowance (%)	7.5%	7.5%		7.5%		7.5%		7.5%		7.5%		7.5%	
Working Capital Allowance	\$ 9,664,935	\$ 8,897,404	\$ (767,531)	\$ 8,988,308	\$ 90,903	\$ 9,641,990	\$ 653,682	\$ 10,030,992	\$ 389,003	\$ 11,214,846	\$ 1,183,854	\$ 8,181,316	\$ (3,033,530)
Rate Base	\$ 74,003,734	\$ 74,756,630	\$ 752,896	\$ 75,139,841	\$ 383,210	\$ 77,742,788	\$ 2,602,947	\$ 86,578,485	\$ 8,835,698	\$ 96,864,749	\$ 10,286,264	\$ 98,178,340	\$ 1,313,591

3

Description	2017 Approved	2017 Actual	Variance from 2017 Actual to 2017 Approved	2018 Actual	Variance from 2018-2017	2019 Actual	Variance from 2019-2018	2020 Actual	Variance from 2020-2019	2021 Bridge Year	Variance from 2020-2021	2022 Test Year	Variance from 2022-2021
Opening Balance Gross Fixed Assets		\$ 75,306,209		\$ 79,011,911	\$ 3,705,703	\$ 82,525,469	\$ 82,525,469	\$ 89,655,966	\$ 85,950,264	\$ 106,455,859	\$ 20,505,596	\$ 115,358,723	\$ 8,902,864
Closing Balance Gross Fixed Assets		\$ 79,011,911		\$ 82,525,469	\$ 3,513,557	\$ 89,655,966	\$ 89,655,966	\$ 106,455,859	\$ 102,942,302	\$ 115,358,723	\$ 12,416,421	\$ 123,345,215	\$ 7,986,492
Average Gross Fixed Assets	\$ 110,734,352	\$ 77,159,060	\$ (33,575,292)	\$ 80,768,690	\$ 3,609,630	\$ 86,090,717	\$ 8,931,657	\$ 98,055,913	\$ 17,287,223	\$ 110,907,291	\$ 12,851,378	\$ 119,351,969	\$ 8,444,678
Opening Balance Accumulated Depreciation		\$ 9,632,017	\$ 9,632,017	\$ 12,967,651	\$ 3,335,634	\$ 16,266,663	\$ 6,634,646	\$ 19,713,177	\$ 16,377,542	\$ 23,303,663	\$ 6,926,121	\$ 27,211,112	\$ 3,907,449
Closing Balance Accumulated Depreciation		\$ 12,967,651	\$ 12,967,651	\$ 16,266,663	\$ 3,299,011	\$ 19,713,177	\$ 6,745,525	\$ 23,303,663	\$ 20,004,652	\$ 27,211,112	\$ 7,206,461	\$ 31,498,777	\$ 4,287,665
Average Accumulated Depreciation	\$ 46,395,553	\$ 11,299,834	\$ (35,095,718)	\$ 14,617,157	\$ 3,317,323	\$ 17,989,920	\$ 6,690,085	\$ 21,508,420	\$ 6,891,263	\$ 25,257,388	\$ 3,748,968	\$ 29,354,945	\$ 4,097,557
Average Net Fixed Assets	\$ 64,338,799	\$ 65,859,226	\$ 1,520,427	\$ 66,151,533	\$ 292,307	\$ 68,100,798	\$ 2,241,572	\$ 76,547,493	\$ 10,395,960	\$ 85,649,903	\$ 9,102,411	\$ 89,997,024	\$ 4,347,121
Working Capital	128,865,801	118,632,057	\$ (10,233,744)	119,844,100	1,212,043	128,559,863	\$ 9,927,806	133,746,564	\$ 13,902,464	149,531,279	15,784,715	109,084,215	(40,447,064)
Working Capital Allowance (%)	7.5%	7.5%		7.5%		7.5%		7.5%		7.5%		7.5%	
Working Capital Allowance	\$ 9,664,935	\$ 8,897,404	\$ (767,531)	\$ 8,988,308	\$ 90,903	\$ 9,641,990	\$ 744,585	\$ 10,030,992	\$ 1,042,685	\$ 11,214,846	\$ 1,183,854	\$ 8,181,316	\$ (3,033,530)
Rate Base	\$ 74,003,734	\$ 74,756,630	\$ 752,896	\$ 75,139,841	\$ 383,210	\$ 77,742,788	\$ 2,986,157	\$ 86,578,485	\$ 11,438,645	\$ 96,864,749	\$ 10,286,264	\$ 98,178,340	\$ 1,313,591

BPI has calculated the materiality threshold on its rate base in accordance with the Filing Requirements.

On this basis, BPI has calculated a materiality threshold of \$115,000.

BPI offers the following comments in respect of the relevant variances identified above:

TABLE 2.1.1-E 2022 Test Year

Description	2022 Test Year
Average Gross Fixed Assets	\$ 119,351,969
Average Accumulated Depreciation	\$ 29,354,945
Average Net Fixed Assets	\$ 89,997,024
Working Capital	109,084,215
Working Capital Allowance (%)	7.5%
Working Capital Allowance	\$ 8,181,316
Rate Base	\$ 98,178,340

As shown above, the total Rate Base in the 2022 Test Year is forecasted to be \$98,178,340. Average net fixed assets account for \$89,997,024 of this total. The allowance for working capital total is \$8,181,316.

TABLE 2.1.1-F 2021 Bridge Year vs. 2022 Test Year

Description	2021 Bridge Year	2022 Test Year	Variance from 2022-2021
Average Gross Fixed Assets	\$ 110,907,291	\$ 119,351,969	\$ 8,444,678
Average Accumulated Depreciation	\$ 25,257,388	\$ 29,354,945	\$ 4,097,557
Average Net Fixed Assets	\$ 85,649,903	\$ 89,997,024	\$ 4,347,121
Working Capital	149,531,279	109,084,215	(40,447,064)
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 11,214,846	\$ 8,181,316	\$ (3,033,530)
Rate Base	\$ 96,864,749	\$ 98,178,340	\$ 1,313,591

The total Rate Base is expected to be \$1.3M higher in the 2022 Test year than in the 2021 Bridge Year. This increase is shown above and is attributable primarily to an increase in average net book value of \$4.3M, and a decrease in working capital allowance of \$3M. The increase in average net book value is due to the addition of several assets totaling \$8,144,590 in 2022. These assets contribute an impact of \$4,072,295 (\$8,144,590/2) to the average gross fixed assets. In 2022 these additions can be contributed to various planned projects, such as the Feeder Egress project for \$1.3M, an increase in pole replacements based on customers preferences from the Customer Engagement Survey as well as \$3.7M in System Access projects (Net of contributed capital) planned for 2022. In addition, the 2022 average accumulated depreciation is increased as a result from the additions mentioned above. The working capital allowance decrease is primarily a result of BPI reducing the Power Expenses by the OER credit at 21.20%.

The detailed cost of power expense for the 2022 Test Year can be found in Table 2.1.3-D and 2.1.3-E.

TABLE 2.1.1-G 2020 Actual vs. 2021 Bridge Year

Description	2020 Actual	2021 Bridge Year	Variance from 2020-2021
Average Gross Fixed Assets	\$ 98,055,913	\$ 110,907,291	\$ 12,851,378
Average Accumulated Depreciation	\$ 21,508,420	\$ 25,257,388	\$ 3,748,968
Average Net Fixed Assets	\$ 76,547,493	\$ 85,649,903	\$ 9,102,411
Working Capital	133,746,564	149,531,279	15,784,715
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 10,030,992	\$ 11,214,846	\$ 1,183,854
Rate Base	\$ 86,578,485	\$ 96,864,749	\$ 10,286,264

The total rate base for the 2021 Bridge Year is expected to be \$96.9M, which represents an increase of \$10.3M over the 2020 Actual Year. This increase is shown above and is attributable primarily to an increase in average net book value of \$9.1M. The addition to gross fixed assets in 2021 is forecasted at \$9.1M, of which \$2.1 is an increase in General Plant for the additional investments required for the new building which went into service in 2020, as well as \$720k for the replacement of vehicles which were

Filed: May 12, 2021

deferred from 2020 as a result of delays associated with the global pandemic, \$4.6M relates to System

Access projects driven by both residential and commercial growth expected in 2021.

The increase in the 2021 Working Capital Allowance can be attributed to the increase in Cost of Power Expenses from 2020.

TABLE 2.1.1-H 2019 Actual vs. 2020 Actual

Description	2019 Actual	2020 Actual	Variance from 2020-2019
Average Gross Fixed Assets	\$ 86,090,717	\$ 98,055,913	\$ 11,965,195
Average Accumulated Depreciation	\$ 17,989,920	\$ 21,508,420	\$ 3,518,500
Average Net Fixed Assets	\$ 68,100,798	\$ 76,547,493	\$ 8,446,695
Working Capital	128,559,863	133,746,564	5,186,702
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 9,641,990	\$ 10,030,992	\$ 389,003
Rate Base	\$ 77,742,788	\$ 86,578,485	\$ 8,835,698

Description	2019 Actual	2020 Actual	Variance from 2020-2019
Average Gross Fixed Assets	\$ 86,090,717	\$ 98,055,913	\$ 17,287,223
Average Accumulated Depreciation	\$ 17,989,920	\$ 21,508,420	\$ 6,891,263
Average Net Fixed Assets	\$ 68,100,798	\$ 76,547,493	\$ 10,395,960
Working Capital	128,559,863	133,746,564	\$ 13,902,464
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 9,641,990	\$ 10,030,992	\$ 1,042,685
Rate Base	\$ 77,742,788	\$ 86,578,485	\$ 11,438,645

The total rate base for the 2020 Actual Year was \$86.6M, which represents an increase of \$~~11.4M~~8.8 over the 2019 Actual Year. This increase is shown above and is attributable primarily to an increase in net fixed assets of \$~~10.4M~~8.4M which is directly related to the \$10.~~34~~31M net additions in 1908 Buildings and Fixtures, BPI's new building which went into service in 2020. Additionally, working capital allowance increased by \$~~1.04M~~389K this was driven by the increase in the cost of power.

TABLE 2.1.1-I 2018 Actual vs. 2019 Actual

Description	2018 Actual	2019 Actual	Variance from 2019-2018
Average Gross Fixed Assets	\$ 80,768,690	\$ 86,090,717	\$ 5,322,027
Average Accumulated Depreciation	\$ 14,617,157	\$ 17,989,920	\$ 3,372,763
Average Net Fixed Assets	\$ 66,151,533	\$ 68,100,798	\$ 1,949,265
Working Capital	119,844,100	128,559,863	8,715,762
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 8,988,308	\$ 9,641,990	\$ 653,682
Rate Base	\$ 75,139,841	\$ 77,742,788	\$ 2,602,947

Description	2018 Actual	2019 Actual	Variance from 2019-2018
Average Gross Fixed Assets	\$ 80,768,690	\$ 86,090,717	\$ 8,931,657
Average Accumulated Depreciation	\$ 14,617,157	\$ 17,989,920	\$ 6,690,085
Average Net Fixed Assets	\$ 66,151,533	\$ 68,100,798	\$ 2,241,572
Working Capital	119,844,100	128,559,863	\$ 9,927,806
Working Capital Allowance (%)	7.5%	7.5%	
Working Capital Allowance	\$ 8,988,308	\$ 9,641,990	\$ 744,585
Rate Base	\$ 75,139,841	\$ 77,742,788	\$ 2,986,157

The total rate base for the 2019 Actual Year was \$77.7M, which represents an increase of ~~\$3M~~ \$2.6M over the 2018 Actual Year. This increase is shown above and is attributable primarily to an increase in average net book value of ~~\$2.2M~~ \$1.9M. The primary cause of the increase is due to the increase of gross fixed assets in 2019. In 2019, BPI implemented a new customer information system which increased the average net assets in 2019 by \$1,081,767 (\$2,163,533/2). Additionally, there was a significant increase in distribution assets as a result of a record number of new connections in 2019. BPI also completed the Hydro One Idle Line project in 2019 for a total project cost of \$689,173.

Attachment D

Ch 2 Appendix 2-IB Update (Excel)

Attachment E

Revenue Requirement Workform (RRWF) Update (Excel)