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

BY E-MAIL

July 19, 2021

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

Dear Ms. Long:

Re: Brantford Power Inc. (Brantford Power)
Application for 2022 Electricity Distribution Rates
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2021-0009

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding. Brantford Power and all intervenors have been copied on this filing.

Brantford Power's responses to interrogatories are due by August 9, 2021.

Yours truly,

Georgette Vlahos

Digitally signed by Georgette Vlahos
Date: 2021.07.19 14:29:26 -04'00'

Georgette Vlahos
Advisor, Electricity Distribution: Major Rate Applications & Consolidations

Attach.

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

OEB Staff Interrogatories
Brantford Power
2022 Cost of Service Application

Exhibit 1 – Administrative

1-Staff-1
Updated Revenue Requirement Workform (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on Sheet 3 (Data_Input_Sheet). Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 (Tracking Sheet) and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models, as applicable, that reflects the interrogatory responses, including an updated Tariff Schedule and Bill Impact model for all classes at the typical consumption/demand levels (e.g. 750 kWh for residential, 2,000 kWh for GS<50, etc.).

1-Staff-2
Responses to Letters of Comment

Following publication of the Notice of Application, the OEB received 14 letters of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letter of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-3
Strategic Plan
Ref: Exhibit 1, Page 15

Brantford Power notes that its current Strategic Plan was developed in 2014 and has been refreshed on an annual basis.

Please provide the most recent version of the Strategic Plan.

1-Staff-4
Key Performance Indicators
Ref: Exhibit 1, Page 15

Brantford Power notes its internal Key Performance Indicator (KPI) targets are set annually by its Board of Directors and evolve annually but generally include items consistent with the OEB's Scorecard.

(a) Please provide an example of "other key project goals".
(b) Please explain how Brantford Power's benchmarks itself (internally and/or externally) using these KPI's to assess its continuous improvement.
(c) Please identify any measures that Brantford Power uses to assess its performance that are not tracked in the OEB's Scorecard. If there are none, please explain why.
(d) Considering the OEB's Activity and Program Based Benchmarking Initiative, does Brantford Power currently have, or has it considered including cost efficiency and effectiveness measures to track unit cost information for its main OM&A and capital programs/projects?

1-Staff-5
Scorecard
Ref: Exhibit 1, Page 86

Brantford Power reproduced its scorecard with its draft 2020 RRR filings given that the filing deadline had not passed when this application was filed.

Please provide the final 2020 data for all metrics.

1-Staff-6
Return on Equity
Ref 1: Response to OEB – Addressing Errors, June 24, 2021
Ref 2: Exhibit 1, Page 93

In response to OEB Staff Question 1, Brantford Power indicated that its actual 2020 regulated Return on Equity (ROE) was 3.76%, which was outside of the +/-3% range.

(a) Please provide the calculation for the 2020 ROE. If this calculation is different than the 2020 ROE filed with the OEB under Reporting and Record-Keeping Requirements (RRR) 2.1.5.6, please explain and reconcile the differences.
(b) Please explain the drivers for the under-earnings in 2020.

1-Staff-7
Customer Engagement
Ref 1: Exhibit 1, Attachment 1-D Innovative Report, Page 2
Ref 2: Exhibit 1, Pages 69-70

In the material presented to Brantford Power's customers as part of its customer engagement undertakings, Brantford Power proposed to reduce its overall pole replacement budget.

The findings in reference 1 state "a majority of customers in each rate class feel that Brantford Power should not reduce its spending in this category but would prefer they either stick with the status quo or an even further accelerated approach. In fact, residential customers are evenly split between the status quo and an accelerated pace, while business customers favour the status quo."

Reference 2 states "In the case of the Pole Replacement project, more customers supported an accelerated approach. As a result, Brantford Power changed its pole replacement project from 60 poles per year to 80 poles per year (beginning in 2022).

(a) Please reconcile the two statements in which one notes that customers are evenly split between the status quo and an accelerated pace, and the second reference which notes that more customers support an accelerated approach.
(b) Given that one of the key customer concerns identified from Brantford Power's customer engagement is affordability and keeping costs low, please further explain Brantford Power's decision to accelerate the program.

1-Staff-8
Leases
Ref 1: Exhibit 1, Appendix 1-F 2018 Financial Statements
Ref 2: Exhibit 1, Appendix 1-G 2019 Financial Statements

In Note 5 of the 2018 audited financial statements, it stated that Brantford Power would adopt IFRS 16 relating to leases beginning in January 1, 2019. It further stated that Brantford Power did not expect the adoption of the standard to have a material impact on the financial statements. There was no similar note disclosure in the 2019 audited financial statements.

(a) Please confirm that the adoption of IFRS 16 did not have a material impact on Brantford Power's financial statements. If not confirmed, please explain the impact.
(b) For each lease, if any, that Brantford Power had included for recovery in a prior rate application and is continuing to request recovery of these leases in the current application, please:
    i. indicate whether these leases were treated as operating or finance leases for regulatory purposes, and whether costs were included in OM&A or rate base in the prior application.
    ii. indicate whether these leases are proposed to be treated as operating or finance leases for regulatory purposes, and the corresponding amounts included in OM&A or rate base in the current application.
    iii. quantify the revenue requirement difference between including the costs in OM&A versus capital in the current application.
(c) For any leases where there was a change in accounting treatment between a prior application and the current application, please explain how Brantford Power plans to treat this revenue requirement difference for rate purposes.

1-Staff-9
Ref 1: Exhibit 1, Page 96
Ref 2: Exhibit 1, Attachment 1-H Reconciliation

Brantford Power provided its audited financial statements for 2017, 2018 and 2019 and the related Audited Financial Statements to RRR trial balance reconciliation. Brantford Power noted in its application that it has not provided statements for 2020 as the 2020 statements were not yet finalized at the time Brantford Power prepared its application.

(a) Please provide the 2020 audited financial statements. Please also provide the related reconciliation.

(b) Please provide a reconciliation showing how the 2020 PP&E and intangible amounts shown in the financial statements reconcile to the 2020 net book value in Appendix 2-BA.

1-Staff-10
City of Brantford Emergency Services
Ref: Exhibit 1, Pages 104-105

Regarding the provision of space and services to City of Brantford Emergency Services:

(a) Brantford Power indicated that a capital contribution has been included to reduce the net book value used in rate base calculations. Please clarify what this capital contribution is for and why it was included as an offset to rate base, when it appears that Brantford Power has treated all ICM related capital allocated to affiliates as non-regulated capital and has excluded it from rate base entirely.

(b) Brantford Power stated that the revenue offset for this service has been "calculated in a manner which applies fully allocate costing for use of assets and provision of services; both capital and OM&A components have been considered". Please provide further details on how this calculation of revenue offsets was done, and how capital has been considered.

1-Staff-11
Ref: Exhibit 1, Page 106

Shareholders of Brantford Power and Energy+ are investigating the possibility of a merger. At the time of filing this application, no decision has been made as to whether to proceed with the potential merger.

Please provide any updates on the discussions of a potential merger.

Exhibit 2 – Rate Base

2-Staff-12
Productivity
Ref: Exhibit 1, Pages 26-27

As part of its budget development process for 2021/2022, Brantford Power considered productivity improvements and achievements.

(a) Please provide a table setting out all productivity gains and improvements achieved in capital in the period 2017-2021.

(b) Please provide a table that shows all productivity gains and improvements and the associated cost savings embedded in the 2022 budget for capital.

2-Staff-13
DSP Implementation
Ref 1: Exhibit 1, Pages 90-91
Ref 2: Exhibit 2, Attachment 2-A DSP, Page 33

Brantford Power's annual DSP implementation measure compares the cumulative actual vs. planned cumulative spending for each year in the DSP period. Brantford Power also notes that it uses other measures to monitor distribution system planning process performance which can be divided into three groups: customer-oriented performance, cost efficiency and effectiveness, and asset/system operations performance.

(a) Does Brantford Power currently track the amount of planned completion versus actual completion of any key units (transformers, poles, etc.) on an annual basis? If not, why not?
(b) Please provide examples of the other measures Brantford Power uses from each of the three groups listed above.

2-Staff-14
Capital Expenditures
Ref 1: Exhibit 2, Page 44
Ref 2: Chapter 2 Appendices, Tab 2-AB

The proposed net capital expenditures for 2022 is about 22% higher than the average level of forecasted capital expenditures for 2023-2026.

(a) Has Brantford Power considered a more balanced pacing of its capital plan during the DSP period? If so, please explain what has been done.
(b) There is a consistent overspending in the System Renewal category during 2017-2021. Please explain what actions Brantford Power has taken to ensure the actual spending is as close to the forecasted costs as possible.
    i. How do the following support increases in system renewal spending?
        1. Brantford Power's customer preferences
        2. The Asset Condition Assessment
        3. Reliability performance
(c) Please explain Brantford Power's approach to forecasting capital expenditures and related in-service additions.

2-Staff-15
ICM
Ref: Exhibit 2, Page 58

Brantford Power indicated it has made updates to the assumptions from its 2020 ICM application[1] for the amount of severable land, the componentization and useful lives of the building, and small changes to the allocation of space within the facility and some allocation factors used for tenants.

(a) Regarding the severable land, please explain what assumptions have been updated and why. Please also provide the amounts of regulated and non-regulated land reflected in this application compared to the amounts that were reflected in Brantford Power's ICM application.
(b) Regarding the update of assumptions relating to componentization and useful lives of the building and allocation factors:
    i. Please provide a table comparing the assumptions in Brantford Power's ICM application and the current application.
    ii. Please indicate whether the resulting impact from the updated allocation factors to this application is material (i.e. compare the amount of capital using the allocation factors in the ICM application versus the updated allocation factors).
    iii. If the impact noted in part ii above is material, please quantify the impact for each assumption.

2-Staff-16
ICM
Ref 1: Exhibit 2, Pages 56-57
Ref 2: Chapter 2 Appendix 2-BA

In reference 1, a breakdown of actual ICM spending and depreciation is provided in Table 2.2.4B to 2.2.4-D.

(a) Please provide a continuity schedule for the ICM assets for 2020 to 2022, showing the gross book value, depreciation and net book value for each year.
(b) Page 56 indicates 87% of the total $14,829,117 was incurred in 2020 and that the remaining 13% or $1,888,472 was incurred in 2021. OEB staff notes that 13% of $14,829,117 is $1,927,825. However, Table 2.2.C and the 2021 Chapter 2 Appendix 2-BA shows 2021 additions to Account 1908 – Building and Fixtures

[1] EB-2019-0022

to be $2,137,583. Please clarify the ICM related amount that was spent in 2021 and update the evidence as needed.

(c) Table 2.2.4B showed annual depreciation for Account 1915 – Office Furniture and Equipment to be $38,654. Starting in 2020, the only assets shown in Account 1915 in the Chapter 2 Appendix 2-BA are the ICM related assets. The annual depreciation and net book values in Chapter 2 Appendix 2-BA are as follows:

Chapter 2 Appendix 2-BA	**Annual depreciation**	**Net book value**
2020	$3,679	$51,721
2021	$90,651	($38,931)
2022	$102,818	($141,748)

i. Please explain how the depreciation in the Chapter 2 Appendix 2-BA was determined in relation to the $38,654 of depreciation shown in Table 2.2.4B.

ii. Please also explain why there are negative net book values for Account 1915 in 2021 and 2022. Please revise the evidence as necessary.

(d) Table 2.2.4D notes that $337,291 of depreciation was approved to be included in the ICM revenue requirement. This represents a full year of depreciation (i.e. the half-year rule was not applied).

i. For ICM assets included in Chapter 2 Appendix 2-BA, please explain how Brantford Power has calculated the depreciation on the ICM assets in the first year the assets went into service (e.g. half-year, 9-month, full year depreciation).

ii. Please provide a calculation showing the difference in depreciation for 2020 to 2022 and the resulting difference in opening 2022 net book value, between using half-year depreciation, 9 months of depreciation and full-year depreciation in the first year the asset is placed into service.

2-Staff-17
ICM
Ref 1: Exhibit 2, Pages 58-59

Brantford Power provided the recalculation of the incremental ICM revenue requirement based on actual 2020 and forecasted 2021 ICM assets in Table 2.2.4 F and amount of rate rider revenues for 2020 and 2021 in Table 2.2.4G.

(a) Please confirm that the 2020 rate rider revenues are actual rate riders collected from March 1, 2020. If not confirmed, please provide actual 2020 revenues and explain why actual revenues are not used.
(b) Brantford Power has used the approved ICM revenue requirement as the forecasted 2021 revenues. Please comment on whether the approved ICM revenue requirement is still appropriate as the forecasted 2021 revenues considering Brantford Power's 2021 actual revenues to date. If not, please update Table 2.2.4.G.
(c) In Table 2.2.4G, 2020 revenues are compared to the recalculated incremental revenue requirement of $1,047,858. Please confirm that this is the full-year revenue requirement and not based on an effective date of March 1, 2020.
    i. If confirmed, please explain why Brantford Power is comparing revenues to the full-year revenue requirement and not ten months of the revenue requirement, given that the approved effective date of the ICM rate rider was March 1, 2020.

2-Staff-18
Account 1592 - ICM
Ref 1: Exhibit 2, Page 60

Brantford Power provided the calculation of the amount in Account 1592 relating to ICM assets in Table 2.2.H.

(a) The PILs in Brantford Power's approved ICM revenue requirement reflects the average 2020 and 2021 CCA using the half-year rule. Please explain whether Brantford Power has considered how the use of the average 2020 and 2021 CCA impacts the proposed methodology for determining the balance in Account 1592. Please discuss.
(b) Please provide the forecasted Account 1592 calculation relating to ICM assets for 2021.
(c) Please explain Brantford Power's views on disposing a forecasted 2021 balance in Account 1592. Please comment on the reasonability of the forecasted balance.

2-Staff-19
Capitalized Interest
Ref: Exhibit 2, Page 63

Brantford Power has capitalized $119,212 and $202,469 of interest in 2019 and 2020, respectively.

(a) Please confirm that the interest capitalized is only in relation to the portion of the assets Brantford has included in rate base (i.e. excludes interest pertaining to unregulated assets)
(b) Please provide the interest rate used to capitalize interest. Please discuss the reasonability of this interest rate in comparison to Brantford Power's other debt.

2-Staff-20
Major Spare Parts
Ref 1: Exhibit 1, Page 41
Ref 2: Exhibit 1, Appendix 1-F 2019 Financial Statements
Ref 3: Exhibit 1, Appendix 1-H Reconciliation of Financial Statements to RRR
Ref 4: Exhibit 6, Page 9

Brantford Power stated that:

"Consistent with Article 410 of the Accounting Procedures Handbook, BPI has included major spare parts with its capital assets used for rate-setting purposes. The associated details are outlined in Exhibit 2. BPI previously excluded Major Spare Parts from the computation of Rate Base however upon reviewing Article 410, BPI determined this process was not correct."

(a) Please explain whether the statement above is applicable to standby equipment as well.
(b) In the 2019 financial statements, note 3 – Property Plant and Equipment stated that major spare parts and standby equipment are recognized as PP&E. In Appendix 1-H for 2019, there a reconciling item of $50,292 for spares. Please clarify why there is a reconciling item for spares in 2019. Please confirm that there should be no such reconciling item going forward.
(c) Please confirm that Brantford Power previously included major spare parts as OM&A and inventory for regulatory purposes. If not confirmed, please explain how Brantford Power treated major spare parts.
(d) In reference 4, it states that the 2022 net book value of the spare parts is $944,681. If there is a change in methodology in the treatment standby equipment for regulatory purposes, please quantify the amount of standby equipment, if any, that has been included in the 2022 fixed asset continuity schedule as a result of the change.
    i. Please explain whether Brantford Power has previously requested recovery (in the form of OM&A) for any of the amounts included in the 2022 fixed asset continuity schedule (Chapter 2 Appendix 2-BA).

ii. If so, please quantify the amount that has been previously recovered and explain why this amount is included in the 2022 fixed assets for rate base purposes.

2-Staff-21
Gains on Disposition
Ref 1: Chapter 2 Appendix 2-BA
Ref 2: Chapter 2 Appendix 2-H

Per Appendix 2-H, Brantford Power has gains/losses included in Account 4355 – Gain on Disposition of Utility and Other Property annually from 2017 to 2022. In Appendix 2-BA, disposals are shown under the Cost and Accumulated Depreciation columns for 2017 to 2020. In 2021 and 2022, disposals are only shown under the Cost column of Appendix 2-BA. Please explain why that is the case and why there are no disposals shown in the Accumulated Depreciation column in 2021 and 2022. Please update the evidence as needed.

2-Staff-22
Capital Projects and Potential Merger
Ref 1: Exhibit 1, Attachment 1-L – 2020/2021 Budget Report, Page 6
Ref 2: Exhibit 2, Distribution System Plan, Section 5.4.3.2 – Material Investments, Migration of IT Services/Cyber Security, Page 242-246
Ref 3: Exhibit 2, Distribution System Plan, Section 5.4.3.2 – Material Investments, GIS Implementation, Page 246-252

Reference 1 states:

> Certain capital projects that are required under the going concern assumption could be redundant or result in throw away costs should a merger proceed. Such projects will be intentionally scheduled for later in 2021 or beyond e.g. GIS system procurement, implementation of certain Cybersecurity program investments.
>
> These two examples are good illustrations of activities that will likely be significantly impacted by a merger where productivity gains and synergies are possible by combining the related business processes and systems of both merger partners.

Reference 2 shows a capital cost of $357k and a related OM&A cost of $336k in the test year for the migration of IT services/cyber security. Reference 3 shows a capital cost of $495k and a related OM&A cost of $185k in the test year for the GIS implementation.

Given that these are material expenditures, if the merger does take place, and the asset is redundant, how does the utility propose redundant monies be returned to ratepayers?

2-Staff-23
Sources of Cost Savings
Ref 1: Distribution System Plan, 5.2.1 (c) Page 18
Ref 2: Distribution System Plan, 5.3.2 (c) Page 98
Ref 3: Distribution System Plan, Page 51

Page 18 point (i) indicates that Asset Condition inspections and comprehensive data collection … will lead to more cost-effective decisions ….

(a) When considering pole replacement, page 98 figure 57 shows 71 "very high risk" poles, 224 "high risk" poles with 0-10% ERL and 497 high risk poles with 10-25% ERL. Brantford Power customers were not informed of the specific ODM figures during the customer engagement process. In addition, there have not been any pole failures over the past 5 years per the reliability data presented in figure 27 (page 51). How has the Asset Condition inspection data been used for poles and other assets like distribution transformers to determine the pacing of system renewal projects?

(b) Does the ODM model for poles take into account pole failure and reliability data? How was the reliability data for pole failures over the years used to inform and calibrate the ODM model?

2-Staff-24
Reliability Information
Ref 1: Distribution System Plan, 5.2.3 (c) Page 38
Ref 2: Distribution System Plan, Page 41
Ref 3: Distribution System Plan, Page 42

The values in this section are a mixture of customer-minute and customer-hour based metrics. For example, Figure 12 page 41 and 42, is customer-hour based but figure 11 uses customer-minute values. In "***Customer Oriented Performance – Reliability***" Page 39 it states "BPI uses three key metrics in measuring reliability performance: SAIDI, SAIFI and CAIDI. The Customer Minutes of Interruption (CMI) is a factor used in calculating the key metrics. CMI is a mathematical product of outage duration, measured in minutes, times numbers of customers affected."

(a) Please confirm that customer-minutes are not used throughout and for clarity, which ratios use Customer-Hours.

(b) The overall system reliability statistics as outlined in Figure 13, 14 and 15 show an overall worsening of the reliability performance. What analysis has Brantford Power

conducted and what mitigation strategy does Brantford Power have to address these trends?

(c) Figure 10 on page 41 provides a tabulation of system events per year broken down by OEB cause codes. Brantford Power goes on to note that this information is to be considered directionally indicative, as it is not tracked in a robust manner. Please provide SAIDI and SAIFI in a similar tabular form, as Brantford Power notes these metrics are accurately tracked.

On page 41 Figure 11 Defective Equipment, for transformers over the 5-year period 2016 to 2020 there were 68 failures, with 323,136 customer-min of outage and involving 9767 customers. This gives on average 143 customers per incident and an average of 33 minutes of outage per customer.

(d) In relation to the restoration time of 33 minutes, is this for a transformer replacement? Or resetting (CSP) or refusing the transformer? Please provide additional information about the trouble call and dispatch process as well as the type of faults, the transformer sizes involved, the transformer loading and age. Does Brantford Power monitor the load on distribution transformers? If yes, how?

(e) Are the defective transformers replaced as part of the capital budget item SR-4? If yes, are any other transformers planned to be replaced other than those that become defective?

(f) In evaluating project priorities, the pole replacement program is accelerated but porcelain device replacement is not, and transformer replacement is not. Please show how this decision was arrived at using the project prioritization process.

2-Staff-25
SAIDI/SAIFI
Ref: Exhibit 2, Distribution System Plan, Page 44

Brantford Power states that the reliability targets for SAIFI us 0.40 and SAIFI is 0.86. The reliability targets were established based on 2012-2016 reliability performance. The targets were both surpassed by the current 5-year average performance statistics.

Brantford Power also states that in 2016 and 2019, the leading cause of all outages was Adverse Weather and Foreign Interference. In 2017, Brantford Power's customers experienced a higher than target number of interruption due to Unknown Cause. In 2018, Adverse Weather and Tree Contacts caused higher than usual power interruptions. In 2020, the leading causes of frequent outages were broken porcelain cut-outs, animal contact and unknown breaker trips.

(a) Please clarify plans to halt the upward trend of SAIDI and SAIFI for 2021 and the forecast period.
(b) Does Brantford Power anticipate a reduction in SAIDI and SAIFI in the forecast period? Does Brantford Power anticipate reaching its reliability targets during the forecast period?
(c) What options have Brantford Power considered to reduce the number of interruptions caused by animals, motor vehicle accidents and tree contacts?

2-Staff-26
Capital Expenditure
Ref: Distribution System Plan, Page 50

Brantford Power is increasing the number of poles replaced as part of the pole replacement project from 60 poles a year to 80 poles a year in the forecast period.

(a) By accelerating the pole replacement program are any poles being replaced that are still serviceable and have residual life? If not, how was the original pace of replacement arrived at?
(b) For the historical period what were the planned cost per pole estimated and what was the actual cost per pole incurred. For the forecast period what cost per pole has been used?
(c) The pole replacement program represents a significant capital expenditure in Brantford Power's capital program. What analysis has been done to mitigate the construction costs and what strategies are being incorporated? What value of cost mitigation has been achieved?

2-Staff-27
Capacity and Load Information; Transformer Station and Feeder
Ref 1: System Asset Utilization (5.3.2(d)), Page 107 to Page 110
Ref 2: Distribution System Plan, Appendix C, IRRP report, Page 32-46

Terminology clarification: on page 84, reference is made that, 18 feeders supply the service territory; 16 feeders supply customers and 2 feeders are used as "back-up feeders". On page 109 Brantford Power states "BPI plans to invest in the egress of two idle feeders; 12M13 from Brant TS and PM3 from Powerline TS.

(a) Please confirm or correct the following: the page 84 reference to "back-up feeders" refers to two spare configured and complete breaker positions one at Brant TS and one at Powerline TS. These are not connected to the distribution system external to the respective TS. Page 109 refers to project(s) to bring overhead or underground lines from the breaker positions at the station to the

utility distribution system. Any new feeder lines constructed beyond this is a separate project and not part of the cost presented for egress feeders.

(b) Why is the load for Brantford Power being referenced to the total TS capacity as opposed to the portion allocated to Brantford Power? On the assumption that the load allocation is equal to the fraction of feeders allocated, the % of the allocated load capacity is significantly different as illustrated in the following table.

Station	# Of feeders Brantford/total	Station MVA per DSP	Brantford MVA	
Brantford TS	10/10	198	198	
Brant TS	3/8	100	37.5	
Powerline TS	5/8	120	75	
Total MVA		418	310.5	
	2021	2026		
Brantford MVA	234	280		
Fig 70 utilization	56%	67%		
Per allocated capacity utilization	75%	90%		

(c) While the estimated allocated load capacity is within system capability to 2026, considering the lead time to add TS capacity, discussions need to be underway to allow all the processes to be completed before the need is realized. Has any of this planning started even if the projects and the financial requirements are beyond the scope of this DSP?

2-Staff-28
Capital Expenditure
Ref 1: Exhibit 2, Distribution System Plan, Page 107
Ref 2: Exhibit 2, Distribution System Plan, Page 173

Brantford Power spent $2,163,533 on implementing a Customer Information System (CIS) in 2019. Brantford Power states that it uses Northstar CIS Version 6.4.24 by Harris Computer Corporation to maintain customer master data, manage electric utility rates for billing, generate customer billing, track customer service interactions, and generate service orders to serve customer.

Did Brantford Power have a CIS before 2019? If so, what was the reason for implementing a new CIS? If not, how did Brantford Power manage the services before 2019 that is currently provided by the CIS?

2-Staff-29
Capital Expenditure Planning Process Overview (5.4.1(a))
Ref: Exhibit 2, Distribution System Plan, Page 144

This section makes the statement “The new distribution assets incorporate stronger materials and higher-grade construction.”

(a) Assuming the materials being spoken of are used in the overhead distribution facilities and these are primarily wood poles, what is the class of pole currently or historically used and what is the proposed class of pole to be used?
(b) Besides the class of pole what other changes are proposed?
(c) What is the cost difference for the proposed changes and what are the benefits?
(d) If the statement refers to increased pole class and/ or increased pole height what is the cost impact?

2-Staff-30
Capital Expenditure Planning Process Overview (5.4.1(a))
Ref 1: Project SS3 Automated reclosers, Page 209
Ref 2: Appendix A, Customer Engagement, Page 55

(a) Has Brantford Power conducted a cost benefit analysis of the project to install automated reclosers? Please provide this information.
(b) Is it the intention to install reclosers on all overhead feeders or only on select overhead feeders? What are the criteria if only select feeders?
(c) Is there any intention of installing SCADA controlled automated switches at the feeder tie points at any time?

2-Staff-31
Capital Expenditure Summary
Ref: Exhibit 2, Distribution System Plan, Page 177

In the System Renewal section, there are two projects OH Inspection with combined spending 2017 to 2022 of $515,671 and UG Inspection with a combined spending of $185,666.

(a) What are these projects and what are they in support of?
(b) Why is this a capital cost instead of an O&M expense?

In the General Plant section, the installation of the proposed installation of substantial software systems is listed. The installation for the FIS was in 2016, followed by configuration of the system installed in 2016, as well as the implementation of a budget system in 2017.

(c) Did the scope of work to be done change over this timeframe?
(d) What was the initial cost estimate or budget at the start of the project and what was the final implemented cost? If the as built cost was different from the initial budget what were the reasons?

Figure 111 shows FIS capital expenditures for 2020, 2021, and 2022. Figure 115 describes these as Operations Maintenance Support but the project heading labels it as FIS Implementation/Enhancements.

Similarly, for the CIS in 2020, 2021, and 2022 there is an expenditure for business Operations Support for the CIS. It is not clear if new business functionality is involved or if it is a regular maintenance function that would more correctly be O&M.

(e) In each case explain why the 2020, 2021, and 2022 expenditures are capitalized and included in the rate base and what these expenditures are for?

The CIS implementation was delayed because the FIS implementation took longer than expected. CIS was implemented in 2019.

(f) Did the scope of work to be done for the CIS change over this timeframe?
(g) What was the CIS initial cost estimate or budget at the start of the project and what was the final implemented cost? If the as built cost was different from the initial budget what were the reasons?

In the case of FIS and CIS, they were big important systems that had project slip and perhaps cost overruns. With the complex new systems expected to be installed, some over the scope of this DSP, the potential for repeat experiences exists.

(h) What lessons have been learned that will lessen the project duration risk and the cost risk for the GIS, OMS, WFM system implementations?

2-Staff-32
Asset Condition Assessment
Ref 1: Project SR1, Page 219
Ref 2: Project SR4, Page 225
Ref 3: Appendix A Customer Engagement, Page (various)

(a) Please show the impact of replacing poles at a rate of 60 poles per year compared to 80 poles per year over each of the 5 forecast years and to reliability metrics (SAIDI and SAIFI).
(b) Please show the impact of replacing transformers at a rate of 28 transformers per year over each of the 5 forecast years and to reliability metrics (SAIDI and SAIFI).
(c) Please show how these asset replacement rates are prudent and address system sustainability and reliability needs.

2-Staff-33
Material Investments
Ref: Exhibit 2, Distribution System Plan, Page 237

Brantford Power plans to spend $390,000 average annually from 2021 to 2026 on fleet vehicle replacements.

Brantford Power also states that it conducted a componentization study and decided on the useful lives for vehicles in 2012.

(a) Does Brantford Power inspect its vehicles before replacing them, or is it based solely on useful lives?
(b) If yes, how does Brantford Power treat vehicles that are past their useful lives, but are found to be in otherwise good condition after the inspection?
(c) Has Brantford Power considered performing a new study to decide on the useful lives for vehicles, considering the last one done was in 2012?

2-Staff-34
Material Investments
Ref: Exhibit 2, Distribution System Plan, Page 242

Brantford Power plans to spend $357,333 in Capital Expenditure during 2022 test year to migrate infrastructure, support and other IT services currently managed by City of Brantford IT under the Shared Services Agreement to a third-party provider.

(a) Please explain the process Brantford Power used to select the third-party provider, including any cost mitigation strategies.
(b) OEB staff notes the O&M impact of this project increases from 2022 to 2026 every year. Please explain the increasing trend of O&M costs in the forecast period after the migration to third-party provider.

2-Staff-35
Material Investments
Ref 1: Exhibit 2, Distribution System Plan, Page 246
Ref 2: Chapter 2 Appendices, Tab 2-AA

Brantford Power plans to spend $494,645 in Capital Expenditure during 2022 test year for Geographic Information System (GIS) implementation. Brantford Power states that this investment is anticipated to provide timely and accurate information on the various system assets and their location, which can be used by downstream systems to accurately determine further actions required.

(a) Please explain any additional features and functionalities that may be provided by a new GIS system, and their impact on reliability and maintenance costs for GIS.
(b) OEB staff notes the O&M costs for GIS is higher during 2022 to 2026 forecast period by 242% compared to the historical period (2017 to 2021). Please explain the increase in O&M costs.
(c) Brantford Power states that the RFP process for the GIS implementation process was undertaken in 2020 and cancelled due to merger discussions. Brantford Power plans to wait for a decision on the merger discussion to proceed forward with the project. Has there been any update regarding the restart the RFP process? Does Brantford Power anticipate an increase in capital expenditure for this project because of delaying the RFP process?
(d) OEB staff notes that under Appendix 2 – AA Capital Projects, GIS is listed with a cost of $552,084 for 2022. Please explain the discrepancy in costs for the GIS project between Exhibit 2, Section 5.4.3.2 – Material Investments and Appendix 2 – AA Capital Projects.

Exhibit 3 – Operating Revenue and Load Forecast

3-Staff-36
Load Forecast
Ref 1: Exhibit 2, Attachment 2-A DSP, Page 108
Ref 2: Exhibit 3, Page 6

Brantford Power states that it "expects to add 46MVA of additional load in the system during the forecast period." OEB staff calculates that 16MVA of this is expected to happen in 2022, a growth rate of 6.8% over 2021.

The load forecast for 2022 includes 20.6 GWh of growth (2.4%) from 2021, and 2021 reflects a 75.5 GWh reduction (8.1%) from 2020.

(a) Please provide the transformer station loading for 2020.
(b) Please provide reasons for the difference in growth reflected in the DSP (2022 over 2021) vs that reflected in the load forecast.
(c) If the growth in load reflected in the DSP is due to specific projects Brantford Power is aware of, please explain how these are or are not fully reflected in the load forecast.

3-Staff-37
Load Forecast
Ref 1: Exhibit 3, Page 4
Ref 2: Weather Normalization Regression Model, sheet Rate Class Energy Model

Brantford Power states that one of the impacts of the pandemic in 2020 was that residential consumption increased as customers have been working from home, and that businesses have been impacted by working from home, lockdowns etc. As a result, Brantford Power indicates that consumption has shifted from business classes to residential.

To address this, Brantford Power states that it has based the regression analysis on data up to the end of 2019 only.

Brantford Power states that Q4 GDP values were not available at the time of filing.

The rate class energy model worksheet indicates that energy use per customer is forecasted using growth from 2011 to 2020. That growth is then applied to 2020 use per

customer. The 2020 use relative to 2019 was 1.0707 times for Residential, 0.9059 times for GS < 50 and 0.9652 times for GS > 50 excluding WMP.

(a) If actual Q4 GDP data is available at the time of preparing interrogatory responses, please provide an updated forecast using the actual GDP data.
(b) Please provide the source of data, and methodology used for forecasting GDP for Q4 2020, 2021, and 2022.
(c) Please confirm that by using 2020 in the calculation of average use per customer, the effects of the pandemic still impact the load forecast.
(d) As a scenario, please provide a forecast where 2020 is excluded from the geomean calculation, and the geomean growth rate is applied using 2019 consumption per customer as the starting point.

3-Staff-38
Load Forecast
Ref: Exhibit 3, Page 9

Brantford Power states that it used weather data from the Pearson Airport CS Station. Brantford is approximately 100km South-West of Pearson Airport.

Did Brantford Power consider a closer weather station? If not, why not. If so, why were any closer options rejected?

3-Staff-39
Load Forecast
Ref: Exhibit 3, Page 10

Brantford Power states that it used a trend variable instead of a CDM variable. CDM is the only reason cited the use of the trend variable. It goes onto state that CDM persistence and new program activity is occurring in Brantford Power's service territory.

(a) Does Brantford Power believe that CDM is the primary reason for the observed decreasing trend? If not, what else does Brantford Power believe to be causing the trend?
(b) Please provide a table detailing historic verified savings CDM savings where available, estimated historic CDM savings where verified savings are not available, and forecasted savings where historic savings are not available for the years 2010 to 2022.

3-Staff-40
Embedded Distributor

Ref 1: Exhibit 3, Page 21
Ref 2: Exhibit 7, Page 12

Brantford Power has two embedded distributor connections. It states that Energy+ is the only embedded distributor.

Please confirm that both embedded connections serve the same customer.

3-Staff-41
Other Revenues
Ref: Chapter 2 Appendices, Tab 2-H

(a) Please explain the method Brantford Power used to forecast its Other Revenues for 2022.
(b) Please provide a table (similar to the layout of Tab 2-H) with an added column showing year to date actuals for 2021.

3-Staff-42
Revenue Offset
Ref 1: Exhibit 1, Pages 104-105
Ref 2: Chapter 2 Appendix 2-H
Ref 3: EB-2019-0022 Brantford Power ICM Application, IRR B-Staff-21, filed Nov. 5, 2019

In reference 1, Brantford Power noted that it performed certain non-rate regulated activities. Applicable non-rate regulated revenues and costs have been recorded in Account 4375 – Revenues from Non-Utility Operations and Account 4380 – Expenses from Non-Utility Operations. Capital costs incurred for non-regulated operations have been excluded from the calculation of average fixed assets, depreciation and PILS.

In response to interrogatory B-Staff-21 in Brantford Power's 2020 ICM application, Brantford Power provided its proposal of the treatment of the ICM in its next rebasing application. For the first floor tenant space, affiliates and Energy +, Brantford indicated that the all related transactions will be recorded as non-regulated capital/revenues/expenses. Related capital will be excluded from rate base and associated revenues from the leases will not be included in revenue offsets.

(a) For each of the categories of OM&A and capital noted in Exhibit 1, please provide a table for 2017 to 2022 showing the following:
    i. A breakdown of unregulated and regulated amounts.

ii. A breakdown of amounts included in revenue requirement, and where it is included in revenue requirement (i.e. accounts 4375, 4380, fixed assets etc. as applicable). For amounts included in Account 4375 and 4380, please reconcile this to the specific line items under accounts 4375 and 4380 in Appendix 2-H.

(b) Please compare the breakdown of unregulated and regulated amounts provided in response to part (a) above to the allocations provided in Brantford Power's 2020 ICM application as shown in the pre-filed evidence, IRM Attachment A, page 39, ICM Table 22.

(c) Per Brantford Power's interrogatory response B-Staff-21, all transactions relating to the first floor tenant, affiliates and Energy + will be excluded from revenue requirement. However, it is not apparent that the impacts of these costs have been excluded in the calculation of the revenue offsets in the RRWF. The total revenue offsets shown in Tab 2-H for 2022 (i.e. $1,067,032) match the input in the RRWF, and therefore, appear to take into account the impact of the costs noted above which should be excluded.

i. Please review the revenue offsets included in the RRWF to ensure that all costs related to the portion of the building not used for Brantford Power's operations have been excluded.

ii. Please confirm and make any required changes.

3-Staff-43
Revenue Offset - Rent
Ref 1: Exhibit 3, Pages 37-39
Ref 2: Exhibit 4, Page 82-83

In reference 1, Brantford Power stated that it has not included "capital rent" paid by its tenants in revenue offsets. Brantford Power has already made adjustments to remove capital components of the non-utility portion of the building from rate base, amortization and PILS.

In reference 2, Brantford Power indicates that rental transactions for affiliates are included in Appendix 2-N on a cash basis, which has resulted in a variance from what was recorded in its general ledger. The payments received are recorded in Account 4375. The leases are considered capital leases under IFRS and as such, amortization of the lease and lease interest are recorded in Account 4375. Though the variance between the amount included in Appendix 2-N and Brantford Power's general ledger is not material, OEB staff notes that the clarification on the treatment of the rental

transactions for affiliates is important given the significance of Brantford Power's addition of ICM into rate base and associated regulated/unregulated transactions.

(a) For capital leases, please confirm the below journal entries are made in Brantford Power's general ledger for financial reporting purposes. If not confirmed, please provide the appropriate journal entries.

i. Dr. Lease Receivable
Cr. PP&E
To record lease receivable

ii. Dr. Cash
Cr. Lease Receivable
To record lease payments received

iii. Dr. Lease Receivable
Cr. Lease Income
To record interest income on the lease

iv. Dr. Depreciation Expense
Cr. Accumulated Depreciation
To record depreciation on leased asset(s)

(b) Please confirm that the "capital rent" referred to in reference 1 are journal entries iii and iv above. If not confirmed, please explain what capital rent is referring to.

(c) Regarding reference 2, please confirm that Brantford Power is stating that instead of including only journal entries iii and iv above in Account 4375, Brantford Power has also included journal entry ii for the lease payment received in Account 4375.

i. If part (c) above is confirmed, please also explain why Brantford Power is including a journal entry affecting only balance sheet accounts as part of Other Revenues.
ii. If not confirmed, please clarify Brantford Power's proposal.
iii. Please explain why Brantford Power has proposed such treatment.

(d) Brantford Power indicated that it is excluding the "capital rent" as revenue offsets. However, it is including the lease payments received in Account 4375, which is included in the Other Revenue component of revenue requirement. Please clarify whether Brantford Power is proposing to include or exclude rent from affiliates in its revenue requirement.

3-Staff-44
Revenue Offset - Rent
Ref 1: Exhibit 3, Pages 37-39
Ref 3: Exhibit 4, Page 82-83

In reference 3, Table 4.3.2.1 – E shows affiliate capital leases and non-affiliate non-regulated items relating to the "first floor tenant" and Energy+. The non-affiliate, non-regulated items are operating leases.

(a) Please explain whether the non-affiliate, non-regulated leases are considered capital or operating leases for financial reporting purposes.
    i. If they are considered operating leases, please explain why.
    ii. In consideration of IR 3-Staff-43 and 1-Staff-8, if the leases are considered finance leases, please explain why Brantford Power is treating the leases as operating leases for regulatory purposes.

(b) Please confirm that the revenues and costs associated with these non-regulated leases in Accounts 4375 and 4380 are equal and offsetting per Table 4.3.2.1-E.

3-Staff-45
Other Revenues
Ref 1: Chapter 2 Appendices, Tab 2-H
Ref 2: Exhibit 4, Page 83

In Tab 2-H of the Chapter 2 Appendices, Brantford Power has included a credit of $587,551 in Account 4375 – Revenues from Non-Utility Operations for "New Building Rental Income – Non-Utility" and a debit of $591,918 in Account 4380 – Expenses from Non-Utility Operations for "New Building Operational Cost – Non-Utility".

The table in Exhibit 4, page 83 shows the amount in Account 4380 as $587,551.

(a) Please confirm the correct figure (i.e. $591,918 or $587,551) and update the model if required.

OEB staff is unable to reconcile/locate certain line items noted in the reconciliation provided in reference 2 to Tab 2-H of the Chapter 2 Appendices. For example, the table in reference 2 shows $169,989.58 in Account 4380 for the line item "BPI Shared Services to Affiliates". This amount is not shown in Tab 2-H for Account 4380. Further, reference 2 shows ($6,965.64) for the line item "Affiliate – Emergency Operations Centre), however this amount in not shown in Tab 2-H for Account 4375.

(b) Please explain the discrepancies noted above.

(c) Please review the reconciliation table provided in reference 2 as well as Tab 2-H and confirm the accuracy of the information provided. If changes are required, please make the necessary edits, and note what has been changed.

Exhibit 4 – Operating Expenses

4-Staff-46
COVID-19
Ref: Exhibit 1, Pages 54-55

Brantford Power discusses its assumptions regarding current economic conditions. Part of the discussion focuses on the impact of COVID-19 and Brantford Power's actions to date due to the pandemic. Brantford Power notes that is has generally budgeted reflecting continued economic impacts from COVID-19, including the continuation of a high level of arrears and increased costs related to health and safety measures.

Please provide a summary table quantifying any impacts of COVID-19 included in Brantford Power's proposed 2022 OM&A costs.

4-Staff-47
Productivity
Ref: Exhibit 1, Pages 26-27

As part of its budget development process for 2021/2022, Brantford Power considered productivity improvements and achievements.

(a) Please provide a table setting out all productivity gains and improvements achieved in OM&A in the period 2017-2021.
(b) Please provide a table that shows all productivity gains and improvements and the associated cost savings embedded in the 2022 budget for OM&A.

4-Staff-48
OM&A
Ref: Chapter 2 Appendices, Tab 2-JC

Please provide the updated year to date actual OM&A costs for 2021 in the same format as Appendix 2-JC. Please specify how many months are actual vs. forecast.

4-Staff-49
OM&A Per Customer
Ref: Exhibit 4, Page 7

Compared to 2020 actuals, the proposed 2022 OM&A cost per customer will increase by 12%.

Please compare Brantford Power's OM&A cost per customer and OM&A cost per FTE with a peer group of local distribution companies (LDCs) using the 2019 Yearbook of Electricity Distributors. Please explain the criteria used for the selection of the peer group and provide the list of selected LDCs. Please discuss the comparison results.

4-Staff-50
Community Relations
Ref 1: Chapter 2 Appendices, Tab 2-JA
Ref 2: Exhibit 4, Page 12

(a) Please explain the driver(s) for the increase in community relations expenses in 2021 and 2022 relative to historical years.
(b) Please confirm if the "communications and surveys" line item from Tab 2-JC is included in the "community relations" line item in Tab 2-JA. If not confirmed, please identify where these costs are included in Tab 2-JA.

4-Staff-51
Administrative and General
Ref: Chapter 2 Appendices, Tab 2-JA

Please summarize the drivers for the increase in "Administrative and General" line item between 2019 to 2020 and 2020 to 2021.

4-Staff-52
Facility Costs
Ref 1: Exhibit 4, Pages 13-14, 44
Ref 2: Exhibit 1, Pages 104-105
Ref 3: Chapter 2 Appendices, Tab 2-JC
Ref 4: Chapter 2 Appendices, Tab 2-H
Ref 5: Response to OEB Staff Error Checking Question #4

In the OM&A shown throughout this exhibit, Brantford Power notes that it has only shown the allocated facility OM&A associated with the regulated/utility portion. Non-utility costs include the portions of costs allocated to its affiliates (BHI and BEC), Energy+, and the first floor tenant. Exhibit 1 notes that facility asset management OM&A budgets have been allocated among tenants based primarily on use of floor space and

costs other than those which are allocated for Brantford Power's use have been excluded from OM&A and included in Accounts 4375/4380.

Brantford Power occupied its new facility in 2020. Based on reference 3, OEB staff understands that facility maintenance costs (for the portion of the building for Brantford Power's use) for 2020 were $162k. In 2021 and 2022, these costs are forecasted to increase to $401k and $415k, respectively.

(a) Please confirm if OEB staff's understanding is correct.
(b) Please provide the allocation of space broken down by square feet for each of Brantford Power, its affiliates, Energy+, and the first floor tenant.
    i. For any common or shared space, please explain how Brantford Power allocated applicable OM&A costs.
(c) Please explain the increase in the facility maintenance costs forecasted in 2021 and 2022 (for Brantford Power's portion) at the rate indicated given that Brantford Power had occupied the building in 2020. What is driving the increase over 2020 actuals?

4-Staff-53
Facility Costs - FTEs
Ref 1: Exhibit 1, Page 18
Ref 2: Exhibit 4, Page 44

Brantford Power has planned to hire three new positions related to its new facility and warehouse management (listed below). These roles will be shared with Energy+ (mechanic and warehouse functions) and other tenants (facility management functions only).

1) In-house mechanic (will provide fleet maintenance services to Brantford Power's tenant Energy+)
2) Full-time Facility Manager
3) Warehouse & Facilities Maintenance Assistant

(a) Please describe how Brantford Power has allocated the costs related to each of these positions between itself, its affiliates, Energy+ and/or other tenants as applicable.
(b) Please describe the roles and responsibilities of each of the Facility Manager and the Warehouse & Facilities Maintenance Assistant.

4-Staff-54
Cyber Security
Ref 1: Exhibit 4, Page 16
Ref 2: Exhibit 4, Pages 64-65

Brantford Power states that it plans to expand its cyber security readiness and some of the protocols to be implemented will require Brantford Power to complete an IT network migration to a network independent of the City of Brantford. Brantford Power also intends to migrate its phone system to a cloud-based service and to migrate its IT help desk to an external system.

Brantford Power plans to procure the services of a full-service hosting provider who also embeds cyber security monitoring services as part of the offering.

Reference 1 indicates that for ongoing monitoring of cyber security, Brantford Power plans to hire additional in-house resources in the 2022 test year via a new Senior Systems Administrator role. At reference 2, Brantford Power notes that two new in-house IT roles are planned to be implemented partway through 2021: the Senior Network/Systems Administrator role and a Technology & Application Support Analyst. Both roles will contribute to improve monitoring of cybersecurity, support the network migration, and IT contract administration.

(a) Please provide examples of how Brantford Power “plans to expand its Cyber Security readiness by increasing risk mitigation protocols”.
(b) Did Brantford Power consider other options to meet its cyber security requirements prior to determining to proceed with the network migration project? If yes, please describe the options considered and why those options were decided against. If no other options were considered, please explain why not.
(c) Please confirm if each of the new FTEs are to be filled in the test year (as noted in reference 1) or in 2021 (as noted in reference 2). If intended to be filled in 2021, are these positions currently filled?
(d) Please describe the specific procurement processes that have been undertaken for the cybersecurity/network migration project.
(e) Please describe the roles and responsibilities of each of the new Senior Network/Systems Administrator, and Technology & Application Support Analyst.
(f) Please further explain the required new FTEs given the statements that Brantford Power intends to **migrate its IT help desk to an external system,** and the plan to procure the services of a full-service hosting provider **who also embeds**

Cybersecurity monitoring services as part of the offering (emphasis added).

4-Staff-55
Cyber Security and IT Migration
Ref 1: Exhibit 4, Page 16
Ref 2: Exhibit 4, Pages 42-43
Ref 3: Chapter 2 Appendices, Tabs 2-JB and 2-JC
Ref 4: OEB Letter, Cyber Security Readiness Report & Amendments to Electricity Reporting and Record Keeping Requirements (RRR) (EB-2016-0032), November 29, 2018

Since 2018, Brantford Power has been working to make progress on the OEB's Cyber security framework. The cumulative increase for OM&A expenses related to cyber security (including IT migration) from 2017 to 2022 is approximately $751k of the total OM&A budget change, which is slightly greater than $3.7M. Brantford Power notes a significant portion of the increase in costs will be offset by decreases to the IT fees charged through Shared Service Agreement with the City of Brantford.

With respect to cyber security costs, reference 1 states that in 2022 Brantford Power intends to invest an incremental $71k. Reference 2 states that Brantford Power plans to incur $233k in cyber security third party fees.

With respect to IT migration costs, reference 1 states that this project will cost an incremental $243k in the test year. Reference 2 states that Brantford Power plans to incur $346k in 2022 for costs related to the migration of IT services from the City of Brantford.

(a) Please confirm the total costs specifically related to cyber security included in OM&A in the 2022 test year.
(b) Please confirm the total costs specifically related to the IT migration project in OM&A in the 2022 test year.
(c) Please confirm that the related offsetting decrease in costs through the reduction in IT fees charged through Shared Service Agreement is approximately $454k.

The letter of the OEB in reference 4 notes that it expects that distributors will incorporate cyber security investments into their distribution system plans and that these responsibilities should be addressed in the same manner as any other operational risk.

(d) As the cyber security responsibilities should be addressed in the same manner as other operational risks so should costs. How has Brantford Power tried to manage its cybersecurity costs within its historical OM&A budget?

4-Staff-56
IT Migration
Ref 1: Exhibit 1, Attachment 1-L – 2021/2022 Budget Reports, Page 18
Ref 2: Exhibit 4, Page 42

At reference 1, Brantford Power noted that:

> BPI will not be able to implement all aspects of the desired control environment prescribed by the OEB Cybersecurity framework without separating BPI's network as BPI's current configuration is fully integrated as a blended component of the City's network just like other City departments. As this project involves considerable investments, BPI is pursuing a number of alternatives to accomplish this independent separated network including:
>
> - Outsourcing the network and management to a third party;
> - Outsourcing the network and management to Energy+;or
> - Establish a BPI Network and outsource management to a third party or Energy+.
>
> The budget provides funding for such a transition. Due to the current merger discussions, Management is delaying proceeding with this initiative until later in 2021 to avoid redundant costs and investments until the merger outcome is known. Although the need for separation from the City is non-discretionary, the selected path forward may be different under a merger or standalone scenario.

(a) Please confirm that Brantford Power has chosen to migrate its services away from the City of Brantford by outsourcing the network and management to a third party (i.e. the first bullet-point above).
(b) Please explain Brantford Power's chosen path forward in the test year given that a merger outcome is not yet known.
(c) Please provide the annual OM&A savings that will be achieved in 2022 onwards due to the migration of the IT network project.

4-Staff-57
Control Room Services
Ref 1: Exhibit 4, Pages 19-21
Ref 2: Exhibit 1, Attachment 1-D – Innovative Report, Page 63

Ref 3: Exhibit 4, Attachment 4-L – METSCO Control Room Feasibility Report, Slide 12

Reference 1 notes that "During business hours (Monday to Friday, 8 a.m. to 4 p.m.), BPI internal staff also perform system monitoring for unplanned outages, however outside of these hours BPI is dependent on."

(a) There appears to be wording missing from the sentence. Please complete the sentence above.

Brantford Power has budgeted an increase of $100,000 related to expanding control room coverage to 24/7 in the 2022 test year. The increase represents the expected incremental third-party costs to expand the coverage. Brantford Power states that the majority of customers surveyed among all customer classes supported the proposal for expanded control room services to 24/7 (i.e. 68%).

Reference 2 provides additional customer comments.

- 43% indicated "Reduce power outages in areas/reduce rates/alternative resolution"
- 13% indicated they "Require additional information/transparency"
- 10% indicated "It's not worth it/not needed"
- 5% indicated "Too expensive/lower rates"

(b) Please explain how the $100k expected incremental cost was determined.

(c) When determining customers' support for expanded coverage, did Brantford Power consider the additional comments provided above? If so, how? If not, why not?

Reference 3 indicates that Energy+ is an area LDC that have provided control room services.

(d) If a merger does occur with Energy+, please outline the implications on Brantford Power's proposal to expand control room coverage by using a third-party given that Energy+ provides control room services.

4-Staff-58
Operations – Operations Supervision and Engineering
Ref: Exhibit 4, Page 33

Brantford Power notes an increase in the 2022 test year vs the 2017 OEB-approved amount of $571k largely driven by a change in accounting practice. The change in accounting practices offsets to other sections of the programs.

Please map the increase in this program to the offsets in other programs.

4-Staff-59
Operations – Operations Supervision and Engineering
Ref: Exhibit 4, Page 33

Brantford Power notes the addition of a new role of Senior Manager, Engineering and Operations Planning (May 2019) which has contributed to the increase between the 2022 test year and the 2017 OEB-approved amount. The implementation of the new role was required to oversee the planning aspects of the Operations, Engineering and Stores/Warehouse departments.

(a) How were the planning aspects of the Operations, Engineering and Stores/Warehouse departments done prior to the hiring of this FTE?
(b) Did Brantford Power have an individual(s) which carried out the same or similar duties prior to the hiring of this FTE? If yes, please explain the need for the incremental position.

4-Staff-60
Customer Billing and Supervision
Ref 1: Chapter 2 Appendices, Tab 2-JC
Ref 2: Exhibit 4, Page 24 and 36

(a) Please summarize the increase (i.e. $475k) in the Customer Billing/Supervision program in 2022 compared to the 2017 OEB-approved amount.
(b) Please describe what distinguishes the responsibilities between the Billing Supervisor and the Manager of Customer Care and Billing.

4-Staff-61
Customer Service – Bad Debt Expense
Ref: Exhibit 4, Pages 37-38
Ref 2: Chapter 2 Appendices, Tab 2-JC – OM&A_Programs

The increase for Bad Debt Expense between the 2017 OEB-approved amount and 2022 test year is $591k.

(a) Please explain the increase in Bad Debt Expense between 2017 actuals and 2019.
(b) Please explain what drivers contributed to the 2017 actuals being significantly higher than what was forecast.

4-Staff-62
Miscellaneous Customer Accounts
Ref: Chapter 2 Appendices, Tab 2-JC

(a) Please describe the costs which make up the "Miscellaneous Customer Accounts Expenses" line item for the 2022 test year.
(b) Please explain the increase in the 2021 bridge year relative to the historical years.

4-Staff-63
FTEs - Finance
Ref: Exhibit 4, Page 40

Brantford Power notes an additional FTE role of Senior Financial Analyst, which is focused on budgets, financial analysis and forecasting as well as providing support to leaders across the business. There was also an additional role of Corporate Controller added.

(a) When were each of the roles of Senior Financial Analyst and Corporate Controller added? Are both roles currently filled?
(b) Please describe the roles and responsibilities of each of the Senior Financial Analyst and the Corporate Controller, and what distinguishes the two.

4-Staff-64
FTEs – HR and Payroll
Ref: Exhibit 4, Page 41

The reference above states:

> The 2020 HR staff complement includes an HR Generalist and an HR and Payroll Assistant role, both of which have been added since the 2017 COS. BPI plans that in the 2021 Bridge and 2022 Test Year, the HR staff complement will remain 2 FTEs, however these **will be the existing** HR Coordinator and Manager of HR role. This change will increase the cost for the HR function. **(emphasis added)**

Please clarify and/or reconcile the above which has been emphasized. If the existing roles are the HR Coordinator and Manager of HR and the complement will be maintained at 2 FTEs, please explain the HR Generalist and HR and Payroll Assistant roles in 2020.

4-Staff-65
FTEs – Health and Safety
Ref: Exhibit 4, Page 41

Brantford Power hired an in-house Manager of Health and Safety in 2020. Brantford Power notes that with the implementation of this dedicated role, it has strengthened its Health and Safety program significantly.

(a) Prior to the hiring of this FTE, who completed these responsibilities for Brantford Power?
(b) Has Brantford Power experienced safety incidents historically?
(c) How has Brantford Power measured that its Health and Safety program has been strengthened significantly? Please provide any analysis Brantford Power has conducted.

4-Staff-66
Ref 1: Exhibit 4, Page 22
Ref 2: Exhibit 4, Page 23

At reference 1, Brantford Power notes part of the increase in the "General and Administrative" cost driver is the hiring of the Health and Safety Manager. At reference 2, Brantford Power notes that the "HR and Payroll" cost driver also includes Health and Safety.

Please confirm that the cost related to the addition of the Health and Safety Manager is not included in both line items.

4-Staff-67
Short Term Variable Incentive Pay
Ref: Exhibit 4, Pages 52-53

Short Term Variable Incentive Pay (STVP) was paid out in 2018 for the first time. The STVP is directly tied to Brantford Power's performance in its KPIs (which are linked to the OEB's Scorecard) in each year. For the calculation of the STVP in each year, each of the KPIs is weighted.

Please show how the OEB scorecard metrics influenced incentive compensation at Brantford Power, using 2019 as an example.

4-Staff-68
Executive Complement – Executive, General and Administration
Ref 1: Exhibit 1, Page 18
Ref 2: Exhibit 4, Page 39
Ref 3: Exhibit 4, Page 40
Ref 4: Exhibit 4, Page 66

At reference 1, Brantford Power notes that in its last rebasing application its executive complement included four roles, two of which are Vice President roles in the areas of Operations, Engineering, Metering, Conservation, Communications, Customer Service, Billing and Settlement. Brantford Power notes that currently these two roles are vacant, and the intent is to fill them in 2021.

Reference 2 states that with the new executive roles included in the 2022 test year, Brantford Power expects an increase of $150k in executive compensation.

Reference 3 (in comparing 2022 v. 2020 actuals) states: $175k of the increase is driven by increases in executive compensation related to the filling of two currently vacant executive roles.

Reference 4 (in comparing 2021 v. 2022 test year) states: The full year impact of filling 2 executive/VP vacant roles in 2021 will result in a total increase of 0.75 FTE, $100k in wages and $11k in benefits.

(a) Please confirm if these two VP roles were included in Brantford Power's previous rebasing application.
(b) How long have the two Vice President positions been vacant for?
(c) Please clarify the impact in 2022 given the differing dollar impacts in references 2-4 noted above.

4-Staff-69
FTEs
Ref 1: Exhibit 1, Attachment 1-L 2021/2022 Budget Reports, Page 17
Ref 2: Exhibit 4, Pages 57-67

At the above reference, Brantford Power provides discussions on changes in FTE levels year over year.

(a) Please explicitly list the new incremental positions that corresponds to the increase in FTEs from 63 in 2017 to 71 in 2022. Please also list when the new

positions were created (or will be created) and indicate whether the position is currently filled.

(b) Please provide an updated table of staffing complement as found in reference 1. In the table, please include a column which contains a brief description of the driver/need for the incremental position.

(c) Does Brantford Power conduct business cases for each incremental FTE? If yes, please provide those business cases, if not, why not?

(d) Of the total 70 FTEs shown in 2021, how many are currently filled?

(e) Please confirm that Brantford Power had a 2017 OEB-approved budget of 63 FTEs, however that level will not be reached/surpassed until 2021 when Brantford Power's FTE level reached 70.

i. Please explain how Brantford Power managed its FTEs lower than the optimal budgeted level and managed the impact on its operations for each year over the 2017-2020 period.

4-Staff-70
Employee Costs
Ref 1: Exhibit 4, Page 54
Ref 2: Exhibit 4, Page 68
Ref 3: Exhibit 4, Page 56
Ref 3: Chapter 2 Appendices, Tab 2-K

At reference 1, Brantford Power notes that as one of the assumptions it made with respect to Appendix 2-K is that FTE count, salary and benefits have been adjusted to exclude allocations to affiliates.

At reference 2, Brantford Power states that the amounts included in Appendix 2-K consider the allocation of employee costs to affiliates for applicable employees, and this includes an allocation of benefit costs.

(a) Please reconcile the discrepancy and clarify what Appendix 2-K shows.

Further, at reference 3, Brantford Power notes that purchased services with the City of Brantford have not been shown in the compensation numbers in Appendix 2-K and have not been shown in previous applications. One exception has been made which is the inclusion of the CEO position, which effective January 2019, was transferred to be an employee of Brantford Energy Corporation.

(b) Please explain why the CEO position is included in Appendix 2-K if the individual is an employee of Brantford Energy Corporation.

4-Staff-71
Regulatory Costs
Ref 1: Exhibit 1, Pages 88-89
Ref 2: Chapter 2 Appendices, Pages 88-89

Brantford Power estimates that it will incur incremental costs of $521,982 in respect of this application. Of these costs, $144k are for consultants, and $150k for intervenors.

(a) Please provide the amounts spent to date.
(b) Please provide a breakdown of the costs for the consultant cost inputs noted on page 89 that make up the $144k cost.
(c) Please provide the number of intervenors Brantford Power used to estimate the $150k amount.

Brantford Power's actual 2017 regulatory costs were $321,175.

(d) Please explain the drivers for the higher regulatory costs for this application when compared to Brantford Power's 2017 rebasing application.
(e) Does Brantford Power conduct any benchmarking with respect to its regulatory costs?

4-Staff-72
Customer Engagement/Survey Costs
Ref 1: Exhibit 4, Page 89
Ref 2: Chapter 2 Appendices, Tab 2-M
Ref 3: Chapter 2 Appendices, Tab 2-JC

Reference 1 breaks down the three items which make up the consulting costs included for recovery in this application. One of those items is "Customer Engagement Survey for COS/DSP".

In reference 2, OEB staff notes that for the line item for legal costs, the column labeled USoA Account Balance has a note which indicates "customer engagement".

In Appendix 2-JC, there is a line item for regulatory costs, as well as another separate line item for "communications and surveys" with test year costs of $228,359.

(a) Please confirm if the "legal costs" line item in reference 2 also includes any customer engagement costs.
(b) Please explain what customer engagement/survey costs are included as part of the "regulatory costs" line item, and what costs are included under the "communications and surveys" line item in Tab 2-JC.

(c) Please confirm that no customer engagement/survey costs have been double counted in both accounts.

4-Staff-73
Shared Services and Corporate Cost Allocation
Ref: Exhibit 4, Page 71

The services agreement with the City of Brantford expires on December 31, 2021. Brantford Power expects to negotiate an agreement whereby services to be transferred are renewed on a month-to-month basis. Brantford Power has forecasted the elimination of many services in 2022.

(a) Please provide a status update for these negotiations.
(b) If complete, please provide a copy of the new agreement.

4-Staff-74
Shared Services and Corporate Cost Allocation
Ref: Chapter 2 Appendices, Tab 2-N – Corporate Cost Allocation

The tables at the above noted reference show that in 2020 and 2021 the “Rental of Facilities – Office Space” from Brantford Power to each of BEC and BHI to be on a market-based pricing methodology. For 2022, it is showing to be based on a cost-based pricing methodology.

Please explain the rationale for the change.

4-Staff-75
Ref: Exhibit 4, Page 67

As noted throughout the evidence, Brantford Power has been decreasing its dependence on the City of Brantford through its Shared Services Agreement. Brantford Power notes that in the areas where this has happened, it has led to cost reductions on the Shared Service Agreement and increased control and efficiency of services.

(a) Prior to deciding to decrease its reliance on the City of Brantford for many of its services, did Brantford Hydro conduct a cost/benefit analysis of this decision? If yes, please provide any analysis conducted. If not, why not?
(b) Please provide analysis that Brantford Power has conducted that shows that decreased reliance through the Shared Services Agreement with the City of Brantford has “increased control and efficiency of services”.

4-Staff-76
Shared Services and Corporate Cost Allocation
Ref 1: Exhibit 4, Pages 72-73
Ref 2: Chapter 2 Appendices, Tab 2-N – Corporate Cost Allocation

In 2019, Brantford Power's President and CEO became an employee of Brantford Energy Corporation (BEC). In previous years, the President and CEO was an employee of Brantford Power providing Corporate Management Services to BEC and Brantford Hydro Inc. In 2019 and beyond, the President and CEO has been an employee of BEC, providing services to Brantford Pwower and BEC.

(a) How much of the CEO's time was allocated to BEC in the year prior to the transfer?
(b) How much time is allocated to the utility in 2022?
(c) Please indicate whether the ratepayers of Brantford Power have benefitted from this change.

4-Staff-77
OPEB
Ref 1: Exhibit 4, Attachment 4A Actuarial Report
Ref 2: Exhibit 4, Page 69

On page 2 of Appendix A in the actuarial report, OPEB expenses are $99,400, $112,800 and $97,200 for 2019, 2020 and budget 2021, respectively. In reference 2, Brantford indicated that the OPEB expenses included in benefits are based on the actuarial report. The expense amounts are $99,400, $112,800, $201,915 and $151,820 for 2019 to 2022, respectively.

(a) Please reconcile the 2021 OPEB expense of $201,915 to the $97,200 shown in the actuarial report. Please update the evidence as necessary, including PILs.
(b) Please explain how Brantford Power has forecasted the 2022 OPEB expense.

4-Staff-78
Useful Lives
Ref 1: Exhibit 4, Page 100
Ref 2: Exhibit 4, Page 102 (Screenshot of Appendix 2-BB)
Ref 3: Chapter 2 Appendix 2-BB

Reference 1 indicates that "BPI confirms that the useful lives for all asset groups fall within the range allowed in the Board sponsored Kinectrics study". However, reference 2 shows leasehold improvements to be outside the typical useful life range. Further, Excel Appendix 2-BB indicates that leasehold improvements are outside the range of

the typical useful life depending on the lease. Please reconcile the three references and explain how Brantford Power determined the useful life for the leasehold improvements.

4-Staff-79
Depreciation
Ref: Chapter 2 Appendix, 2-C

In the 2017 to 2022 Chapter 2 Appendix 2-C, there are variances ranging from approximately $150k to $625k between the depreciation in the Chapter 2 Appendix 2-BA and the depreciation calculated in Appendix 2-C (as shown in column Q) for Account 1611 – Computer Software and Account 1860 - Meters and Smart Meters. Please explain the variances.

4-Staff-80
PILS
Ref: Exhibit 4, Page 109

Brantford Power provided its draft 2020 tax return. If there are changes between the draft and final 2020 tax return, please file the final 2020 tax return and note the areas of changes.

4-Staff-81
PILS
Ref: Exhibit 4, Page 109

Brantford Power indicated that it is currently reviewing the correct CCA class for its GIS and cyber security projects.

(a) Please indicate which classes and the corresponding amounts Brantford Power has included the GIS and cyber security project in.
(b) Please indicate which other classes Brantford Power was considering for the GIS and cyber security projects.
(c) Please explain whether Brantford Power has completed its review, and explain its conclusion if the review has been completed.

4-Staff-82
Smoothing of PILS
Ref: Exhibit 4, Page 112

Table 4.5.1-G provides the proposed calculation to smooth PILs.

(a) Regarding the accelerated CCA line in the table, please confirm that the 2024 to 2027 phasing out of CCA rules Brantford Power referred to, have been used in the calculation in the respective years.
(b) Regarding accelerated and unaccelerated CCA, please confirm whether the 2022 additions from Chapter 2, Appendix 2-BA have been used for each year from 2022 to 2026. If not, please explain how the additions used in each year were determined and the rationale for it.
(c) In the table, accelerated CCA for 2022 is $6,593,626. Accelerated CCA calculated in the test year of the PILs model before any smoothing adjustment is $6,574,654. Please explain the difference and revise the evidence as necessary.
(d) Another approach to smooth out the CCA impact would be to calculate the average expected actual CCA for the period of 2022 to 2026, reflecting the phasing out rules in place in the respective year. Please provide a discussion on the Brantford Power's views on this approach.
    i. Please also explain the rationale for Brantford Power's proposed approach in calculating the smoothed CCA as shown in Table 4.5.1-G.

4-Staff-83
Account 1592
Ref 1: Exhibit 4, Pages 111-112
Ref 2: Exhibit 9, Pages 7-8
Ref 3: Exhibit 2, Pages 59-60
Ref 4: DVA Continuity Schedule

Regarding Account 1592:

(a) In reference 1, Tables 4.5.1-D and E provides the calculation of unaccelerated and accelerated CCA, respectively, as it relates to Account 1592. Table 4.5.1-D shows the 2018, 2019 and 2020 additions and disposals used in the calculation. Table 4.5.1-E shows the AIIP additions for 2018 to 2020.
    i. Please confirm that total additions for 2018 to 2020 in Table 4.5.1-E used to calculate accelerated CCA are the same as the total additions in Table 4-5.1D even though only AIIP additions are shown.
    ii. If confirmed, please explain why only $5,258,988 of the $7,423,352 total 2019 additions were eligible for AIIP treatment.
    iii. If not confirmed, please explain why the total additions in Tables 4.5.1-D and E are different.
(b) In Exhibit 9, Brantford Power indicated that it originally calculated the balance in Account 1592 using the approved capital additions, then later revised this to using actual capital additions. For the original calculation, Brantford Power stated

that the “annual additions into 1592 should compare to the 2017 Board Approved revenue requirement which would have been in place and without the accelerated CCA”.

i. Please confirm that this original calculation used the 2017 OEB approved additions for each year to calculate both the accelerated and standard CCA figures.
ii. If not confirmed, please explain the basis of the additions used to calculate accelerated CCA (e.g. actual additions).

(c) In the DVA Continuity Schedule, it appears that the balance for Account 1592, Sub-account CCA Changes has been input into the control Account 1592 line instead of the CCA Changes sub-account line. Please confirm if this is the case. If not, please explain.

4-Staff-84
PILs
Ref 1: PILs model
Ref 2: Chapter 2 Appendix 2-BA

In the test year of the PILs model, depreciation of $4,287,665 is added to derive regulatory taxable income. This amount agrees to total depreciation for 2022 in Appendix 2-BA. Please explain why total depreciation is used and not net depreciation of $4,019,354 from Appendix 2-BA, as this is the amount of depreciation reflected in the revenue requirement. Please revise the evidence as necessary.

4-Staff-85
PILs
Ref 1: PILs model
Ref 2: Brantford Power’s 2020 ICM Application (EB-2019-0022)

In Brantford Power’s pre-filed evidence in its 2020 ICM Application, IRM Attachment A, page 39 shows total costs of the land and building to be $28,385,050. The amount allocated to Energy+, affiliates and tenant 3 was $12,666,904. Per page 36, $4,278,215 pertained to allocated land. In the PILS model, Schedule 8 of the historic year shows ending 2020 UCC to be reduced by $6,254,480 for unregulated assets.

(a) Please provide a table showing the finalized total allocations to Brantford Power and the tenants.
(b) Please reconcile the allocation to the tenants to the $6,254,480 in the PILs model, separating out the portion pertaining to land, which would not be eligible for CCA.

4-Staff-86
LRAMVA
Ref: Tab 1 of LRAMVA Workform

Brantford Power did not enter the amount of LRAMVA claimed in its last claim (2019 IRM application). Please input this amount in cell D17 in tab 1.

4-Staff-87
LRAMVA
Ref: Tab 5 of LRAMVA Workform

Brantford Power calculated a credit balance of $48k owing to the GS>50 kW rate class. Please discuss the events that led to Brantford Power's forecast savings for the GS>50 kw rate class being higher than actual program results.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-88
Ref 1: Exhibit 1, Attachment 1-G
Ref 2: Exhibit 5, Pages 4-5
Ref 3: Exhibit 5, Attachment 5-A
Ref 4: Appendix 2-OB

Exhibit 1, Attachment 1-G provides a copy of Brantford Hydro's 2019 Audited Financial Statements (AFS) including the Notes to the AFS. Note 13 provides details on Brantford Hydro's debt obligations as of December 31, 2019.

Brantford Hydro documents its existing debt in tables in Appendix 2-OB, and which are included on pages 4 and 5 of Exhibit 5. On page 5 of that exhibit, Brantford Hydro states the following:

> With the exception of the Promissory Note, the principal balances entered above are based on the average principal amount in the year, and the interest rates entered are the rate necessary to obtain the projected interest payment for the year. These rates are slightly different than the contracted rates due to applying the rates on a semi-annual basis, to applying the rates to the average principal amount, etc.

OEB staff has prepared the following table that compares the details of Brantford Hydro's debt as documented in Note 13 of the 2019 AFS versus the 2022 Appendix 2-OB. OEB staff understand that the Promissory Note with the City of Brantford was replaced with a new note that is provided in Attachment 5-A. The replacement note has

an actual rate of 3.95% for the five-year term in December 2020, although Brantford Hydro has proposed that it would attract the OEB's deemed long-term debt rate of 2.85% per the OEB's letter of 2021 cost of capital parameters issued on November 9, 2020. OEB staff also understands that the long-term loan with RBC has been renewed.

Brantford Hydro Long Term Debt - Comparison of Details in Notes to 2019 Audited Financial Statements to 2022 Appendix 2-OB

	2019 AFS, Note 13					2-OB for 2022			
	Lender	Type	Principal	Debt Rate	Maturity Date	Principal	Debt Rate	Maturity Date	Note
1	City of Brantford	Promissory Note	$ 24,189,168	4.20%	Feb-21	$ 24,189,168	2.85%	1-Feb-26	1
2	RBC	Term Loan	$ 722,299	Prime	Jan-21				
3	RBC	Net Advances on non-revolving LT loan	$ 12,858,803			$ 12,508,500	3.11%	1-Oct-45	
4	OILC	LT Loan	$ 1,632,957	5.14%	Dec-32	$ 1,390,077	5.23%	3-Dec-32	
5	OILC	LT Loan	$ 4,376,902	4.95%	Dec-50	$ 4,202,781	4.97%	1-Dec-50	
6	OILC	LT Loan	$ 3,326,654	3.46%	Oct-27	$ 2,362,634	3.60%	18-Nov-24	
7	OILC	LT Loan	$ 3,427,451	3.90%	Dec-42	$ 3,188,308	3.93%	3-Dec-42	

Note 1 Actual rate of Promissory Note is 3.95% (per Exhibit 5/Attachment 5-A, but Promissory Note attracts OEB's deemed LT Debt rate of 2.85% as issued by the OEB on November 9, 2020, per the policy documented in the *Report of the Board on the Cost of Capital for Ontario's Regulated Utilities (EB-2009-0084)*, December 11, 2009.
RBC = Royal Bank of Canada
OILC = Ontario Infrastructure and Lands Corporation

(a) Please confirm or correct the information in the attached table.
(b) OEB staff's concerns are with respect to the quotation above on the differences between the actual rate of each OILC loan and the rate shown in Appendix 2-OB. With respect to the changes in the principal, OEB staff understands that the average principal in 2022 as the part of the principal is also repaid along with interest at each semi-annual payment. However, with no new debt, and with regular semi-annual payments made on each OILC loan, please provide more explanation on the reasons for the difference between the OILC loan rate shown in Note 13 of the 2019 AFS and the debt rate shown for each OILC loan as shown in the 2022 test year table of Appendix 2-OB.

5-Staff-89
Ref 1: EB-2016-0059 Decision and Order, Appendix A
Ref 2: Exhibit 5, Page 6

Ref 3: Exhibit 5, Attachment 5-A
Ref 4: Interest rates posted for selected products by the major chartered banks[2]

Appendix A of the EB-2016-0059 Decision and Order is the settlement proposal in Brantford Hydro's last 2017 cost of service application. There was a complete settlement on all issues, and the OEB accepted the settlement.

While there was a complete settlement on all issues, including the cost of capital, the following is documented on page 20 of the settlement proposal:

> The Intervenors wish to express their concern about BPI's promissory note with City of Brantford, which has no prepayment options and provides for the unilateral rights of renewal by the City of Brantford every five years in perpetuity, with the interest rate formula set at prime plus 1.5%. While expressing their concern on the appropriateness of this arrangement for the purposes of the settlement of all issues in this proceeding, the Parties accept the rate on the promissory note of 4.20%.

On page 6 of Exhibit 5 of the current application, Brantford Hydro states:

> BPI is currently paying a rate 3.95% on its promissory note with the Corporation of the City of Brantford which was signed on December 18, 2020 with the renewal effective February 1, 2021.
>
> A copy of the promissory note is attached as 'Attachment 5-A: Promissory Note with the City of Brantford' in this Exhibit.

The current promissory note has a rate of 3.95%, which would be equal to the current prime rate of the Royal Bank of Canada (RBC) plus 1.50%, as the bank prime rate has been at 2.45% since April 1, 2020. This is documented on the referenced page on the Bank of Canada's website. Other than the rate which depends on the Prime Rate of RBC at the time of signing, the terms appear to be not materially different from the previous promissory note between the utility and the municipal shareholder, as filed in Brantford Hydro's previous cost of service application.

(a) Did Brantford Hydro consider the concerns documented in the approved settlement proposal and attempt to negotiate some more favourable terms during negotiations with the City of Brantford regarding the new promissory note filed in Attachment 5-A in the current proceeding? If not, please explain why not.
(b) Did Brantford Hydro explore alternatives for replacing the promissory note with debt financing with another institution? If not, please explain why not.

[2] https://www.bankofcanada.ca/rates/banking-and-financial-statistics/posted-interest-rates-offered-by-chartered-banks/

(c) Please provide some further explanation on the reason for the 150 basis point premium over the RBC Prime Rate, and on why this premium is appropriate for the debt arrangement between Brantford Hydro and it municipal shareholder, the City of Brantford and also in consideration of the Brantford Hydro's financial metrics and business risk.

Exhibit 7 – Cost Allocation

7-Staff-90
Weighting Factors
Ref: Exhibit 7, Pages 9-10

The method used to derive the weighting factor for services is explained, and a table detailing the resulting weighting factors is provided.

Please provide the derivation of the weighting factor for services.

7-Staff-91
Meters
Ref: Cost Allocation Model, sheet I6.2 Customer Data

Brantford Power indicates that it has 509 GS > 50 kW customers. Of these, 440 require utility provided line transformers, and 483 are connected at secondary voltage.

Please describe the circumstances that give rise to 43 customers (483 – 440) using secondary distribution assets belonging to Brantford Power, but not requiring use of Brantford Power's line transformers.

7-Staff-92
Meters
Ref: Cost Allocation Model, sheet I6.2 Customer Data, sheet I7.1 Meter Capital, sheet I7.2 Meter Reading

Brantford Power has completed the cost allocation model with the following numbers of customers, meters, and meter reads.

	Sheet I6.2 Customer Data	Sheet I7.1 Meter Capital	Sheet I7.2 Meter Reading

Residential	37,668	37,611	37,667
GS < 50	2,981	2,874	2,874
GS > 50	509	518	518

Please explain why there are fewer meters than customers in the Residential and GS < 50 kW rate classes. Please revise the cost allocation model as required.

7-Staff-93
Embedded Distributor
Ref: Exhibit 7, Page 12

Brantford Power stated that it has communicated the proposed updated Embedded Distributor rates to Energy+ (its only Embedded Distributor). Energy+ confirmed its support of Brantford Power's proposals. Brantford Power stated that it has further amended its rate proposals following the letter to Energy+, and it intends to notify Energy+ of the updates made following the filing of this Application.

(a) Please confirm if Brantford Power notified Energy+ of the updates made.
(b) Please file any applicable correspondence.

7-Staff-94
Standby Rates
Ref 1: Exhibit 7, Page 14
Ref 2: EB-2016-0058, Cost Allocation Model

Brantford Power states that it is unable to produce a reasonable standby rate because it has no standby customers.

Brantford Power did not include standby in the cost allocation model from the 2017 Cost of Service proceeding.

(a) When did Brantford Power lose its last standby customers?
(b) Please outline the last time the standby rate was set based on cost causation, and the timing and reason for any subsequent adjustments to the rate.
(c) Is Brantford Power aware of any customers for which standby charges are anticipated to apply?
(d) If the answer to (c) is yes, if possible, please provide details on the number of customers and volumes expected to be subject to standby charges.
(e) Since Brantford Power is unable to produce a reasonable rate, please explain why the standby class should continue to exist and have rates assigned to it.

7-Staff-95
Revenue-to-Cost Ratios
Ref: Exhibit 7, Page 17

Brantford Power has increased the revenue-to-cost for the Embedded Distributor to 100%. It increased the revenue-to-cost ratios for both Sentinel and Residential to 92.54%

As a scenario, please provide the revenue-to-cost ratios that would result if the Embedded Distributor, Sentinel, and Residential revenue-to-cost ratios were all set to the same level.

7-Staff-96
Load Profiles
Ref: Demand profile model

The supplied demand profile models use a look-up key derived from the date. The key is not unique – for example, January 12 and November 2 both reduce to the same key, 2019112 in 2019. This can lead to January 12 factors being used on November 2, for example.

The observation for August 7, 2017 at hour 17 was 136,753 kW after weather normalization and scaling, and this hour set both the 1CP and 1NCP for the rate class in that year. For the month of August 2017, 11% of load was determined to be related to cooling. August 7, 2017 was ranked 24th warmest (one of the relatively cooler days in August), with 0.1 CDD observed. This contrasts with 1.74 CDD normal for this rank in August. The normalization methodology then assigned a factor of 17.4 (1.74 / 0.1) to the day. This factor multiplied by the 11% of August load determined to be cooling related resulted in a weather normalized cooling load of 89,955 kW for the hour in question.

(a) Please provide a revision where the date key is made unique, either by inserting delimiters between the year, month, and day parts, or by including leading zeros on the months and days less than 10.
(b) Please comment on the suitability of a weather normalization methodology which results in a system peak being set on a relatively mild summer day with only 0.1 CDD required.
(c) Has Brantford Power considered alternative approaches that would not result in large CDD or HDD related load on relatively mild days?

(d) As a scenario, please provide the cost allocation model that would result from 2017 not being included in the average.

Exhibit 8 – Rate Design

8-Staff-97
Rate Design
Ref 1: Revenue Requirement Work Form, sheet 13 Rate Design
Ref 2: Cost Allocation Model, sheet O2 Fixed Charge|Floor|Ceiling

Brantford Power proposes to maintain the fixed/variable proportions assumed in the current rates for all customer classes. Brantford Power is proposing to increase the fixed charge for GS < 50kW rate class from $31.88 to $39.51, the GS > 50kW (GS 50 to 4,999kW) rate class from $245.54 to $274.56, and the USL rate class from $13.59 to $16.37. This results in increasing fixed charges to levels above the Minimum System with Peak Load Carrying Capability (PLCC) Adjustment from the cost allocation model.

Please provide the variable charges that would result from keeping the fixed charge at the current charge for the GS > 50 kW rate class, and setting the fixed charge to the Minimum System with PLCC Adjustment for the GS < 50 kW and USL rate classes.

8-Staff-98
RTSRs
Ref: RTSR Workform
Ref: Exhibit 8, Page 9

At the time of filing the 2022 RTSR model had not been issued. In the model provided, the supplied data does not reconcile to the 2019 load data filed in 2020.

(a) Please confirm which year of RRR data is used in sheet 3. RRR Data.
(b) Please confirm which year of Wholesale volume data is used in sheet 5. Historical Wholesale.
(c) Please provide an updated version of the RTSR Workform using the version released on June 25, 2021.

8-Staff-99
Ref 1: Exhibit 1, Page 42
Ref 2: Exhibit 8, Page 15

Brantford Power is proposing to amend the name of its “General Service 50 to 4,999 kW Service Classification” to “General Service Greater Than 50 kW.”

As noted in the Chapter 2 Filing Requirements, distributors are required to identify any changes to its Conditions of Service that would result from the approval of the application.

Please confirm whether Brantford Power would update its Conditions of Service, as required, to reflect the name change noted above.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-100
Account 1508, Sub-account Pole Attachment Revenue Variance
Ref 1: Exhibit 9, Pages 3, 17-18
Ref 2: Wireline Pole Attachment Charge Order (EB-2020-0288), December 20, 2020
Ref 3: Exhibit 3, Page 38
Ref 4: Chapter 2 Appendix, 2-H

Regarding the Pole Attachment Revenue Variance:

(a) In Table 9.3-E of reference 1, the amount in the account is calculated as the difference between “Total collected” and “Portion related to rate increase”. In reference 3, Brantford Power indicated that the revenues associated with the 2017 rate were recorded in Appendix 2-H, with the remainder of the revenues collected recorded in a DVA. The pole revenues shown in Appendix 2-H Account 4210 – Rent from Electric Property agree to that in Table 9.3-E, column “Portion related to rate increase”. Please confirm that the column in Table 9.3-E is mislabeled and should be for pole revenues at the 2017 rate.
    i. If not confirmed, please explain why the balance in the Pole Attachment Revenue Variance is not equal to the “Portion related to rate increase”. Please also clarify the statement in Exhibit 3 “Similarly, Account 4210, Rent from Electric Property, will increase as a result of BPI recording pole rental revenue at the updated rates, and the elimination of the requirement to book only the revenues associated with 2017 pole rental rates, with the remainder being recorded in a DVA”.

(b) It appears that the number of poles used to calculate the balance in the account is as follows:

Year	Source	Total revenues	Rate	# of poles
2018	Table 9.3-E	$132,520	$28.09	4,718
2019	Table 9.3-E	$259,841	$43.63	5,956
2020	Table 9.3-E	$526,096	$44.50	11,822
2022	Appendix 2-H	$ 420,792	$44.50	9,456

i. Please confirm the accuracy of the calculated number of poles in the above table. If the table is inaccurate, please provide the number of poles for each year, and explain why it differs from the calculation above.
ii. If the number of poles calculated is accurate, please provide the 2021 number of poles.
iii. Please explain the trend in number of poles, particularly the increase in 2020 and the decrease in 2022.

Brantford Power is proposing that the account be continued to record variances related to unexpected changes in specific service charges for access to poles. In the OEB's order for wireline pole attachment charge, it stated that the current charge of $44.50 will remain in effect as of January 1, 2021 on an interim basis, until further notice. The order further indicated that the OEB will consider the need for a variance account in due course following the completion of current government initiatives.

(c) Given that the order indicated that the OEB will consider the need for a variance account in due course if needed, please explain whether Brantford Power is still proposing to continue the Pole Attachment Revenue Variance account. If so, please explain why.
(d) Per page 58 of the Chapter 2 Filing Requirements for 2022 Rate Applications, distributors may forecast a balance up to the effective date of its new rates, provided it can do so with reasonable accuracy, and the OEB may consider disposing of the forecasted amount and closing the account. Please explain whether Brantford Power is able to forecast the 2021 balance with reasonable accuracy.
    i. If so, please provide the 2021 transactions forecasted in a format similar to that in Exhibit 9, Table 9.3-E.
    ii. Please discuss Brantford Power's views on disposing the forecasted balance. If Brantford Power proposes to dispose the forecasted balance, please update the DVA Continuity Schedule in the 2020 principal adjustment column to include the 2021 transactions.

9-Staff-101
Accounts 1518 and 1548
Ref 1: Exhibit 9, Pages 12-13, 31
Ref 2: DVA Continuity Schedule
Ref 3: Report of the Board on Electricity Distributor's Deferral and Variance Account Review Initiative (EDDVAR), July 31, 2009

Brantford Power is requesting to dispose of Account 1518 – RCVA Retail and Account 1589 – RCVA STR on a final basis and discontinue the accounts effective January 1, 2022.

(a) Brantford Power is requesting to discontinue the accounts effective January 1, 2022. Please explain whether Brantford Power is able to forecast the 2021 balances in the accounts with reasonable accuracy.
    i. If so, please provide the 2021 transactions forecasted in a format similar to that in Table 9.2A and B.
    ii. Please discuss Brantford Power's views on disposing the forecasted balance. If Brantford Power proposes to dispose the forecasted balance, please update the DVA Continuity Schedule in the 2020 principal adjustment column to include the 2021 transactions.

(b) Per the EDDVAR Report, the default cost allocation method for Account 1518 – RSVA Retail and Account 1548 - RSVA STR is based on number of customers. Please explain why Brantford Power has chosen to allocate the account balances based on kWh as shown in the DVA Continuity Schedule. Please revise the DVA Continuity Schedule as needed.

9-Staff-102
Accounts 1508 – OPEB Variance Account
Ref: Exhibit 9, Page 18

The balance in Account 1508 – OPEB Variance Account is calculated as the annual difference between forecasted cash amount included in rates and the forecasted accrual amounts, equaling $64,274. No carrying charges apply to the account. Brantford Power is proposing to dispose of the 2020 balance. As the amount for 2021 is known and will not change, please explain whether Brantford Power has considered including the 2021 transactions of $64,274 for disposition and closing the account effective January 1, 2022. If Brantford Power proposes to dispose the forecasted balance, please update the DVA Continuity Schedule in the 2020 principal adjustment column to include the 2021 transactions.

9-Staff-103
Accounts 1508 – Lost Collections of Accounts Revenue
Ref: Exhibit 9, Pages 18-19

The Account 1508, Sub-account Lost Collections of Accounts Revenue was approved to record $440,889 each year (except for 2019). Brantford Power is proposing to dispose of the 2020 balance. As the amount for 2021 is known and will not change, please explain whether Brantford Power has considered including the 2021 transactions of $440,889 plus carrying charges for disposition and closing the account effective January 1, 2022. If Brantford Power proposes to dispose the forecasted balance, please update the DVA Continuity Schedule in the 2020 principal adjustment column to include the 2021 transactions.

9-Staff-104
Accounts 1555
Ref: DVA Continuity Schedule

In the DVA Continuity Schedule, Brantford Power is requesting to dispose Account 1555, Sub-account Stranded Meter Costs for $136,154.

(a) The 2015 balance in this sub-account was disposed in Brantford Power's 2017 cost of service proceeding. Please confirm that the 2020 balance of $136,154 is the residual balance remaining. If not confirmed, please explain what the 2020 balance pertains to.
(b) If confirmed, please explain what the 2016 transactions pertain to as the associated rate rider for the "Recovery of Stranded Meter Assets" was effective January 1, 2017 to December 31, 2017.

9-Staff-105
Account 1509
Ref: Exhibit 9, Page 23
Ref 2: Report of the OEB for Regulatory Treatment of Impacts Arising from the COVID-19 Emergency, June 17, 2021

Brantford Power indicated that it intends to propose disposition of Account 1509 – Impacts Arising from the COVID-19 Emergency when the OEB's direction/decision on this matter is released. Brantford Power will make the necessary adjustment to DVA balances and disposition at a later stage in this application. The OEB has now issued its

Report on the Regulatory Treatment of Impacts Arising from the COVID-19 Emergency.[3]

Pages 2 to 3 of the *Report of the OEB: Regulatory Treatment of Impacts Arising from the COVID-19 Emergency*, dated June 17, 2021, (the Report) summarizes the rules and operations of Account 1509. Included in that summary are the following:

- The OEB will adopt a means test for recovery.
- The means test will be based on a utility's achieved regulatory return on equity (ROE) compared to its OEB-approved ROE less 300 basis points (bps).

Recovery will be anchored to this ROE-based means test (i.e., no greater than the lower end of the dead band of 300 bps from a utility's approved ROE).

- The net amounts recorded in the Account are subject to a 50% recovery rate.
- The OEB will apply a separate set of rules for the costs necessary to comply with government or OEB-initiated programs aimed at providing relief to customers which is referred to as the Exceptional Pool. Those costs are eligible for a 100% recovery rate and are subject to an approved ROE plus 300 bps means test.
- For those utilities that intend to submit claims for recovery, both costs and savings are to be recorded in the Account and presented on a net basis.

(a) Please provide an update on Brantford Power's proposal for the Account 1509 sub-accounts in consideration of the rules for the account set out in the Report and update the evidence as necessary. For any aspects of Brantford Power's proposal that deviates from the Report, please explain why Brantford Power believes the deviation to be appropriate.

(b) If Brantford Power is seeking disposition of the 1509 sub-accounts, please

i. Provide the supporting calculations of the annual sub-account balances, broken down into categories, as appropriate, and the amount for disposition after applying the applicable recovery rate

ii. Provide discussion on applicable aspects of the Report, such as interim/final disposition and rationale for it, causation, materiality, prudence, incremental savings, continuation/discontinuation of sub-accounts after rebasing, etc.

[3] EB-2020-0133, June 17, 2021

9-Staff-106
Account 1589
Ref: GA Analysis Workform

Regarding the GA Analysis Workform:

(a) The 2020 GA Analysis Workform shows ($1,374,871) as the change in principal balance in the GL under Note 5. In the DVA Continuity Schedule, 2020 transactions are ($1,597,525). There is a difference of $222,654. Please explain why there is a difference and revise the evidence as necessary.
(b) The GA Analysis Workform and related Instructions for 2022 rate applications have been issued since Brantford Power filed the GA Analysis Workform. Please update the 2020 Workform to include the expected GA volume variance as well as reconciling item for Impacts of GA Deferral.
(c) In the 2019 GA Analysis Workform, there is a reconciling item #3 for "Class A underbilling in 2019 to be reversed in 2020".
    i. There is no reversal for this reconciling item in the 2020 GA Analysis Workform. Please explain and revise the evidence as needed.
    ii. Please confirm that there is no balance pertaining to Class A customers in Account 1589. If not confirmed, please update the evidence to remove the balance pertaining to Account 1589.

9-Staff-107
Account 1588
Ref 1: DVA Continuity Schedule
Ref 2: Exhibit 9, page 5

Brantford Power indicated that additional review after Brantford Power's 2021 IRM decision was issued resulted in a debit adjustment of $32,131 to the 2019 Account 1588 balance, which was recorded in the 2021 general ledger.

(a) Please provide further details on this adjustment, which pertained to "Correction of RPP and Non-RPP True-up".
(b) If this adjustment is related to a CT 148 true-up, please explain why there is no equal and off-setting adjustment for Account 1589 shown in the 2019 Workform and the principal adjustment tab of the GA Analysis Workform.

9-Staff-108
Account 1588
Ref 1: GA Analysis Workform
Ref 2: DVA Continuity Schedule

In the principal adjustment tab of the GA Analysis Workform, 2018 principal adjustments for Account 1588 total $1,611,384, including a principal adjustment of $666,597 for "2017 Adjustment – Accounting Guidance Implementation", which was recorded in the 2019 general ledger. The 2018 principal adjustments in the DVA Continuity Schedule is $999,786. There is a difference of $666,597. Please confirm that the $666,597 principal adjustment was reflected in the 2017 Account 1588 balance of $224,693 on the DVA Continuity Schedule already. If not confirmed, please explain the difference in the 2018 principal adjustments between the GA Analysis Workform and DVA Continuity Schedule.

9-Staff-109
Account 1580, Sub-account CBR Class B
Ref: DVA Continuity Schedule

The 2020 principal balance for Account 1580, Sub-account CBR Class B is ($581,066). Transactions in 2018 to 2020 are ($476,414), ($81,524) and ($23,127), respectively. Please explain the high transactions in 2018, relative to 2019 and 2020.

9-Staff-110
Transition Customers
Ref: DVA Continuity Schedule

In the Class A Consumption Data tab of the DVA Continuity Schedule, transition customer consumption is provided in the table under 3a. For customers 1, 3, 5, 9, there is either low or no consumption reported for the period of January-June 2018. Please confirm that these were new customers in 2018, and therefore, had low or no consumption. If not confirmed, please explain and confirm the accuracy of the consumption figures.