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July 20, 2021

Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON
M4P 1E4

Dear Ms. Long,

**RE: EB-2021-0009 Brantford Power Inc. 2022 Rates Application
Interrogatories of Energy Probe**

Attached are the interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2021-0009 proceeding, the application by Brantford Power Inc. to the Ontario Energy Board for the approval of its 2022 rates effective January 1, 2022. Energy Probe is separately filing its confidential interrogatory.

Yours truly,

Tom Ladanyi
TL Energy Regulatory Consultants Inc.
Consultant representing Energy Probe

cc. Oana Stefan (Brantford Power Inc.)
Roger Higgin (Sustainable Planning Associates Inc.)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, 3 Schedule B, as amended (“the OEB Act”);

AND IN THE MATTER OF an Application by Brantford Power Inc., under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2022.

**Brantford Power Inc.
Interrogatories to the Applicant
Energy Probe Research Foundation**

July 20, 2021

EB-2021-0009

Brantford Power 2022 Cost of Service Application

Energy Probe Interrogatories

July 20, 2021

1-EP-1

Reference: Exhibit 1, Page 26

Preamble: “Productivity Improvements – Review of alternative approaches to service delivery, including the potential repurposing or elimination of vacant positions. This would also reflect the annualization of any productivity savings achieved in the current fiscal year.”

- a) Please provide a Table showing Vacant Positions in 2020 and 2021 and indicate if these were filled in those years or will be filled in 2022.
- b) Provide the annualized productivity savings and costs that have occurred in 2020/2021 or will be incurred in 2022.
- c) What other productivity improvements are reflected in the 2022 Budget? Please list these and provide annualized amounts.

1-EP-2

References.: Exhibit 1, Page 62, Table 1.6.5-A, OM&A Cost drivers; Table 4.1-D; Table 4.2-C; Tables 8.11; B; 8.12-A

Preamble: “BPI is proposing to recover Operations, Maintenance and Administrative (“OM&A”) expenses of \$14,070,628 in the 2022 Test Year inclusive of LEAP and Property Taxes. Exclusive of Property Tax, this figure is 13,780,640, which represents an increase of \$3,734,006 or 37% over the 2017 Board Approved OM&A of 10,091,665. The related figures before LEAP and Property Tax are \$10,046,634 for 2017 and \$13,780,640 for 2022.”

- a) Please provide the metrics for OM&A per customer per kWh distributed and per FTE (2015-2020).
- b) Please provide a Table Showing BPI OM&A for each year and the separate Benchmarks for O&M and Admin Expenses per Customer, per Kwh. and FTE.
- c) Provide the growth rates for each and for the Total OM&A.
- d) Please discuss why OM&A, particularly Admin Expenses have increased dramatically 2017-2022 and for each of the Benchmarks.
- e) Please provide the Rate Class Change in Distribution Revenue and Bill Impacts (Tables 8.11-B and 8.12-A).

1-EP-3

Reference: Exhibit 1, Table 1.8.2 Benchmarking

- a) For the Benchmark data provided in the *reference* why has BPI chosen the comparators including 4 Cohort 2 distributors?
- b) Please provide the data for Cohort 3 utilities only and use 2020 data (if available).
- c) Comment on positioning of BPI in Cohort 3 in 2020.

1-EP-4

References.: Exhibit 1, Page 73, Table 1.7.1-B Bill Impacts; Page 83. Customer Engagement

Preamble: “BPI’s assessment based on this feedback is that customers generally understand and support the reasoning for BPI’s proposed projects, and that customers have accepted the levels of bill increase proposed in the workbook are reasonable for the levels of project spending and therefore levels of service. Since completing this consultation, BPI has further refined its rate proposals. The table below compares the 2022 proposed distribution rate impacts presented in the workbook with the levels proposed in this Application.”

- a) Why has BPI proposed to increase residential bills by more than the workbook amount?
- b) Why is an increase of 5.5% in Residential bills and 20% in distribution rates in 2022 reasonable?
- c) Please confirm that the letters from customers filed with the Board reject the proposed increase.
- d) Please comment on /discuss why BPI needs the big increase in rates and whether it is willing to reduce the increase and/or spread it over a number of years.
- e) Among Residential customers, a plurality (42%) indicated a preference for "Defer or cancel some projects while continuing with other non-mandatory projects, based on Brantford Power's judgement to balance customer benefits and future rate increases" and (39%) indicated "Defer or cancel planned non-mandatory projects and not increase the overall budget which would avoid further rate increases". Why is BPI ignoring customer preferences? Discuss how this preference is in line with the proposed 2022 rate increases?

1-EP-5

Reference: Exhibit 1, Page 88, Table 1.8-A BPI Scorecard (2015-2020)

Preamble: “BPI’s scorecard results are shown without any Loss of Supply or Major Event related outages. BPI’s historic trending has been relatively consistent, with a SAIDI of less than one customer- hour per year and a SAIFI of around outage per year. In 2016, 2018 and 2019 BPI exceeded its scorecard SAIDI (average annual duration/customer) target for and in all years, BPI has exceeded its SAIFI (average annual frequency/customer) target, however the variances from target were not material in any year.”

- a) Please update the table to include final 2020 data.
- b) Are LOS and MED material in the 6-year period? If so, provide the adjusted data for 2015-2020?
- c) Please graph the SAIDI and SAIFI data and provide the trend lines.
- d) Please provide the specific SAIDI and SAIFI targets for 2021 and 2022 without LOS and MED.

1-EP-6

Reference: Exhibit 1, page 95, Table 1.8.4 -C: Projected Total Cost and Efficiency Assessment

Preamble: “BPI has modelled the forecast COS cycle using PEG’s benchmarking tool, which indicates that costs over the 2021-2025 will not have an impact on BPI’s efficiency ranking and BPI should remain in Efficiency Group 3, with actual cost performance consistently close to or below the predicted cost.

- a) Please provide the input assumptions and references for the first two lines of the referenced table.
- b) How is the Predicted Total Cost determined from the PEG Model?
- c) Comment how the CB result fits with the proposed rate increase of 21% in 2022.

2-EP-7

Reference: Exhibit 2, Tables 2.1.1-A and 2.1.1.1-D

- a) What is the total increase in Rate Base from 2017 Board Approved to 2022 Test Year?
- b) What are the largest three projects or initiatives responsible for the increase in Rate Base between 2017 Board Approved and 2022 Test Year? Please discuss.
- c) What is the Compound Annual Growth Rate in Rate Base between 2017 Board Approved to 2022 Test Year?
- d) What is the increase in Rate Base per customer from 2017 Board Approved to 2022 Test Year?
- e) Please reconcile 2017 Board Approved column in Table 2.1.1-A with the 2017 Board Approved column in Table 2.1.1-D.

2-EP-8

Reference: Exhibit 2, page 44, Table 2.2.2-A: Appendix 2-AB-Capital Expenditure Summary- 2017-2026, and EB-2016-0058, Exhibit 2, Attachment A, DSP, page 122, Figure 67

Please explain why the amounts shown in EB-2021-0009, Table 2.2.2-A as “Plan” for 2017, 2018, 2019, 2020, and 2021 are different than the amounts shown as “Forecast” for 2017, 2018, 2019, 2020 and 2021 in EB-2016-0058 Exhibit 2, Attachment A, DSP, page 122, Figure 67.

2-EP-9

References: Exhibit 2, page 56, Table 2.2.4-B – 1 Schedule of ICM assets, and Pages 62, Overhead Policy, and 63, Capitalization of Overheads

Preamble: Energy Probe is concerned that ICM may result in double recovery of common costs through capitalization of overhead costs that are also recovered in base rates.

- a) Please refile Table 2.2.2.4-B-1 with capitalized overheads shown on a separate line.
- b) Please describe the types of costs that are included in capitalized overheads.
- c) Please discuss the capitalization of overheads for projects that are constructed by contractors.

2-EP-10

References: Exhibit 2, Attachment 2-A – DSP Page 10

Is Brantford Power seeking OEB approval of its distribution system plan (DSP)? If the answer is no, what is Brantford Power expecting from the OEB regarding its DSP?

2-EP-11

Reference: Exhibit 2, Attachment 2-A, DSP Page 50, Figure 24

- a) Please explain the reasons for the improvement in performance of Feeder 64M25 after 2018.
- b) Please explain the reasons for the decline in performance of Feeder 64M24 after 2018.

2-EP-12

Reference: Exhibit 2, Attachment 2-A, DSP Page 55

Preamble: “BPI has considered excess land purchased with the 150 Savannah Oaks property as nonutility costs, and therefore limited the bill impacts of the land component of this project.”

- a) What was the total amount of land and its cost purchased with the Savannah Oaks property?

- b) How was the amount of excess land and its cost determined?

2-EP-13

Reference: Exhibit 2, Attachment 2-A, DSP Page 55

Preamble: “BPI has optimized the office space used in the existing facility, allowing for sections of the second floor and the entire first floor of office space to be isolated for use by tenants and therefore not included in rate base;”

- a) What is the total floor area of the facility?
- b) How much of the floor area has been isolated for use by tenants?
- c) Please explain how the cost of the floor space that was not included was determined showing all calculations.

2-EP-14

Reference: Exhibit 2, Attachment 2-A, DSP Page 55

Preamble: “BPI has made arrangements with its affiliates and with Energy+ for the lease of office space and plans to arrange for a third tenant, leading to a sharing of fixed facility OM&A costs, reducing the impact to regulated OM&A; BPI will be entering into shared services agreements with Energy+ for warehousing, fuelling and mechanic’s bay services. This will allow the two utilities to share costs and enable savings.”

Please explain how BPI will adhere to the OEB’s Affiliate Relationships Code in its leasing of office space to affiliates.

2-EP-15

Reference: Exhibit 2, Attachment 2-A, DSP Page 57

Preamble: “*Cost Efficiency and Effectiveness – Adherence to Budget*”

BPI monitors progress of spending on capital projects in the current budget year. This measure does not have a direct impact on the projects included in this DSP. This measure is an internal measure that allows BPI to better manage project spending and respond earlier in the year should the spending deviate from the approved budget within the applicable year.”

How does BPI measure adherence to scope of capital projects against adherence to budget?

2-EP-16

Reference: Exhibit 2, Attachment 2-A, DSP Pages 72 and 73

- a) Please explain how the Critical Factor Weight is determined for a particular transformer using sample data and showing all calculations.
- b) Please explain how the Critical Factor Probability is determined for a particular transformer using sample data and showing all calculations.

2-EP-17

Reference: Exhibit 2, Attachment 2-A, DSP page 237

Preamble: “Historically, BPI annual fleet replacement program was focused on replacing one large and one small vehicle nearing the end of their useful life.”

- a) How is the useful life determined?
- b) Is there a repair vs replace analysis conducted before a decision is made to replace a fleet vehicle?

3-EP-18

Reference: Exhibit 3, Pages 7 and 16

Please discuss the reduction in the streetlighting customers and load between 2016 and 2017 and explain if it is an anomaly that should be excluded from the load forecast.

3-EP-19

References: Exhibit 3, Page 29, Table 3.3-K

Please explain the reason for the decline in kWh from 2020 Actual to 2021 Bridge for the following classes:

- Residential Class,
- General Service Less than 50 kW,
- General Service 50 to 4,999 kW.

4-EP-20

References: Exhibit 4, Page 54, Table 4.3.1-G Employee Costs (Appendix 2K); Table 4.3.1-I

- a) Please provide the average Growth rates from 2017 OEB Approved to 2022 for each of
 - Management
 - Non-Management
 - Total Salary and Wages
 - Total Benefits
 - Total compensation
- b) Please provide the average 2017-2022
 - Incentive pay per employee and total
 - Overtime cost
- c) How is the 2017 Settlement reduction (\$575,000) reflected in the compensation data for 2017-2022?

- d) Please provide the annual reductions BPI made from the \$10,470,506 OM&A request to the 2017 Recoverable OM&A (Table 4.2-C) and to 2017 Total Compensation of \$6,685,785.
- e) What were the specific compensation reductions resulting from the 2017 Settlement? Were these temporary or permanent?

4-EP-21

Reference: Exhibit 4 Page 56

Preamble: “Following the CEO’s transfer to BEC, BPI is being charged on the basis of time docketing by BEC. The calculations for these transactions before and after the transfer of the CEO to BEC would be equivalent (though time spent on each of the companies will vary from year to year).”

- a) Provide the costs of the CEO’s Office prior to (2018) and following the transfer to BEC (2019).
- b) Provide the CEO Office service fees from BEC to BPI for 2020, 2021 and 2022

4-EP-22

References: Exhibit 4, Page 80-83: Table 4.3.2.1-B: Shared Services Variance Analysis; Table 4.3.2.1-C

Preamble: “BPI’s proposals for increased shared services with affiliates and other parties represents an entrepreneurial approach which will benefit all stakeholders including the company, its customers, its employees, and its shareholders.”

- a) Based on Table 4.3.2.1-B, please provide a summary showing the 2017 and 2022 service fees from and to the affiliate companies BEC, BHI and City of Brantford.
- b) Provide the Total for each transaction and the net cost to BPI.
- c) For each service that has been replaced by BPI add a column shoeing the incremental cost to BPI in 2022 where applicable.
- d) Comment whether based on the above, reducing affiliate transactions has/has not reduced costs to ratepayers.

5-EP-23

Reference: Exhibit 5, Page 6; Attachment 5-A

Preamble: “BPI is requesting a return on Long Term Debt for the 2022 Test Year of 3.28%. 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. Consistent with the OEB’s policy with respect to affiliated debt, BPI has applied the deemed interest rate of 2.85% at the time of the signing of the note as the applicable interest rate.”

- a) Why is the term of the City of Brantford promissory note only 5 years? What considerations did not support a longer term (e.g. 10 years)?
- b) If the proposed merger with Energy + occurs, how will this be financed?
- c) Will the City convert its debt into Common shares in the merged utility company?

6-EP-24

Reference: Exhibit 6, page 9, and Exhibit 7

Please fill in the quantities in the table below which may be of assistance in understanding the reasons for the rate increase for Residential Customers.

	2017 OEB Approved	2022 Test Year	Total Increase	Percent Increase (%)
Number of Residential Customers (number)				
Rate Base allocated to Residential Customers (\$)				
OM&A allocated to Residential Customers (\$)				
Total Load of Residential Customers (kW)				
Total Annual Energy Used by Residential Customers (kWh)				

Submitted on behalf of Energy Probe by its consultants,

Roger Higgin
SPA Inc.

Tom Ladanyi
TL Energy Regulatory Consultants Inc.