



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

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# **DECISION AND ORDER**

**EB-2021-0009**

## **BRANTFORD POWER INC.**

**Application for electricity distribution rates beginning  
January 1, 2022**

**BEFORE: Pankaj Sardana**  
Presiding Commissioner

**Allison Duff**  
Commissioner

**Patrick Moran**  
Commissioner

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**October 28, 2021**



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## 1 OVERVIEW

Brantford Power applied for approval of its proposed electricity distribution rates for five years, using the Price Cap Incentive rate-setting (IR) option. With an approved 2022 test year, Brantford Power would be able to apply to have its rates adjusted mechanistically in each of the years 2023-2026, based on inflation and the OEB's assessment of Brantford Power's efficiency.

Brantford Power provides electricity distribution services to approximately 40,000 residential, commercial, and industrial customers in the City of Brantford.

On September 30, 2021, Brantford Power filed a settlement proposal. The settlement proposal is a full settlement agreed to by Brantford Power and the intervenors, and is supported by OEB staff.

Having considered the settlement proposal and the submissions of OEB staff, the OEB approves the settlement proposal as filed.

## 2 PROCESS

The OEB's *Renewed Regulatory Framework for Electricity*<sup>1</sup> and *Handbook for Utility Rate Applications*<sup>2</sup> provide distributors with performance-based rate application options that support the cost-effective planning and efficient operation of a distribution network. This framework provides an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

Brantford Power filed an application on May 12, 2021 for 2022 rates under the Price-Cap IR option of the *Renewed Regulatory Framework for Electricity*. The application was accepted by the OEB as complete on May 26, 2021. The OEB issued a Notice of Hearing on May 27, 2021, inviting parties to apply for intervenor status. Energy+ Inc., Energy Probe Research Foundation (Energy Probe), School Energy Coalition (SEC), and the Vulnerable Energy Consumers Coalition (VECC) were granted intervenor status. Energy Probe, SEC and VECC were granted cost award eligibility. OEB staff also participated in this proceeding.

The OEB received 13 letters of comment, which were placed on the record of this proceeding. These comments were taken into consideration during the evaluation of the application by the OEB.

The OEB issued Procedural Order No. 1 on June 30, 2021. This order established, among other things, the timetable for a written interrogatory discovery process and a settlement conference.

The OEB issued its approved Issues List on July 12, 2021. Brantford Power responded to the interrogatories and follow-up questions submitted by OEB staff and the intervenors.

A settlement conference took place from August 30 to September 2, 2021. Brantford Power and the following intervenors participated in the settlement conference: Energy Probe, SEC, and VECC. Energy+ Inc. did not participate in the settlement conference. OEB staff also attended the conference but was not a party to the settlement.

The OEB issued Procedural Order No. 2 on September 21, 2021. This order extended the deadlines as set out in Procedural Order No. 1 for the filing of any settlement

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<sup>1</sup> *Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012

<sup>2</sup> *Handbook for Utility Rate Applications*, October 13, 2016

proposal and the presentation of any settlement proposal due to an extension request filed by Brantford Power.

Brantford Power filed a settlement proposal with the OEB on September 30, 2021. OEB staff filed its submission regarding the settlement proposal on October 6, 2021.

### 3 DECISION

#### 3.1 Settlement Proposal

The settlement proposal addressed all issues on the OEB's approved Issues List for this proceeding and represented full settlement on all the issues by Brantford Power and all intervenors except Energy+. Energy+ Inc. did not file any submissions on the application or settlement proposal.

The settlement proposal contained further explanation and rationale on specific issues for the OEB to consider.

Based on the settlement proposal, the total bill impact for a typical residential customer with a monthly consumption of 750 kWh, would be an increase of approximately \$2.98 per month before taxes and the Ontario Electricity Rebate, or 2.47%.

Key features of the settlement proposal included:

- Acceptance of net capital expenditures (which are equal to net capital additions) of \$8.14 million for 2022
- Operations, Maintenance & Administration cost reduction of \$1,230,640 for 2022
- Symmetrical treatment of the Incremental Capital Module (ICM) approved in EB-2019-0022, where the inclusion of the ICM in rate base uses 12 months of depreciation in 2020, so that it is symmetrical with the calculation of the ICM rate rider, which is also applied on a 12-month period (consistent with the OEB's Decision and Order in EB-2020-0026)
- Disposition of an ICM true-up amount for 2020 and 2021, where:
  - the 2020 amount compares actual revenues collected for ten months to the full-year revenue requirement recalculated based on actuals
  - the 2021 amount compares forecasted full-year revenues to the full-year revenue requirement recalculated based on actuals
- 5-year smoothing method of capital cost allowance reflected in the payments in lieu of taxes calculation with a smoothing adjustment added to net income before taxes
- Load forecast of 970 GWh, 1,509 MW and 48,839 customers and connections
- Disposition of Group 1, Group 2 deferral and variance accounts and Lost Revenue Adjustment Mechanism Variance Account over a one-year period with the following exception:
  - Account 1509 - Impacts Arising from the COVID-19 Emergency is not included for disposition

OEB staff filed a submission on October 6, 2021 supporting the settlement proposal. OEB staff reviewed the settlement proposal in the context of the objectives of the RRF, the Handbook, applicable OEB policies, relevant OEB decisions, and the OEB's statutory obligations and submitted that the settlement proposal reflected a reasonable evaluation of Brantford Power's planned outcomes in this proceeding.

### **Findings**

The OEB accepts the settlement proposal. The OEB finds that the settlement proposal represents a reasonable outcome for ratepayers and will result in just and reasonable rates. The approved settlement proposal is attached as Schedule A.

## 4 IMPLEMENTATION

The approved effective date for new rates is January 1, 2022 as proposed by parties.

The settlement proposal included a draft Tariff of Rates and Charges as Appendix D which is based in part on the OEB's currently approved 2021 cost of capital parameters and Regulated Price Plan pricing. The settlement proposal acknowledged that these items would be subject to adjustments that may be required based on the outcome of pending OEB decisions.

Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order.<sup>3</sup> The 2022 generic orders for these items have not yet been issued by the OEB. Brantford Power updated the applicable Retail Service Charges in the Tariff of Rates and Charges by increasing the 2021 charge by the OEB's 2021 inflation rate, with the exception of the wireline pole attachment charge.<sup>4</sup> Parties agreed that Brantford Power will update the applicable charges when the inflation parameters for 2022 rate applications are issued by the OEB.<sup>5</sup>

Brantford Power shall file a draft rate order with detailed supporting material showing the impact of any required adjustments related to the approved 2022 cost of capital parameters and Regulated Price Plan pricing.

If a rate order is not approved in time for Brantford Power to implement rates for January 1, 2022, the OEB declares Brantford Power's current 2021 distribution rates and charges interim as of January 1, 2022 until such time as 2022 rates and charges are approved by the OEB.

Energy Probe, SEC, and VECC are eligible to apply for cost awards in this proceeding. The OEB has made provision in this Decision and Order for these intervenors to file their cost claims. The OEB will issue its cost awards decision after the following steps are completed.

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<sup>3</sup> The Decision and Order EB-2020-0285, issued December 3, 2020 established the adjustment for energy retailer service charges, effective January 1, 2021; and the Order in EB-2020-0288, issued December 10, 2020, set the Wireline Pole Attachment Charge for January 1, 2021 on an interim basis.

<sup>4</sup> As per the OEB's Order in EB-2020-0288, effective January 1, 2021, the province-wide pole attachment charge will remain \$44.50 per attacher per year per pole, on an interim basis.

<sup>5</sup> EB-2021-0009, Settlement Proposal, September 30, 2021, Page 36



## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. If a rate order is not approved in time for Brantford Power Inc. to implement rates for January 1, 2022, Brantford Power Inc's current Tariff of Rates and Charges are declared interim as of January 1, 2022 and until such time as a final rate order is issued by the OEB.
2. Parties in receipt of confidential information shall destroy the subject information and execute a Certificate of Destruction, following the end of this proceeding. The Certificate must be filed with the Registrar and a copy sent to Applicant.
3. Brantford Power Inc. shall file with the OEB and forward to intervenors a draft rate order with a proposed Tariff of Rates and Charges by **November 4, 2021**. Brantford Power Inc. shall also include customer rate impacts and detailed information in support of the calculation of final rates in the draft rate order.
4. Intervenors and OEB staff may file any comments on the draft rate order with the OEB, and forward to all parties by **November 11, 2021**.
5. Brantford Power Inc. may file with the OEB and forward to intervenors, responses to any comments on its draft Rate Order by **November 18, 2021**.
6. Intervenors shall submit their cost claims with the OEB and forward to Brantford Power Inc. by **November 25, 2021**.
7. Brantford Power Inc. shall file with the OEB and forward to intervenors any objections to the claimed costs by **December 6, 2021**.
8. Intervenors, to which Brantford Power Inc. filed an objection to the claimed costs, shall file with the OEB and forward to Brantford Power Inc. any responses to any objections for cost claims by **December 13, 2021**.
9. Brantford Power Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto October 28, 2021

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar

**SCHEDULE A**  
**DECISION AND ORDER**  
**SETTLEMENT PROPOSAL**  
**BRANTFORD POWER INC.**

**EB-2021-0009**

**OCTOBER 28, 2021**