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BY EMAIL

November 11, 2021

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

Dear Ms. Long:

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

Please find attached OEB staff's comments on the draft rate order in the above referenced proceeding, pursuant to the OEB's Decision and Order. Brantford Power and all intervenors have been copied on this filing.

Yours truly,

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

Encl.

cc: All parties in EB-2021-0009



ONTARIO ENERGY BOARD

OEB Staff Submission on Draft Rate Order

Brantford Power Inc.

Application for 2022 Electricity Distribution Rates

EB-2021-0009

November 11, 2021

Introduction

Brantford Power Inc. filed a cost of service application with the Ontario Energy Board (OEB), seeking approval for changes to the rates that Brantford Power charges for electricity distribution, beginning January 1, 2022.¹ In its Decision and Order², the OEB accepted the settlement proposal and directed Brantford Power to file a draft rate order (DRO) showing the impact of any required adjustments related to the approved 2022 cost of capital parameters and Regulated Price Plan (RPP) pricing.

Brantford Power filed its DRO on November 4, 2021.

Due to the updated cost of capital parameters, the revenue requirement, PILs, cost allocation, revenue-to-cost ratios, fixed-variable splits, and the Group 2 rate rider for certain rate classes³ also required updating.

Based on the DRO, the total bill impact for a typical residential customer with a monthly consumption of 750 kWh, would be an increase of approximately \$3.21 per month before taxes and the Ontario Electricity Rebate, or 2.66%.

OEB staff has reviewed the DRO and has confirmed that Brantford Power has implemented the OEB's findings and the direction set out in the Decision and Order.

Cost of Power

Brantford Power updated the cost of power calculations using the updated forecasts as per the updated RPP Price Report for November 1, 2021 to October 31, 2022, issued on October 21, 2021.⁴ Brantford Power also incorporated the updated Ontario Electricity Rebate of 17%. The update to the cost of power causes an increase of \$469,340 in working capital allowance, and consequently in rate base.

OEB staff submits that the adjustments accurately reflect the updated RPP Report as well as the Ontario Electricity Rebate and are consistent with the OEB's Decision and Order.

OEB staff notes a slight discrepancy in the number of customers for the General Service <50kW rate class input in Appendix 2-ZB – Cost of Power in the Smart Meter Entity Charge section. Appendix 2-IB – Load_Forecast_Analysis shows a 2022 forecast of 2,833 customers for this rate class. App. 2-ZB shows 2,820 customers.

¹ Pursuant to section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B)

² EB-2021-0009, Decision and Order, October 28, 2021

³ The allocation of the balances to certain rate riders changed but the deferral and variance balances themselves remained the same as per the settlement proposal.

⁴ Regulated Price Plan Report - November 1, 2021 to October 31, 2022, issued October 21, 2021

In its reply comments, Brantford Power should provide an explanation for this discrepancy, or provide a revised filing reflecting this correction.

Cost of Capital

In the approved settlement proposal, Brantford Power agreed to update the cost of capital parameters for the short-term debt rate and return on equity when the 2022 parameters were issued. On October 28, 2021, the OEB issued the 2022 cost of capital parameters.⁵ Consistent with the settlement proposal, Brantford Power has not made any adjustments to the interest rates for long-term debt as Brantford Power's Promissory Note with the City of Brantford attracts the deemed interest at the time of signing of the note.⁶

Due to the changes in the interest rate for short term debt, the total return on debt was reduced from \$1,878,599, to \$1,864,601, a decrease of \$13,998. The total return on equity increased from \$3,284,791 to \$3,427,084, an increase of \$142,293. In addition to the change in the return on equity deemed rate, the return on equity amount was also impacted by the increase to rate base.

The change in return on equity resulted in an increase to the level of PILS, from \$457,076 to \$508,378, an increase of \$51,303.

The updates noted above increased the base revenue requirement from \$21,298,424 to \$21,478,021, an increase of \$179,598.

OEB staff submits that the updated base revenue requirement, reflecting the changes to the cost of capital parameters, is consistent with the Decision and Order in this proceeding.

Cost Allocation and Rate Design

As a result of the changes to revenue requirement, the cost allocation model was also updated, and consequently the revenue-to-cost ratios.

Brantford Power has maintained the approach to revenue-to-cost ratios from the settlement proposal. The status quo revenue-to-cost ratios have changed because of the changes in the Decision and Order. The revenue-to-cost ratios for the Sentinel Light and Embedded Distributor rate classes are adjusted to 80% and 100% respectively, consistent with the settlement proposal. The General Service >50kW and Unmetered Scattered Load rate classes continue to receive the offsetting decrease in revenue-to-

⁵ Letter of the OEB: 2022 Cost of Capital Parameters, issued October 28, 2021

⁶ EB-2021-0009, Settlement Proposal, September 30, 2021, Pages 8 and 20

cost and are now both reduced to 116.67% as opposed to 117.00% from the settlement proposal. All other rate classes continue to maintain status quo revenue-to-cost ratios.

No changes have been made to the fixed/variable split for the Residential and Street Lighting classes. In the settlement proposal, Brantford Power agreed to maintain the fixed charges for the General Service<50kW and General Service>50kW rate classes as they were both above the ceiling. The fixed/variable split has changed for the rate class General Service<50kW down by 0.4% to 53.5% and General Service>50kW down by 0.19% to 25.41%.

OEB staff has reviewed the cost allocation model, revenue-to-cost ratios, fixed-variable splits and submits that they are consistent with the Decision and Order and the methodologies used in the OEB-approved settlement proposal. OEB staff notes that, as a result of this DRO, Brantford Power's gross revenue deficiency of \$2,513,134 (as per the approved settlement proposal) becomes a deficiency of \$2,692,732 – a change of \$179,598.

Retail Service Charges and Pole Attachment Charge

As noted in the OEB's Decision, certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The 2022 generic orders for these items have not yet been issued by the OEB.⁷

In its Draft Rate Order, Brantford Power indicates that further adjustments to the Retail Service Charges will be required once the 2022 inflation factor has been issued by the OEB. This will have no impact on the calculations of revenue requirement and therefore no impact on distribution rates, or on the projected bill impacts; however, the adjusted rates will need to be reflected in Brantford Power's final Rate Order.⁸

OEB staff submits that if the OEB is in a position to issue a Final Rate Order in this proceeding prior to any generic order on energy retailer service charges and/or Wireline Pole Attachment Charge etc., Brantford Power should be expected to adopt any generic orders once available.

All of which is respectfully submitted

⁷ EB-2021-0009, Decision and Order, October 29, 2021, Page 6 and footnotes 3 and 4

⁸ EB-2021-0009, Draft Rate Order, November 4, 2021, Page 4