

BY EMAIL

April 5, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

**Re: Application under sections 18, 60, 86 (1)(c) and 86(2)(b) of the *Ontario Energy Board Act, 1998* for the relief necessary to effect the amalgamation of Brantford Power Inc. and Energy+ Inc. to continue as LDC Amalco
Ontario Energy Board File Number: EB-2021-0280**

In accordance with the Decision and Order, please find attached OEB staff's submission on the draft account orders. Brantford Power Inc., Energy+ Inc., and all intervenors have been copied on this filing.

Yours truly,

Original Signed By

Donald Lau
Senior Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

ONTARIO ENERGY BOARD

**Application by Brantford Power Inc. and
Energy+ Inc. for approval to amalgamate and
continue operations as a single electricity
distribution company**

EB-2021-0280

OEB Staff Submission

April 5, 2022

1 INTRODUCTION

Brantford Power Inc. (Brantford Power) and Energy+ Inc. (Energy+) (collectively the Applicants) filed an application with the Ontario Energy Board (OEB) for the amalgamation of Brantford Power and Energy+ on November 1, 2021.¹ In its Decision and Order, the OEB ordered that the Applicants file an updated accounting order for Account 2435 – Accrued Rate-Payer Benefit relating to the earnings sharing mechanism (ESM) and a draft accounting order to track rate base impact arising from Brantford Power’s adoption of Energy+’s accounting policies as approved in the Decision and Order.²

2 OEB STAFF SUBMISSIONS

The Applicants filed an updated draft accounting order for Account 2435 – Accrued Rate-Payer Benefit relating to the ESM and an accounting order for Account 1508 - Other Regulatory Assets, Sub Account Impact of Post-Merger Accounting Policy Changes for an account to track rate base impact arising from Brantford Power’s adoption of Energy+’s accounting policies.

Submission:

OEB staff has no comments on the draft accounting order for Account 2435.

For the 1508 sub-account, OEB staff makes the below submission.

The draft accounting order states that the account will record, “the cumulative difference between Brantford Power’s net property, plant and equipment (“PP&E”) under the pre-merger capitalization policy and its net PP&E under the post-merger capitalization policy.”³ OEB staff notes that the approved account should use the methodology established for Account 1576 – CGAAP Accounting Changes. Account 1576 is to record the financial differences arising as a result of changes to capitalization or depreciation policies.⁴ Therefore, OEB staff submits the accounting order should be revised to include references to changes to depreciation policy as well as changes to capitalization policy.

¹ Under sections 86(2)(b), 86(1)(c), 60 and 18 of the OEB Act, 1998, S.O. 1998, c. 15, Schedule B

² EB-2021-0280, Decision and Order, March 17, 2022

³ Draft accounting order 1508 – Other Regulatory Assets, Sub Account Impact of Post-Merger Accounting Policy Changes

⁴ Accounting Procedures Handbook, July 2012 Frequently Asked Questions #1 and 2

OEB staff notes that the accounting order does not include an effective date for the account. OEB staff submits that an effective date of the account, coinciding with the date of the closing of the merger should be included in the accounting order for clarity.

The accounting order states, “The weighted average cost of capital to be used and rate of return component will be determined at the time the accounts are disposed.”⁵ OEB staff interprets the “rate of return component” to mean the dollar value return equaling the cumulative account balance multiplied by the weighted average cost of capital, in accordance with the Account 1576 approach; and not a reference to the rate itself (i.e., weighted average cost of capital). For clarity, OEB staff submits that the reference to the “rate of return component” should be replaced with “return component” instead.

All of which is respectfully submitted

⁵ Draft accounting order 1508 – Other Regulatory Assets, Sub Account Impact of Post-Merger Accounting Policy Changes