

Board Staff Interrogatories
2009 Incentive Regulation Mechanism Rate Application
Brantford Power Inc.
EB-2008-0162

Disposition of Deferral and Variance Accounts

Ref: Manager's Summary, page 10 and 11

1. Brantford Power Inc. ("BPI") indicates that, while it got approval to dispose of the balances in Accounts 1508, 1525 and 1550 in its cost of service application (re: EB-2007-0698), "the amounts in those accounts approved for disposition were based on BPI's estimates to April 30, 2008 with the assumption that rates would be effective May 1, 2008. BPI did not receive approval for the disposition until September 1, 2008. As a result, additional carrying charges based on the OEB's prescribed interest accumulated in Accounts 1508, 1525 and 1550."

BPI is now seeking to dispose of the interest accrued between May 1 and September 1, 2008, in Accounts 1508 (debit of \$946), 1525 (debit of \$82) and 1550 (credit of \$3,082). BPI is also applying to dispose "of four additional months of low voltage charges that were billed to customers" resulting in an additional credit of \$30,553. BPI proposes to dispose of the combine amount (a credit of \$32,607) in its 2009 IRM application over a one-year period from May 1, 2009 to April 30, 2010.

- a) Please explain why BPI did not seek, at the time of filing its draft 2008 rate order, to dispose of the interest accrued between May 1 and September 1, 2008 in Accounts 1508, 1525 and 1550.
- b) Please explain why BPI is seeking to dispose of the accrued interest referred to above at this time given its size (i.e., a combined credit of \$2,054).
- c) The Board Decision in EB-2007-0746 indicates on page 18 that the credit of \$217,343 in Account 1550 approved for disposition was "as of December 31, 2006 plus interest to April 30, 2008."
 - i. Please explain why BPI is applying to dispose of "four additional months of low voltage charges," from May 1, 2008 to September 1, 2008, at this time instead of waiting until after the final 2008 balances are known.
 - ii. Please confirm that the credit of \$217,343 in Account 1550 approved for disposition in EB-2007-0746 did not include changes in principal that occurred between January 1, 2007 and April 30, 2008.

- iii. Please explain what would be the benefits of disposing of the “four additional months of low voltage charges,” from May 1, 2008 to September 1, 2008, and not considering the balances that have accrued in Account 1550 from January 1, 2007 to April 30, 2008.
- iv. On page 48 of the *Report of the Board on 3rd Generation Incentive Regulation for Ontario’s Electricity Distributors*, the Board stated that it “expects distributors to deal with deferral and variance account disposition outside of the IRM rate adjustment.” Please explain how BPI’s application to dispose of “four additional months of low voltage charges” is consistent with this statement or why the Board should deviate from it in this case.

Revenue to Cost Ratios

Ref: Manager’s Summary, page 7

- 2. BPI indicates in Table 7 and 8 what the proposed changes to the monthly service charges and the volumetric rates are in order to achieve the proposed revenue to cost ratios set out in column C of Table 6. The adjustments for Street Lighting and Sentinel Lighting shown in Table 7 and 8 do not correspond to the entries made on Sheet D1.2 of the 3rd Generation IRM Rate Generator Model.

Please confirm whether the entries on Sheet D1.2 for the Street Lighting and Sentinel Lighting are errors, confirming what the correct entries should have been, or provide a complete explanation for the discrepancy.