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**Commission de l'énergie
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BY EMAIL

January 17, 2011

Ontario Energy Board
P.O. Box 2319
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2300 Yonge Street
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Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Burlington Hydro Inc.
2011 IRM3 Distribution Rate Application
Board Staff Submission
Board File No. EB-2010-0067**

In accordance with the Notice of Application and Written Hearing, please find attached the Board Staff Submission in the above proceeding. Please forward the following to Burlington Hydro Inc. and to all other registered parties to this proceeding.

In addition please remind Burlington Hydro Inc. that its Reply Submission is due by February 07, 2011.

Yours truly,

Original Signed By

Kelli Dobson
Analyst, Applications & Regulatory Audit

Encl.



ONTARIO ENERGY BOARD

STAFF SUBMISSION

2011 ELECTRICITY DISTRIBUTION RATES

Burlington Hydro Inc.

EB-2010-0067

January 17, 2011

**Board Staff Submission
Burlington Hydro Inc.
2011 IRM3 Rate Application
EB-2010-0067**

Introduction

Burlington Hydro Inc. (“BHI”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on September 30, 2010 under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that BHI charges for electricity distribution, to be effective May 1, 2011. The Application is based on the 2011 3rd Generation Incentive Regulation Mechanism.

The purpose of this document is to provide the Board with the submissions of Board staff based on its review of the evidence submitted by BHI.

In the interrogatory phase, Board staff identified certain discrepancies in the data entered in the application model by BHI. In response to Board staff interrogatories, which requested either a confirmation that these discrepancies were errors or an explanation supporting the validity of the original data filed with the application, BHI confirmed that they were errors and provided the corrected data. Board staff will make the necessary corrections to BHI’s model at the time of the Board’s decision on the application.

Staff has no concerns with the data supporting the updated Retail Transmission Service Rates (“RTSRs”) proposed by BHI. Pursuant to Guideline G-2008-0001, updated on July 8, 2010, Board staff notes that the Board will update the applicable data at the time of this Decision based on any available updated Uniform Transmission Rates.

For 2011 rates, BHI purposes to increase the smart meter adder to \$3.38 per meter per month from the existing \$1.00. Board staff has no concerns with the data supporting the smart meter model but does note that the total bill impact attributable to this proposed change alone (keeping all other proposals in the application model as filed) is 2.2% for the residential class. While the Board has previously approved smart meters adders as high as \$3.50 per meter per month for other LCDs, the Board may wish to consider whether an impact of greater than 2% is appropriate given that the funding adder is only a temporary funding tool intended to bridge the gap leading up to the next

rebasing application or stand alone application involving a prudence review of incurred costs for installed smart meters. Staff notes as an alternative, a \$3.00 per metered customer per month adder would lead to a bill impact of under 2% for the residential class.

BHI's revenue-to-cost ratio model has been updated in order to implement the final phase of the directive from the Board's cost of service decision EB-2009-0259. Residential and General Service less than 50kW rate classes have been proportionately reduced to balance the change to the street lighting class. Board staff has no concerns with the adjustments.

The Board's Guidelines for Electricity Distributor Conservation and Demand Management (the "Guidelines") issued on March 28, 2008 outlines the information that is required when filing an application for LRAM. Board staff submits that Burlington Hydro's application for LRAM recovery is consistent with the Board's Guidelines and the Board's Decision on Horizon's application (EB-2009-0192) for LRAM recovery and supports the approval of the updated LRAM amount of \$413,451 as found within Burlington Hydro's response to Board Staff interrogatory #3(c).

All of which is respectfully submitted.