MANAGER'S SUMMARY

This revised Manager's Summary is identical to the original September 16, 2011, filing except for the updated LRAM claim. The LRAM-related changes are highlighted for easy identification.

Burlington Hydro Inc. (the "Applicant" or "Burlington Hydro") is a licensed electricity distributor (ED-2003-0004) that owns and operates electricity distribution systems that provide service to the City of Burlington. Burlington Hydro charges its customers distribution rates and other charges as authorized by the Ontario Energy Board (the "OEB" or "the Board"). In this application, Burlington Hydro is applying for rates and other charges effective May 1, 2012. Burlington Hydro completed a full cost of service rebasing application for May 1, 2010 rates (EB-2009-0259). This is Burlington Hydro's second application under the Board's 3rd Generation Incentive Regulation Mechanism ("IRM3").

In accordance with the June 13, 2011 "Addendum to Report of the Board, Implementing International Financial Reporting Standards in an Incentive Rate Mechanism Environment (EB-2008-0408)", Burlington Hydro has maintained its records consistent with CGAAP and will additionally present IFRS-consistent data at its next (i.e. 2014) cost of service application.

Burlington Hydro has adhered to the Board's directions in completing the Board-approved IRM3 rate models and incorporated the necessary adjustments. This Manager's Summary will address the following items:

- Price Cap Adjustment
- Shared Tax Savings Rate Rider
- Revenue-to-Cost Ratio Adjustment
- Deferral and Variance Account Rate Rider
- Smart Meter Rate Adder
- Retail Transmission Service Rates
- LRAM Rate Rider
- Late Payment Class Action Recovery
- Input Data for Work Forms
- Outstanding Board Directives

- Conclusion
- Appendix A: Current and Proposed Tariff Sheets
- Appendix B: Customer Bill Impacts
- Appendix C: Reference Documents
- Appendix D: PILs Models

Price Cap Adjustment

The price cap adjustment under the Board's 3rd Generation IRM plan is determined as the annual percentage change in the Price Escalator (GDP-IPI) less the X-Factor. For 2012 IRM3, the X-Factor is a Productivity Factor plus a Stretch Factor. In this application, Burlington Hydro's electricity distribution rates for 2012 have been calculated based on the following figures:

- Price escalator (GDP-IPI): 1.3%;
- Productivity factor : 0.72%; and
- Stretch factor: 0.4%.
- Resulting Price Cap Index: 0.18%

Burlington Hydro understands that upon publication of the 2011 GDP-IPI by Statistics Canada by the end of February 2012, the Board will update the rate application to reflect any required changes. In addition, should the Board re-establish the groupings of distributor-specific stretch factors, the Board will update that data accordingly.

The above data is included in the 2012 IRM3 Rate Generator which is presented in the evidence at Tab 2.

Shared Tax Savings Rate Rider

As part of the Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors (EB-2007-0673), September 17, 2008, the Board determined that there would be a 50/50 sharing of the impact of currently known legislated tax changes. As part of this application, Burlington Hydro has included the appropriate tax rate reduction.

Burlington Hydro has completed the 2012 IRM3 Tax Savings Workform and has determined the tax sharing amounts. This model is included at Tab 3. These rate riders have been inputted on Sheet 14 of the Rate Generator.

Revenue-to-Cost Ratio Adjustment

In its 2011 IRM application, Burlington Hydro implemented the final phase of the directive from the Board's Decision on Burlington Hydro's 2010 cost of service application in regards to revenue-to-cost ratios. Consequently, no further adjustment to the revenue-to-cost ratios is made or sought in the current application.

Deferral and Variance Account Rate Rider

In the 2012 IRM applications, applicants are to include Group 1 Deferral/Variance accounts, the Special Purpose Charge variance account and Deferred PILs variance account. In preparing this application, Burlington Hydro has adhered strictly to the Report of the Board on Electricity Distributor's Deferral and Variance Account Review Report (the "EDDVAR Report") and to the "Decision and Order (EB-2008-0381), Account 1562 Deferred Payment in Lieu of Taxes, June 24, 2011."

The EDDVAR Report detailed that during the IRM plan term, the Group 1 audited account balances will be reviewed and disposed of if the preset disposition threshold of $0.001/kWh (debit or credit) is achieved. Burlington Hydro's cost of service rebasing application included disposition of the majority of these accounts. Burlington Hydro has not included Account 1595 in this analysis as it is currently being disposed of through approval in the 2010 cost of service application; the account is being cleared over a four year period and any residual will be brought forward in a future year. As set out in the 2012 IRM filing instructions, Burlington Hydro's Special Purpose Charge variance account and Deferred PILs variance account are included for disposition. A summary of Burlington Hydro's Group 1 and other accounts is shown in Table 1 below. While Burlington Hydro has historically recorded interest in a single account, to be consistent with this application the interest amounts have been moved to the specific accounts shown in Table 1 and in the Rate Generator. (Please note that the $56,074 variance shown in the

Rate Generator continuity schedule is the difference between the RRR value and the amount calculated by the PILs model; the difference is to the customers' advantage.)

Table 1: Summary of Group 1 and Other Accounts

Account Description	Account Number	Closing Principal Balance as at December 31, 2010	Interest Amounts to April 30, 2012	Total Claim Amount
LV Variance Account	1550	$(255,857)	$ (7,115)	$ (262,972)
RSVA – Wholesale Market Service Charge	1580	$ (2,165,508)	$ (50,980)	$ (2,216,487)
RSVA – Retail Transmission Network Charge	1584	$329,658	$12,269	$341,927
RSVA – Retail Transmission Connection Charge	1586	$(377,340)	$(7,537)	$(384,877)
RSVA – Power (excluding Global Adjustment)	1588	$(1,940,085)	$45,949	$(1,894,136)
RSVA – Power – Sub-Account – Global Adjustment	1588	$1,550,767	$23,663	$1,574,430
Special Purpose Charge Assessment Variance Account	1521	$171,140	$5,616	$176,756
Deferred Payments in Lieu of Taxes	1562	$(1,088,638)	$(100,461)	$(1,189,099)
TOTAL	-	**$(3,775,862)**	**$(78,595)**	**$(3,854,457)**

The Threshold Test, based on the above total claim amount (excluding the amount in accounts 1521 and 1562) and Burlington Hydro's 2010 approved cost of service volume of 1,703,251,515 kWh, determined an amount of $0.002 per kWh; i.e. above the threshold rate of $0.001 per kWh established by the Board.

The EDDVAR report states that the default disposition period to clear Group 1 account balances by means of a rate rider should be one year though an applicant may propose a different disposition period to mitigate rate impacts or to address any other applicable considerations. While it has a number of rate riders in its current tariff of rates and charges, Burlington Hydro has two rate riders for the disposition of various deferral/variance accounts; i.e. Deferral/Variance Account Rate Riders and Global Adjustment Rate Riders. In order to stabilize rates, simplify the resulting tariff sheet and hence facilitate customers' understanding and acceptance of the applicable rates and charges, the resulting Deferral/Variance Account Rate Riders and the Global Adjustment Rate Riders are based on a four-year disposition period; these rate riders are included in Sheet 12 of the Rate Generator.

Smart Meter Rate Adder

Burlington Hydro has a Smart Meter Adder included in its current tariffs. Given the Board's approval of a sunset date of April 30, 2012 for most distributors with Smart Meter Funding Adders, Burlington Hydro has not included a request for the continuation of the adder in this application. Instead, it will seek a stand-alone prudence review of its Smart Meter costs in the near future.

Retail Transmission Service Rates

The Board revised its Guideline G-2008-0001: "Electricity Distribution Retail Transmission Service Rates" ("RTSR"s) on June 22, 2011. Based on the most recent Uniform Transmission Rates (UTR) approved by the Board (EB-2010-0002), issued on January 18, 2011 and effective January 1, 2011, the current UTRs are:

- Network Service Rate: $3.22 per kW per month;
- Line Connection Service Rate: $0.79 per kW per month; and
- Transformation Connection Service Rate: $1.77 per kW per month.

The filing guidelines state that once the January 1, 2012 UTR adjustments have been determined by the Board, Board staff will adjust each distributor's 2012 rate application model to incorporate any change. This current application incorporates RTSRs based on a comparison of historical transmission costs adjusted for new UTR levels and revenues generated from existing RTSRs.

The 2012 RTSR Workform as provided by the Board and completed by Burlington Hydro is included in this application at Tab 4. The results from Sheet 13 of this model are included in the 2012 IRM3 Rate Generator at Sheets 7 and 8.

LRAM Rate Rider

In accordance with the Guidelines for Electricity Distributor Conservation and Demand Management (EB-2008-0037), March 28, 2008, Burlington Hydro has included in this application a request for the establishment of a rate rider to recover certain lost revenues.

Burlington Hydro herewith submits its request for the approval and recovery of historical Lost Revenue Adjustment Mechanism ("LRAM") amounts related to Conservation and Demand Management ("CDM") activities. It is requested that these amounts be recovered through a volumetric rate rider over a two-year period beginning May 1, 2012. Total amount for recovery is $273,165, including carrying charges of $4,231. The rate riders have been inputted into the Rate Generator. Amounts for LRAM recovery are summarized in Table 2.

Table 2: Summary of Requested LRAM Amounts

	LRAM	LRAM Carrying charges	Total
Residential	$99,506	$1,611	$101,117
GS < 50kW	$150,271	$2,316	$152,587
GS 50-4,999kW	$19,157	$304	$19,461
Total	**$268,934**	**$4,231**	**$273,165**

NOTES:

1. Totals may differ from the sum of rows or columns due to rounding
2. Carrying charges were calculated using OEB approved rates.

Burlington Hydro engaged IndEco Strategic Consulting Inc. to review its CDM program results and aid in the calculation of recovery amounts using OEB guidelines. IndEco reported that the values provided in this application are considered valid. The full report prepared by IndEco i.e. "Third Part Review: Burlington Hydro Inc. LRAM Claims" (the "Third Party Review") revised October 24, 2011, is included in this application as Tab 5. IndEco had also prepared Burlington Hydro's previous two LRAM claims; these were included in rates cases EB-2009-0259 and EB-2010-0067.

The LRAM adjusts for volumetric variances between actual CDM results and the corresponding quantities used in rate setting. The requested LRAM amounts are derived from programs run under contract from the Ontario Power Authority ("OPA") in 2009 and 2010. Lost revenues associated with these programs are estimated through April 30, 2012. None of the load reductions estimated was factored into the load forecast underpinning 2010-2011 rates.

The 2009 OPA program LRAM claims are only for the period between January 1, 2011 and April 30, 2012. An LRAM claim for the period before January 1, 2011 was included in Burlington Hydro's 2011 IRM application (EB-2010-0067).

The re-filed LRAM values in IndEco's October 24, 2011 report for the 2010 OPA programs are based on the final results provided recently by the OPA. These final values replace the interim values contained in Burlington Hydro's September 16, 2011, filing which were based on the number of installs or on methods of estimating program savings. The LRAM claim for 2010 programs is for the period between January 1, 2010 and April 30, 2012.

Load losses from CDM programs for the period through April 30, 2012, net of free riders, are shown in Table 2 of the Third Party Review; the resulting lost revenues are summarized in Table 5 of the same document.

Energy savings related to 2011 OPA programs have not been captured in this LRAM claim, and lost revenues from these programs will be collected as part of a future claim.

In requesting recovery of the LRAM amounts by way of volumetric rate riders over a two-year period, the foregone revenue from each customer class was allocated to that class for recovery. Table 3 below – which is built on Table 8 in the Third Party Review document – sets out the corresponding amounts by class, as well as the corresponding rate riders based on the most recent (i.e. 2010) RRR reported load.

Table 3: LRAM/SSM Amounts and Rate Riders by Class

	LRAM	Carrying charges	Total	Unit	Annual Billed kWh/kW	2-yr Rate Rider $/unit
Residential	$99,506	$1,611	$101,117	kWh	579,116,811	0.00009
GS < 50kW	$150,271	$2,316	$152,587	kWh	178,122,314	0.00043
GS 50-4,999kW	$19,157	$304	$19,461	kW	2,405,197	0.00405
Total	**$268,934**	**$4,231**	**$273,165**	--	--	--

NOTES:

1. Totals differ from the sum of rows or columns due to rounding

Late Payment Class Action Recovery

The OEB in its February 22, 2011, Decision and Order (EB-2010-0295) made an award against the Province's LDCs in the settlement of the Late Payment Penalty class action. The Decision and Order also instructed all affected electricity distributors that then had an IRM or cost of service application before the Board to provide details of the derivation of the rate riders they wished to claim in order to recover the awarded amount. As part of its 2011 IRM application, Burlington Hydro sought recovery of a one-time expense in the (revised) amount of $229,874.32 which was required to be paid on June 30, 2011.

In its Supplemental Filing dated February 25, 2011, Burlington Hydro provided the required information and requested specific rate riders to recover the one-time expense. As part of the Decision and Order (EB-2010-0067), March 17, 2011, the Board approved the requested rate riders for the recovery of the late payment penalty litigation costs; the rate riders were for one year's duration beginning May 1, 2011 and terminating April 30, 2012. With the full recovery of this one-time expense, Burlington Hydro has not included any late payment penalty litigation rate riders in this current application.

Input Data for Work Forms

RTSR Work Form

The rate classes entered in "Sheet 3: Rate Classes" are taken from the most recent Board-approved Tariff of Rates and Charges i.e. Decision and Order, EB-2010-0067, March 17, 2011, Appendix A - Draft Tariff of Rate and Charges. (Filed in this application as Appendix C, Attachment 1.) (NB. While this tariff sheet is shown as "draft", it is in fact the latest. The Board did not issue a subsequent tariff sheet after the Draft Rate Order was approved.) Since GS 50-4,999 kW and GS 50-4,999 kW Interval Metered have different RTSR rates, these have been inputted as separate rate classes in Sheet 3.

"Sheet 4: RRR Data" requires the most recently reported RRR billing determinants; i.e. year 2010 actual data. The immediately-available RRR data from the Board's website does not differentiate between the GS 50-4,999 kW and GS 50-4,999 kW Interval Metered sub-classes and, moreover, the RRR data available are for "Billed kWh and Billed kW" whereas the data that are to be entered on Sheet 4 are to be "non-loss adjusted". The available RRR data are shown below in Table 4: Available RRR Data.

Table 4: Available RRR Data

Rate Class	Customers/Connections	Billed kWh	Billed kW
Residential	58,263	579,116,811	
General Service<50kW	5,045	178,122,314	
General Service>50 kW-4,999kW	1,021	943,596,172	2,405,197
Unmetered Scattered Load	25	3,658,058	
Street Lighting	14,927	9,886,279	25,867

While no adjustment is needed for the kW-determinant classes since their values in the model are not affected by losses, the data in Table 4 above needs to have the loss factor backed out so the resulting "Loss-Adjusted Billed kWh" shown on the second-last column of Sheet 4 corresponds with the above data.

Since the kWh values on this sheet are for the year 2010, the loss factors should be for the same year.

- The Loss Factor for January-April 2010 is 1.0429 per Decision and Order, EB-2008-0163, March 10, 2009 (filed in this application as Appendix C, Attachment 2) – this value was in effect from May 1, 2009 until April 30, 2010).
- The Loss Factor for May-December 2010 is 1.0405 per Rate Order, EB-2009-0259, March 26, 2010 – revised tariff sheet April 12, 2010. (Filed in this application as Appendix C, Attachment 3)
- The resultant loss factor for all of 2010 is (1.0429/12x4) + (1.0405/12 x 8) = 1.0413. By dividing the Billed kWh value for each applicable class in Table 4 above by the 2010 average Loss Factor, the required Non-Loss Adjusted Metered kWh values in Sheet 4 were obtained; however, the split into GS 50-4,999 kW and GS 50-4,999 kW Interval Metered sub-classes still required to be determined.

In order to split the load into GS 50-4,999 kW and GS 50-4,999 kW Interval Metered sub-classes, the data for the year 2010 shown in Table 5 below were extracted from Burlington Hydro's billing records.

Table 5: GS>50-4,999 kW Non-Interval Metered and Interval Metered Usage – Year 2010

Non-Interval Metered	729,271.43 kW
Interval Metered	1,675,925.68 kW
Total	2,405,197.11 kW

Using the 30.320% and 69.680% split derived from Table 5 above, Sheet 4 was populated for the GS 50-4,999 kW and GS 50-4,999 kW Interval Metered sub-classes.

To populate "Sheet 6: Historical Wholesale", Burlington Hydro's billing details for the three wholesale transmission components for the same reporting period as "Sheet 4: RRR Data" (i.e. year 2010) were obtained. The primary source for the required data is the ENERconnect Invoice Verification Reports for each of the 12 months of 2010; these data are the "Amount" values shown in Sheet 6 for each of the three components. In order to obtain the kW values shown in Sheet 6, the billed amounts were divided by the appropriate Uniform Transmission Rates (UTR) as shown.

As will be noted from Sheet 5, the UTRs remained unchanged during all of 2010 (i.e. the effective UTR values do not need to be blended as the load factors had been.)

Sheet 13 contains the RTSR rates that were inputted into the Rate Generator, Sheets 7 and 8.

Tax Savings Work Form

The input data for "Sheet 3: Re-Based Bill Det & Rates" are from the last Cost of Service rebasing which, for Burlington Hydro, was the year 2010. The Customers/Connections, Billed kWh and Billed kW data were obtained from the (updated) Draft Rate Order, EB-2009-0259, March 23, 2010, page 3. (Filed in this application as Appendix C, Attachment 4) The rate re-balanced data (Base Service Charge, Distribution Volumetric Rate kWh and Distribution

Volumetric Rate kW) were obtained from Rate Order, EB-2009-0259, March 26, 2010 – revised tariff sheet April 12, 2010. (Filed in this application as Appendix C, Attachment 3)

The input data for "Sheet 5: Z-Factor Tax Changes" were obtained from the (updated) Draft Rate Order, EB-2009-0259, March 23, 2010, Appendix A – Revenue Requirement Workform, pages 2 and 5; and Appendix B – Revenue Requirement Supporting Material, page 9. (Filed in this application as Appendix C, Attachment 4)

"Sheet 6: Calc Tax RRider Var" contains the resulting tax savings rate riders that were inputted into sheet 17 of the 2012 Rate Generator.

2012 Rate Generator

As part of this revised filing, the 2012 Rate Generator has been updated to reflect the revised LRAM rate riders noted earlier in Table 3.

The data input to "Sheets 3 to 8" were from the latest Board-approved tariff of rates and charges; i.e. Decision and Order, EB-2010-0067, March 17, 2011, Appendix A- Draft Tariff of Rate and Charges. (Filed in this application as Appendix C, Attachment 1)

The data input to "Sheet 9: 2012 Continuity Schedule" were extracted from Burlington Hydro's accounting records; a summary of these data was presented earlier in this Manager's Summary as Table 1.

In "Sheet 10: Deferral/Variance Accounts – Billing Determinants" the most recently-approved volumetric forecast is from the 2010 Cost of Service; i.e. (updated) Draft Rate Order, EB-2009-0259, March 23, 2010, page 3. (Filed in this application as Appendix C, Attachment 4) The corresponding Distribution Revenue data were extracted from the 2012 IRM3 Tax Savings Workform, Sheet 4 – Re-based Revenue From Rates.

In "Sheet 14 – Proposed Volumetric Rate Riders", the Global Adjustment and Deferral/Variance values are those automatically included by the model from the values calculated previously in Sheet 12. The LRAM Rate Riders are calculated from the LRAM report prepared for Burlington

Hydro by IndEco as noted earlier. Those LRAM rate riders were shown earlier in Table 3 in this Manager's Summary.

The RTSR rate riders inputted into "Sheets 15 and 16" are those previously calculated in the RTSR Workform, sheet 13.

In "Sheet 17: Adjustments for Revenue/Cost Ratios and GDP-IPI-X", no change in the Revenue-to-Cost Ratios had been approved or requested; hence these adjustments are input as zero.

In "Sheet 18: Loss Factors Current and Proposed" and "Sheet 19: Other Changes", the inputted values are the most recent Board-approved Tariff of Rates and Charges, i.e. Decision and Order, EB-2010-0067, March 17, 2011, Appendix A - Draft Tariff of Rate and Charges. (Filed in this application as Appendix C, Attachment 1)

Outstanding Board Directives

Burlington Hydro has no outstanding Board Directive. As part of the 2010 Cost of Service proceeding (EB-2009-0259) the Board directed Burlington Hydro to calculate the amount of contributions that should have been received from the City in each year since the date of the Shareholder Direction, and the impact on both gross assets and accumulated depreciations up to December 31, 2010. This matter was resolved in the 2011 IRM.

Conclusion

A copy of the current and proposed tariff sheets are included as Appendix A of this Schedule; the customer bill impacts are provided in Appendix B of this Schedule. In summary, the bill impact for a Burlington Hydro Residential customer, with a monthly electricity consumption of 800 kWh, will be a reduction of 2.9% or $3.23 per month after HST and the Ontario Clean Energy Benefit; the reduction is primarily due to the termination of the $2.50 Smart Meter Adder. The bill impact for a General Service Less Than 50 kW customer with a monthly electricity consumption of 2,000 kWh will be a net reduction of 1.3% or $3.41 per month.