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**BY E-MAIL**

November 3, 2011

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Burlington Hydro Inc.  
2012 IRM3 Distribution Rate Application  
Board Staff Interrogatories  
Board File No. EB-2011-0155**

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

In addition please advise Burlington Hydro Inc. that responses to interrogatories are due by November 17, 2011.

Yours truly,

*Original Signed By*

Suresh Advani

Encl.

**Burlington Hydro Inc.**  
**2012 Electricity Distribution Rates**  
**EB-2011-0155**  
**Board Staff Interrogatories**

**1. Account 1588**

Ref: Rate Generator Model

A portion of Sheet "9. 2012 Cont. Sched. Def\_Var" from the Rate Generator Model is reproduced below.

		<b>2.1.7 RRR</b>	
<b>Account Descriptions</b>	<b>Account Number</b>	<b>As of Dec 31-10 *</b>	<b>Variance RRR vs. 2010 Balance (Principal + Interest)</b>
<b>Group 1 Accounts</b>			
LV Variance Account	1550	-\$ 257,968	\$ -
RSVA - Wholesale Market Service Charge	1580	-\$ 2,174,130	\$ -
RSVA - Retail Transmission Network Charge	1584	\$ 335,479	-\$ 1
RSVA - Retail Transmission Connection Charge	1586	-\$ 377,496	\$ -
RSVA - Power (excluding Global Adjustment)	1588	-\$ 1,856,188	\$ 1
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 1,544,098	-\$ 2
Recovery of Regulatory Asset Balances	1590		-\$ 1
Disposition and Recovery of Regulatory Balances (2008) <sup>7</sup>	1595		\$ -
Disposition and Recovery of Regulatory Balances (2009) <sup>7</sup>	1595		\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		-\$ 2,786,205	-\$ 3
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		-\$ 4,330,303	-\$ 1
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	<b>\$ 1,544,098</b>	<b>-\$ 2</b>
<b>Special Purpose Charge Assessment Variance Account</b>	<b>1521</b>	<b>\$ 173,410</b>	<b>\$ -</b>
<b>Deferred Payments in Lieu of Taxes</b>	<b>1562</b>	<b>-\$ 1,111,692</b>	<b>\$ 56,074</b>
<b>Group 1 Total = 1521 + 1562</b>		<b>-\$ 3,724,487</b>	<b>\$ 56,071</b>

- a) Board Staff notes that the balances as of Dec.31-10 in the "2.1.7 RRR" column for Account Number 1588, i.e. (\$1,856,188) in RSVA – Power (excluding Global Adjustment) and \$1,544,098 in RSVA – Power – Sub-Account - Global Adjustment, imply a net balance of (\$312,090).

Board Staff notes that the net balance for Account 1588 reported in the 2.1.7 RRR is (\$299,478).

Please reconcile the difference between these two amounts.

## **2. Billing Determinants (kWh)**

Ref: Manager's Summary (RTSR Work Form)

- a) Please confirm whether the billing determinants (kWh) reported by Burlington Hydro in the 2.1.5 RRR are Metered kWh or Billed kWh.

### 3. Rate Riders – Deferral/Variance and Global Adjustment

Ref: Rate Generator Model

A portion of Sheet “14. Proposed Rate\_Riders” from the Rate Generator Model is reproduced below.

Rate Description	Unit	Amount	Effective Until Date		Proposed Amount	Effective Until Date
<b>Residential</b>						
Rate Rider for Global Adjustment Sub-Account Disposition - Applicable only for Non-RPP Customers	\$/MWh	0.00030	April 30, 2014	Continue		
Rate Rider for Deferral/Variance Account Disposition	\$/MWh	-0.00060	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	\$/MWh	0.00040	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2010)	\$/MWh				0.00009	April 30, 2014
Rate Rider for Tax Change	\$/MWh				-0.00030	April 30, 2013
<b>General Service Less Than 50 kW</b>						
Rate Rider for Global Adjustment Sub-Account Disposition - Applicable only for Non-RPP Customers	\$/MWh	0.00030	April 30, 2014	Continue		
Rate Rider for Deferral/Variance Account Disposition	\$/MWh	-0.00060	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	\$/MWh	0.00040	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2010)	\$/MWh				0.00058	April 30, 2014
Rate Rider for Tax Change	\$/MWh				-0.00020	April 30, 2013
<b>General Service 50 to 4,999 kW</b>						
Rate Rider for Global Adjustment Sub-Account Disposition - Applicable only for Non-RPP Customers	\$/MWh	0.12400	April 30, 2014	Continue		
Rate Rider for Deferral/Variance Account Disposition	\$/MWh	-0.29060	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery	\$/MWh	0.01420	April 30, 2014	Continue		
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Savings Mechanism (SSM) Recovery (2010)	\$/MWh				0.02258	April 30, 2014
Rate Rider for Tax Change	\$/MWh				-0.02930	April 30, 2013
<b>Unmetered Scattered Load</b>						
Rate Rider for Global Adjustment Sub-Account Disposition - Applicable only for Non-RPP Customers	\$/MWh	0.00030	April 30, 2014	Continue		
Rate Rider for Deferral/Variance Account Disposition	\$/MWh	-0.00060	April 30, 2014	Continue		
Rate Rider for Tax Change	\$/MWh				-0.00030	April 30, 2013
<b>Street Lighting</b>						
Rate Rider for Global Adjustment Sub-Account Disposition - Applicable only for Non-RPP Customers	\$/MWh	0.10890	April 30, 2014	Continue		
Rate Rider for Deferral/Variance Account Disposition	\$/MWh	-0.33590	April 30, 2014	Continue		
Rate Rider for Tax Change	\$/MWh				-0.07720	April 30, 2013

- a) The Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) is shown as a 2010 rate rider, while it appears to pertain to 2012. If this is an error, Board staff will make the relevant corrections.

#### **4. LRAM Claims**

Ref: IndEco Third Party Review / Page 3

IndEco notes that its review examined the measures, energy savings, and equipment specifications for programs run under contract to the OPA in 2009 and 2010. It also notes that 2009 OPA program LRAM claims are for the period between January 1, 2011 and April 30, 2012, and 2010 OPA program LRAM claims are for the period between January 1, 2010 and April 30, 2012.

- a) Please confirm that Burlington Hydro is requesting recovery of lost revenues estimated to April 30, 2012 for programs undertaken in 2009 and 2010.
- b) If part a) is confirmed, please discuss the rationale for requesting recovery of estimated lost revenues until April 30, 2012 in the absence of verified program results for both the 2011 program year and January 1, 2012 to April 30, 2012.
- c) If part a) is confirmed, please provide an updated LRAM amount exclusive of estimated lost revenues past December 31, 2010.

## 5. Account 1521 – Special Purpose Charge (“SPC”)

Ref: Manager’s Summary, Table 1, Page 4

- a) Please confirm Burlington Hydro’s SPC assessment amount and provide a copy of the original SPC invoice.
- b) Please complete the following table related to the SPC.

SPC Assessment (Principal balance)	Amount recovered from customers in 2010	Carrying Charges for 2010	December 31, 2010 Year End Principal Balance	December 31, 2010 Year End Carrying Charges Balance	Amount recovered from customers in 2011	Carrying Charges for 2011	Forecasted December 31, 2011 Year End Principal Balance	Forecasted December 31, 2011 Carrying Charges Balance	Total for Disposition (Principal & Interest)

**6. Missing Evidence – Account 1562/PILs**

- a) Please file the notices of assessment and any notices of reassessment including the statements of adjustments for the tax years 2001 to 2006.

## **7. Request for Disposition - Account 1562/PILs**

In the revised manager's summary dated October 26, 2011 in table 1 on page 4, Burlington has shown a PILs 1562 credit or payable amount to ratepayers of (\$1,189,099). In the Excel workbook labelled 'Elenchus PILs Recovery Crosschecking model r1.xls' the balance shown in tab G1.1 Request for Disposition is a credit balance or refund to customers of (\$1,266,958) and comprises a principal credit of (\$1,154,078) and credit interest carrying charges of (\$112,880).

- a) Please clarify the amount being applied for disposition.
- b) If the credit amount of (\$1,189,099) is correct, please identify the evidence that supports the balance.



## **8. Income Tax Rate – 2005 SIMPIL – Account 1562/PILs**

Please file the notices of assessment and any notices of reassessment including the statements of adjustments for the tax years 2001 to 2006.

In the SIMPIL models for 2001 to 2004, Burlington has used the income tax rate including the surtax rate expressed as 1.12% to calculate the tax impact. This is consistent with the Board's decision in the combined proceeding.<sup>1</sup> However, in the 2005 SIMPIL model Burlington used 35.00% rather than 36.12% to calculate the tax impact.<sup>2</sup>

- a) Please explain why Burlington chose the income tax rate of 35.00%.

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<sup>1</sup> EB-2008-0381, June 24, 2011, pages 17-19.

<sup>2</sup> 2005 SIMPIL/ sheet TAXCALC/ cell E123.

## **9. Excess Interest Expense True-up Calculations – Account 1562/PILs**

In 2002 SIMPIL sheet TAXREC3, Burlington entered an amount for capitalized interest of \$274,971. On sheet TAXCALC in the interest true-up calculations (cells E199 to E206) the actual interest amount of \$3,112,566<sup>3</sup> does not include an amount for the addition of the capitalized interest. In the 2006 EDR Handbook, schedule 7-3<sup>4</sup> shows the components of interest expense comprised of interest reported under RRR<sup>5</sup> plus capitalized interest.

- a) Please explain whether Burlington believes that interest expense should be adjusted to include the addition of capitalized interest for purposes of the excess interest true-up calculations.

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<sup>3</sup> From 2002 statement of earnings and retained earnings in audited financial statements.

<sup>4</sup> 2006 EDR Handbook, Chapter 7, Schedule 7-3 Interest Expense.

<sup>5</sup> Reporting and Record Keeping Requirements

## **10. Interest Expenses for Tax Years 2001 to 2005 – Account 1562/PILs**

For the tax years 2001 to 2005:

- a) Did Burlington have interest expense related to items other than debt that is disclosed as interest expense in its financial statements?
- b) Did Burlington net interest income against interest expense in deriving the amount it shows as interest expense? If yes, please provide details to what the interest income relates.
- c) Did Burlington include interest expense on customer security deposits in interest expense?
- d) Did Burlington include interest expense on IESO prudentials in interest expense?
- e) Did Burlington include interest carrying charges on regulatory assets or liabilities in interest expense?
- f) Did Burlington include the amortization of debt issue costs, debt discounts or debt premiums in interest expense?
- g) Did Burlington deduct capitalized interest in deriving the interest expense disclosed in its financial statements?
- h) Please provide Burlington's views on which types of interest income and interest expense should be included in the excess interest true-up calculations.
- i) Please provide a table for the years 2001 to 2005 that shows all of the components of Burlington's interest expense and the amount associated with each type of interest.