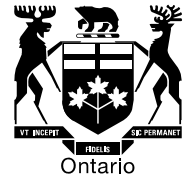


**Ontario Energy
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BY EMAIL

January 11, 2013

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Burlington Hydro Inc.
2013 IRM Distribution Rate Application
Board Staff Submission
Board File No. EB-2012-0110**

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.

In addition please remind Burlington Hydro Inc. that its Reply Submission is due by January 28, 2013.

Yours truly,

Original Signed By

Suresh Advani

Encl.



ONTARIO ENERGY BOARD

BOARD STAFF SUBMISSION

2013 ELECTRICITY DISTRIBUTION RATES

Burlington Hydro Inc.

EB-2012-0110

January 11, 2013

**Board Staff Submission
Burlington Hydro Inc.
2013 IRM Rate Application
EB-2012-0110**

Introduction

Burlington Hydro Inc. (“Burlington”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”), received on October 24, 2012, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the distribution rates that Burlington charges for electricity distribution, to be effective May 1, 2013. The Application is based on the 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 Burlington.

Board staff makes submissions on the following matters:

- Review and Disposition of Group 1 Deferral and Variance Account Balances;
- Retail Transmission Service Rates (“RTSR”) Adjustment Workform; and
- Shared Tax Savings.

Review and Disposition of Group 1 Deferral and Variance Account Balances

Background

The *Report of the Board on Electricity Distributors’ Deferral and Variance Account Review Initiative* (the “EDDVAR Report”) provides that during the IRM plan term, the distributor’s Group 1 audited account balances will be reviewed and disposed if the preset disposition threshold of \$0.001 per kWh (debit or credit) is exceeded. Debit balances are recoverable from customers whereas credit balances are amounts payable to customers.

Burlington completed the Deferral and Variance Account continuity schedule¹ for its Group 1 Deferral and Variance Accounts. Burlington's total Group 1 Deferral and Variance Account balances amount to a credit of \$948,898 which includes interest calculated to April 30, 2013. Based on the disposition threshold test, the Group 1 Deferral and Variance Account balances equate to \$0.0006 per kWh which does not exceed the threshold, and as such, Burlington did not request disposition of these account balances.

Submission

In interrogatory #3, Board staff noted that although the variance amounts for all Group 1 Accounts shown in the Rate Generator Model add to zero, there are variances within each individual Group 1 Account. Board staff asked for an explanation for these variances.

In response to the interrogatory, Burlington indicated that the individual Group 1 Account balances in the Rate Generator Model are inclusive of carrying charges while the balances reported as part of the *Reporting and Record-keeping Requirements* ("RRR") 2.1.7 Trial Balance for the Wholesale Market Service, Retail Transmission Network Charges and Retail Transmission Connection Charges are the principal balances only. Therefore the variances for these Group 1 accounts represent carrying charges.

Burlington further stated that the carrying charges for these accounts were pooled together in the RSVA – Power account, which is shown as one combined account balance for RRR reporting purposes and also includes the sub account of Global Adjustment.

Board staff notes that the preset disposition threshold is not exceeded. Accordingly, Board staff has no issue with Burlington's request not to dispose of its Group 1 2011 Deferral and Variance Account balances at this time.

With respect to the variance amounts, Board staff submits that Burlington should record both principal and carrying charge amounts in Accounts 1580, 1584 and 1586 in the RRR going forward instead of grouping the carrying charge amounts together in

¹ Included in Tab 5 of the 2013 IRM Rate Generator Model.

Account 1588 in the RRR.

RTSR Adjustment Workform

Background

Burlington requested an adjustment to its RTSRs, using the RTSR Workform provided by the Board to assist distributors in calculating their specific RTSR adjustments.

Submission

Board staff has no concerns with the data supporting the updated RTSRs proposed by Burlington. Pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff notes that it will adjust Burlington's 2013 RTSR Model and Rate Generator Model to incorporate the UTRs effective January 1, 2013. Burlington will have an opportunity to comment on the accuracy of Board staff's updates as part of the draft Rate Order process.

Shared Tax Savings

Background

Burlington completed the Sharing of Tax Change Forecast Amounts included in Tab 5 of the 2013 IRM Shared Tax Savings Model. The amount of tax savings to be returned to ratepayers is \$233,241.

Submission

Board staff has no issues with Burlington's proposal.

All of which is respectfully submitted.