

**Reply Submission
Burlington Hydro Inc.
2013 IRM Application
EB-2012-0110**

Introduction

On October 24, 2012, Burlington Hydro Inc. (“Burlington”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) seeking new electricity distribution rates effective May 1, 2013. The Application was filed under section 78 of the *Ontario Energy Act, 1998*. The Application adhered strictly to the 3rd Generation Incentive Regulation Mechanism rate-setting approach contained in Chapter 3 of the Filing Requirements for Electricity Transmission and Distribution Applications, dated June 28, 2012 (the “Filing Requirements”).

On November 14, 2012, Board staff filed interrogatories which Burlington responded to on December 7, 2012.

On January 11, 2013, Board staff filed its submission. This current document is Burlington’s Reply Submission to the Board Staff Submission.

Burlington will address in turn each of the three matters raised in the Board Staff Submission:

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

Review and Disposition of Group 1 Deferral and Variance Account Balances

Board staff noted that Burlington’s total Group 1 Deferral and Variance (“D&V”) Account balances produce a credit (i.e. payable to customers) of \$949,898 which includes interest calculated to April 30, 2013; this equates to \$0.0006 per kWh. This amount, Board staff further noted, does not exceed the threshold defined in the Board’s threshold test; this was recognized as the basis for Burlington not requesting disposition of these account balances. Board staff raised no issues regarding the accuracy of this amount.

Board staff thus submitted:

“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.”

Board staff further submitted that Burlington should record both principal and carrying charges amounts in Accounts 1580, 1584 and 1586 in the RRR going forward instead of grouping the carrying charges together in Account 1588 in the RRR. Burlington considers that this proposed approach is an improvement on its current accounting practices and fully accepts Board staff's suggestion; Burlington will implement this improvement immediately.

Retail Transmission Service Rates ("RTSR") Adjustment Workform

Regarding Burlington's request to make adjustments to its RTSRs, Board staff stated:

"Board staff has no concerns with the data supporting the updated RTSRs proposed by Burlington."

It was further noted that pursuant to Guideline G-2008-0001, updated on June 28, 2012, Board staff will adjust Burlington's 2013 RTSR Model and Rate Generator to incorporate the UTRs effective January 1, 2013. Burlington appreciates Board staff performing this update.

Shared Tax Savings

Board staff noted that as a result of completing the 2013 IRM Shared Tax Model, Burlington proposed to return \$233,241 to its ratepayers.

Board staff submitted:

"Board staff has no issues with Burlington's proposal."

Conclusion

Burlington submits that its Application adheres strictly to the Board's Filing Requirements for 3rd Generation Incentive Regulation Mechanism applications and is accurate in every aspect. After detailed examination of the Application and interrogatories, Board staff found no issue with the approvals being requested. Burlington therefore respectfully requests that its Application be approved as requested subject to the update in RTSRs proposed by Board staff.

~ All of which is respectfully submitted ~