Exhibit 9:

DEFERRAL AND VARIANCE ACCOUNTS

Exhibit 9: Deferral And Variance Accounts

Tab 1 (of 7): Status of Deferral and Variance Accounts

DESCRIPTION OF DEFERRAL AND VARIANCE ACCOUNTS

Overview

Burlington Hydro proposes to dispose of a credit of $3.7M recorded in relation to Group 1 and Group 2 Variance/Deferral Accounts, plus the associated carrying charges up to and including April 30, 2014. Burlington Hydro also proposes to dispose of a net debit balance of $260K recorded in account 1568 being the Lost Revenue Adjustment Mechanism Variance Account and a credit of $2.9M being the balance of account 1576 for accounting changes under CGAAP, to dispose of a debit of $4.5M for the Net Book Value of Stranded Meters and to dispose of the credit of $497k (including carrying charges) for the past over-recover of MDMR charges. All balances are proposed to be disposed of over 2 years.

The purpose of this exhibit is to identify the variance/deferral accounts that have been used, provide the principal balance recorded in each variance/deferral account, derive the carrying charges on each account's balance up to and including April 30, 2014, describe the methodology proposed to allocate account balances to customer classes, describe the rationale supporting the proposed disposition period, describe the proposed charge parameters and quantify the proposed rate riders that will dispose of the recorded balances.

Burlington Hydro has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report. Burlington Hydro is filing a completed OEB EDVAAR excel workbook in conjunction with this application.

Burlington Hydro follows and is in compliance with the OEB's Uniform System of Accounts for electricity distributors. All accounts are used in accordance with the Accounting Procedures Handbook.

Burlington Hydro used the cash method to calculate carrying charges. Effective July 1, 2012 Burlington Hydro has transitioned to the accrual method in accordance with the Board's directive. The Board prescribed interest rates are used to calculate the carrying charges and the interest is recorded in a sub-account.

Description of DVA accounts, balances and carrying charges up to and including April 30, 2014

As of December 31, 2012, Burlington Hydro recorded principal balances in the following Board-approved deferral and variance accounts:

Group 1 Accounts

- 1580 – Retail Settlement Variance Account 1 – Wholesale Market Service Charges ("RSVAWMS")
- 1584 – Retail Settlement Variance Account – Retail Transmission Network Charges ("RSVANW")
- 1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges ("RSVACN")
- 1588 – Retail Settlement Variance Account– Power ("RSVAPOWER")
- 1589– Retail Settlement Variance Account – Global Adjustment ("RSVAGA")

Group 2 Accounts

- 1518 - Retail Cost Variance Account – Retail
- 1548 – Retail Cost Variance Account STR

Each account is described at the next page.

Group 1 Accounts

1580 – Retail Settlement Variance Account 1 – Wholesale Market Service Charges ("RSVAWMS")

Account Description: The Retail Settlement Variance Account is used to record net differences in Wholesale Market Service Charges, including accruals.

RSVAWMS is used to record the difference between the amount of wholesale market services charges paid to the IESO or host distributor and the amounts billed to customers for wholesale market services charges. These amounts are calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through April 30, 2014 for account 1580. The December 31, 2012 audited reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $3,858,910.

1584 – Retail Settlement Variance Account – Retail Transmission Network Charges ("RSVANW")

Account Description: The Retail Settlement Variance Account is used to record net differences in Retail Transmission Network Charges, including accruals.

RSVANW is used to record the difference between the amount of retail transmission network charges paid to the IESO or host distributor and the amounts billed to customers for retail transmission network costs. These amounts are calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through April 30, 2014 for account 1584. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $551,670

1586 – Retail Settlement Variance Account – Retail Transmission Connection Charges ("RSVACN")

Account Description: The Retail Settlement Variance Account is used to record net differences in Retail Transmission Connection Charges, including accruals.

RSVACN is used to record the difference between the amount of retail transmission connection costs paid to the IESO or host distributor and the amounts billed to customers for retail transmission connection costs. These amounts are calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through April 30, 2014 for account 1586. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $6,777.

1588 – Retail Settlement Variance Account– Power ("RSVAPOWER")

Account Description: The Retail Settlement Variance Account is used to record net differences between the energy amount charged to customers, including accruals AND the energy charge to a distributor using the settlement invoice received from the IESO, host distributor or embedded generator

The RSVAPOWER account is to be used to record the net differences in energy costs using the settlement invoice received from the IESO, host distributor, or embedded generator and the amounts billed to customers for energy. These amounts are

calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

The RSVA power account is designed to capture variances due to billing timing differences (i.e. electricity charged by IESO to LDCs vs. electricity billed by LDCs to their customers), price and quantity differences (i.e. arising from final vs. preliminary IESO settlement invoices), and line loss differences (i.e. actual vs. estimated line loss factors).

This account is not designed to capture any price differences between the regulated price plan (RPP) and spot prices applicable to RPP customers. This is the function of the Ontario Power Authority (OPA) RPP variance account which is trued-up in accordance with the terms established by the Board for the RPP.

Accordingly, since the RSVA power account is generic to all customers of an LDC, disposition of the account balance in rates is attributable to all its customers.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through April 30, 2014 for account 1588 RSVA. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $1,590,945.

1589– Retail Settlement Variance Account – Global Adjustment ("RSVAGA")

Account Description: The Retail Settlement Variance Account is used to record the Global Adjustment net differences between the global adjustment amounts billed to non-RPP customers, including accruals AND the global adjustment charge to a distributor using the settlement invoice received from the IESO, host distributor or embedded generator.

The RSVAGA account is used to record the net differences between the global adjustment amount billed, to non-RPP consumers and the global adjustment charge to a distributor for non-RPP consumers, using the settlement invoice received from the IESO,

host distributor or embedded generator. These amounts are calculated on an accrual basis, as are the carrying charges, which are assessed on the monthly opening principal balance of this RSVA account.

The 1588 RSVA power - Sub-account Global Adjustments is designed for the global adjustments applicable to non-RPP customers. Hence, the disposition of the account balance should be attributable to non-RPP customers.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through April 30, 2014 for account 1588GA. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $1,144,599

Group 2 Accounts

1518 - Retail Cost Variance Account – Retail

Account Description: This account shall be used to record the net of :

i) revenues derived from the following services described in the Rates Handbook:
   a) Establishing Service Agreements;
   b) Distributor-Consolidated Billing;
   c) Retailer-Consolidated Billing; and
   d) Split Billing;

AND

ii) the costs of entering into Service Agreements, and related contract administration, monitoring, and other expenses necessary to maintain the contract, as well as the incremental costs incurred to provide the services in (b) and (d) above, as applicable, and the avoided cost credit arising from Retailer-Consolidated Billing.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through December 30, 2013 for account 11518. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a credit of $55,111
Variances are incremental costs associated with providing services. Since the balance including carrying charges does not meet the materiality threshold, Burlington does not need to provide details on the drivers and details on the revenue or expenses associated with account 1518.

1548 - Retail Cost Variance Account – STR

Account Description: This account shall be used to record the net of:

i) revenues derived, including accruals, from the Service Transaction Request services and charged by the distributor, as prescribed, in the form of a:
   a) Request fee;
   b) Processing fee;
   c) Information Request fee;
   d) Default fee; and
   e) Other Associated Costs fee;

AND

ii) the incremental cost of labour, internal information system maintenance costs, and delivery costs related to the provision of the services associated with the above items.

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus the forecasted interest through December 30, 2013. The December 31, 2012 audited balance reconciles with filing 2.1.7 of the RRR.

The balance requested for disposal, including carrying charges is a debit of $403

Variances are incremental costs associated with providing services. Since the balance including carrying charges does not meet the materiality threshold, Burlington does not need to provide details on the drivers and details on the revenue or expenses associated with account 1548.

LRAMVA

The total balance of $260,477 sought for disposition includes $7,950 in carrying charges

For 2014, Burlington Hydro is requesting disposition of the December 31, 2012 audited balance, plus forecasted interest through April 30, 2014.

Burlington Hydro engaged the services of IndEco to assist in preparing LRAMVA claims that are representative of the energy and power savings achieved by Burlington Hydro. Acting as an independent third party reviewer, IndEco ensures that claims are substantiated, clearly detailed and meet the standards of the OEB. IndEco's report is being filed in conjunction with this application.

Table 9-1: Summary of LRAMva balances

Description	Residential	GS < 50 kW	GS 50 to 4999 kW	Unmetered Scattered Load	Street Lighting	Microfit generator	Total
2011 forecast	$0	$0	$0	$0	$0	$0	$0
2011 actuals	$35,715	$37,398	$15,250	$0	$0	$0	$88,363
2011 cleared							$0
2012 forecast	$0	$0	$0	$0	$0	$0	$0
2012 actuals	$58,794	$48,997	$56,372	$0	$0	$0	$164,164
2012 cleared							$0
Balance	**$94,509**	**$86,395**	**$71,622**	**$0**	**$0**	**$0**	**$252,527**

ACCOUNT 1576 ACCOUNTING CHANGES UNDER CGAAP

In compliance with the Board's letter issued July 17, 2012 which state that utilities must change their depreciation expense and capitalization policies, Burlington Hydro has adopted these mandatory changes effective on January 1, 2013.

Burlington Hydro changed the estimated useful lives of its assets to be consistent with the guidelines in the Burlington Hydro utility specific Kinectrics Report. The utility has also changed its manner of accounting for overhead costs associated with capital work as clarified by the Board in its letter dated February 24, 2010.

On July 17, 2012, the OEB issued a letter to all LDCs authorizing the use of Account 1576, Accounting Changes Under CGAAP, for recording the financial differences arising as a result of an LDCs election to use revised depreciation expense and capitalization policies effective January 1, 2012. However effective from January 01, 2013 these changes are required by all LDCs.

Accordingly, Burlington Hydro has recorded balances in account 1576 for the year ending 2013 payable to its customers over a two year period. Therefore Burlington Hydro is requesting disposition of the balance of $2,884,325. No carrying charges are included in this balance. The calculation of the balances followed the methodology provided in the OEBs FAQ issued July 2012. The OEB Appendix entitled 2-EE Account 1576 is presented at the next page.

Since the difference in the net fixed assets between the NewCGAAP and OldCGAAP of $2,575,088 for the year 2013, Burlington Hydro has booked this amount plus $309,237 in return on Rate Base, in account 1576 as a payable to customers. The total balance sought for disposition is $2,884,235. The offset to this entry is account 4305 – Regulatory Debits - booked as an offset to revenue in the year 2013. However, Burlington Hydro is concerned that rather than the refunding a return on Rate Base to customers, it is more properly an amount to be recovered from customers; the net

amount to be refunded to rate payers should be $2,264,851. This treatment recognizes that a change in depreciable lives is an increase in the Net Book Value of its Property, Plant and Equipment. The alternative rate rider is presented in the table below.

9-2 Rate Rider Calculation for Accounts 1576

Please indicate the Rate Rider Recovery Period (in years) **2**

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Accounts 1575 and 1576	Rate Rider for Accounts 1575 and 1576	
Residential	kWh	555,923,716	-$739,224	**- 0.0007**	$/kWh
General Service Less Than 50 kW	kWh	183,112,615	-$243,489	**- 0.0007**	$/kWh
General Service 50 to 4,999 kW	**kW**	2,448,411	-$1,264,401	**- 0.2582**	**$/kW**
Unmetered Scattered Load	kWh	3,918,008	-$5,210	**-0.0007**	$/kWh
Street Lighting	**kW**	26,120	-$12,527	**-0.2398**	**$/kW**
Total			**-$ 2,264,851**		

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Appendix 2-EE
Account 1576 - Accounting Changes under CGAAP
2013 Changes in Accounting Policies under CGAAP

Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2013

	2010 Rebasing Year	2011	2012	2013	2014 Rebasing Year	2015	2016	2016	2017
Reporting Basis	CGAAP	IRM	IRM	IRM	CGAAP - ASPE	IRM	IRM	IRM	IRM
Forecast vs. Actual Used in Rebasing Year	Forecast	Actual	Actual	Forecast	Forecast				
				$	$	$	$	$	$
PP&E Values under former CGAAP									
Opening net PP&E - Note 1				101,713,892					
Net Additions - Note 4				8,766,000					
Net Depreciation (amounts should be negative) - Note 4				-7,922,709					
Closing net PP&E (1)				102,557,183					
PP&E Values under revised CGAAP (Starts from 2013)									
Opening net PP&E - Note 1				101,713,892					
Net Additions - Note 4				7,965,077					
Net Depreciation (amounts should be negative) - Note 4				-4,546,698					
Closing net PP&E (2)				105,132,271					
Difference in Closing net PP&E, former CGAAP vs. revised CGAAP				-2,575,088					

Effect on Deferral and Variance Account Rate Riders

Closing balance in Account 1576	-2,575,088
Return on Rate Base Associated with Account 1576	- 309,237
Amount included in Deferral and Variance Account Rate Rider Calculation	-2,884,325

WACC	6.00%
rate rider disposition	2

2

DEFERRAL AND VARIANCE ACCOUNT BALANCES

Table 1 below presents the list of deferral and variance accounts, with the proposed selection of balances for disposition. All account balances selected for disposition are as at December 31, 2012 being the most recent date the balances was subject to audit.

Board policy states: "*at the time of rebasing, all Account balances should be disposed of unless otherwise justified by the distributor or as required by a specific Board decision or guideline*[1]". In accordance with the above statement, Burlington Hydro proposes to dispose of all its balances with the exception of account 1508 Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs. As instructed by the OEB, disposal of IFRS transition costs are not eligible for disposal until the applicant has fully adopted IFRS accounting policies. As explained throughout this application, Burlington Hydro has adopted the mandatory accounting policy changes however Burlington Hydro has not yet converted its accounting policies from CGAAP to IFRS. Burlington Hydro plans to continue using account 1508- Deferred IFRS Transition Costs until it adopts IFRS at which point, it will seek disposal of its balances and carrying charges.

[1] Guideline G-2008-0001

Table 9-3 – DVA Continuity Schedule

Account Descriptions	Account Number	Closing Principal Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Closing Interest Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Projected Interest from Jan 1, 2013 to December 31, 2013 on Dec 31 -12 balance adjusted for disposition during 2013	Projected Interest from January 1, 2014 to April 30, 2014 on Dec 31 -12 balance adjusted for disposition during 2013	Total Claim
Group 1 Accounts						
RSVA - Wholesale Market Service Charge	1580	-$3,757,327	-$28,192	-$55,233	-$18,159	-$3,858,910
RSVA - Retail Transmission Network Charge	1584	$510,933	$30,757	$7,511	$2,469	$551,670
RSVA - Retail Transmission Connection Charge	1586	-$11,232	$18,228	-$165	-$54	$6,777
RSVA - Power (excluding Global Adjustment)	1588	-$1,893,382	$339,420	-$27,833	-$9,150	-$1,590,945
RSVA - Global Adjustment	1589	$1,175,963	-$54,334	$17,287	$5,683	$1,144,599
Group 1 Sub-Total (including Account 1589 - Global Adjustment)		-$3,975,045	$305,879	-$58,433	-$19,211	-$3,746,810
Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)		-$5,151,008	$360,213	-$75,720	-$24,894	-$4,891,409
RSVA - Global Adjustment	1589	$1,175,963	-$54,334	$17,287	$5,683	$1,144,599
Group 2 Accounts						
Retail Cost Variance Account - Retail	1518	-$52,617	-$1,466	-$773	-$254	-$55,111
Retail Cost Variance Account - STR	1548	$387	$8	$6	$2	$403
Group 2 Sub-Total		-$52,230	-$1,458	-$768	-$252	-$54,708
Total of Group 1 and Group 2 Accounts (including 1562 and 1592)		-$4,027,275	$304,421	-$59,201	-$19,463	-$3,801,518

Account Descriptions	Account Number	Closing Principal Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Closing Interest Balances as of Dec 31-12 Adjusted for Dispositions during 2013	Projected Interest from Jan 1, 2013 to December 31, 2013 on Dec 31 -12 balance adjusted for disposition during 2013	Projected Interest from January 1, 2014 to April 30, 2014 on Dec 31 -12 balance adjusted for disposition during 2013	Total Claim
LRAM Variance Account	1568	$252,527	$3,000	$3,712	$1,238	$260,477
Total including Account 1568		-$3,774,748	$307,421	-$55,489	-$18,225	-$3,541,041
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter Costs[10]	1555	$4,585,794	$0			$4,585,794
Accounting Changes Under CGAAP Balance + Return Component	1576	-$2,884,325	$0			-$2,884,325

INTEREST RATES APPLIED

Table 2 below provides the interest rates by quarter that are applied to calculate actual and forecast carrying charges for each regulatory and variance account.

Table 9-4: Interest Rates Applied to Deferral and Variance Accounts (%)

Q4 2013	1.47		Q4 2009	0.55
Q3 2013	1.47		Q3 2009	0.55
Q2 2013	1.47		Q2 2009	1
Q1 2013	1.47		Q1 2009	2.45
Q4 2012	1.47		Q3 2008	3.35
Q3 2012	1.47		Q4 2008	3.35
Q2 2012	1.47		Q2 2008	4.08
Q1 2012	1.47		Q1 2008	5.14
Q4 2011	1.47		Q4 2007	5.14
Q3 2011	1.47		Q3 2007	4.59
Q2 2011	1.47		Q2 2007	4.59
Q1 2011	1.47		Q1 2007	4.59
Q4 2010	1.2		Q4 2006	4.59
Q3 2010	0.89		Q3 2006	4.59
Q2 2010	0.55			
Q1 2010	0.55			

Note that Burlington Hydro has used the latest OEB prescribed interest rates as published on the website at:
http://www.ontarioenergyboard.ca/OEB/Industry/Rules+and+Requirements/Rules+Codes+Guidelines+and+Forms/Prescribed+Interest+Rates

Exhibit 9: Deferral And Variance Accounts

Tab 2 (of 7): Clearance of Deferral and Variance Accounts

SELECTION OF BALANCES FOR DISPOSITION

Burlington Hydro proposes to dispose of its 2012 year end balances and carrying charges up to April of 2014 on a final basis over a disposition period of two years. The reason for a two year disposition is to minimize rate shock once the disposition period has expired.

Table 9-5: 2014 Balances for Disposition

RSVA - Wholesale Market Service Charge	1580	(3,858,910)
RSVA - Retail Transmission Network Charge	1584	551,670
RSVA - Retail Transmission Connection Charge	1586	6,777
RSVA - Power (excluding Global Adjustment)	1588	(1,590,945)
RSVA - Global Adjustment	1589	1,144,599
Total of Group 1 Accounts (excluding 1589)		**(4,891,409)**
Retail Cost Variance Account - Retail	1518	(55,111)
Retail Cost Variance Account - STR	1548	403
Total of Group 2 Accounts		**(54,708)**
Total Balance Allocated to each class (excluding 1589)		**(4,827,497)**
Total Balance Allocated to each class from Account 1589		**1,144,599**
Total Balance Allocated to each class (including 1589)		**(3,682,898)**
LRAM Variance Account	1568	260,477
Accounting Changes Under CGAAP Balance + Return Component	1576	(2,884,325)
Total Balance Allocated to each class for Accounts 1575 and 1576		**(2,884,325)**

Departure from Board Approved Balances

Burlington Hydro has not made any adjustments to deferral and variance account balances that were previously approved by the Board on a final basis in either cost of service or IRM proceedings

Reconciliation of Energy Sales and Cost of Power Expenses to Financial Statements

The filing requirements state that a breakdown of energy sales and cost of power expenses, as reported in the 2012 audited financial statements is requested. Please refer to Table 2 below for an excerpt from the model that Burlington Hydro used to calculate its projected rates.

Table 9-6: Reconciliation of Energy Sales and Cost of Power Expenses to Financial Statements and RRR

	RRR	AFS
	2012	2012
4006-Residential Energy Sales	53,685,431	
4010-Commercial Energy Sales		
4015-Industrial Energy Sales		
4020-Energy Sales to Large Users		
4025-Street Lighting Energy Sales	741,884	
4030-Sentinel Lighting Energy Sales		
4035-General Energy Sales	70,012,549	
4040-Other Energy Sales to Public Authorities		
4050-Revenue Adjustment		
4055-Energy Sales for Resale	5,223,752	
4062-Billed WMS	8,778,194	
4066-Billed NW	11,737,107	
4068-Billed CN	9,241,853	
Total	159,420,771	190,877,194
4705-Power Purchased	159,420,771	
4708-Charges WMS	8,778,194	
4714-Charges NW	11,737,107	
4716-Charges CN	9,241,853	
Total	159,420,771	159,641,574

The difference in the Distribution Service Revenue above of $ 3,525,078 (34,760,699 minus 31,235,620) between RRR and Audited Financial Statements is due to the reclassification of smart meter revenue by our auditors as shown in a separate line in the audited financial statement. A reconciliation is presented below:

• Smart Meter Revenue reclassified by auditors	(3,525,078.98)
• Smart Meter Carrying Charges reclassified	203,697.66
• Smart Meter maintenance expenses reclassed	77,824.66
• Smart Meter Billing & Collecting Exp. Reclassed	913,004.10
• Smart Meter Amortization Expenses Reclassed	1,344,252.04
• Total as shown as separate line in AFS	(986,300.52)

The difference in cost of power between AFS and the RRR filing is due to miscellaneous adjustments. Burlington Hydro does not make any profit on the commodity..

Pro-rata of Global Adjustment into RPP and NON-RPP

Burlington Hydro confirms that it pro-rated the IESO Global Adjustment

Charge into the RPP and non-RPP portions and that Global Adjustment is only being applied to customers that are non-RPP.

Request for new variance account

The applicant is not requesting any new accounts or sub-accounts at this time. Burlington Hydro will continue to monitor OEB directives and implement new accounts as set out by the OEB and identified in the Accounting Procedures Handbook or other sources of information as required complying with regulation.

Proposed charge parameters

Burlington Hydro proposes to return the balances recorded in variance/deferral accounts through a volumetric rate rider and will follow the Board's guidance as provided in its Decision on the disposition of Regulatory Assets. Table 7 below summarizes the proposed charge parameters by customer class.

Table 9-7: Summary of Proposed Charge Parameters

Rate Class (Enter Rate Classes in cells below)	**Units**
Residential	kWh
General Service Less Than 50 kW	kWh
General Service Greater Than 50 kW	kW
Unmetered Scattered Load	kWh
Street Lighting	kW

CALCULATION OF RATE RIDERS

Burlington Hydro proposes to allocate the balances recorded in the variance/deferral accounts to customer classes using the allocation factors authorized by the OEB in the Regulatory Assets Decision. The proposed allocation is summarized in table 5 below. Burlington Hydro confirms that it pro-rated the IESO Global Adjustment Charge into the RPP and non-RPP portions and that Global Adjustment is only being applied to customers that are non-RPP.

The allocation by deferral and variance account and by class is presented at the next page.

1

Table 9-8: Allocation of Balances by class

		Total Balance	Allocator	Residential	General Service Less Than 50 kW	General Service 50 to 4,999 kW	Unmetered Scattered Load	Street Lighting
RSVA - Wholesale Market Service Charge	1580	(3,858,910)	kWh	(1,259,509)	(414,862)	(2,154,318)	(8,877)	(21,344)
RSVA - Retail Transmission Network Charge	1584	551,670	kWh	180,059	59,309	307,981	1,269	3,051
RSVA - Retail Transmission Connection Charge	1586	6,777	kWh	2,212	729	3,783	16	37
RSVA - Power (excluding Global Adjustment)	1588	(1,590,945)	kWh	(519,268)	(171,039)	(888,179)	(3,660)	(8,800)
RSVA - Global Adjustment	1589	1,144,599	Non-RPP kWh	64,058	39,270	1,029,175	32	12,064
Total of Group 1 Accounts (excluding 1589)		(4,891,409)		(1,596,505)	(525,864)	(2,730,733)	(11,252)	(27,055)
Retail Cost Variance Account - Retail	1518	(55,111)	kWh	(17,988)	(5,925)	(30,767)	(127)	(305)
Retail Cost Variance Account - STR	1548	403	kWh	131	43	225	1	2
Total of Group 2 Accounts		(54,708)		(17,856)	(5,882)	(30,542)	(126)	(303)
LRAM Variance Account (Enter dollar amount for each class)	1568	260,477		85,772	22,229	9,892	553	173
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh	0	0	0	0	0
Accounting Changes Under CGAAP Balance + Return Component	1576	(2,884,325)	kWh	(941,414)	(310,087)	(1,610,235)	(6,635)	(15,954)
Total Balance Allocated to each class for Accounts 1575 and 1576		**(2,884,325)**		**(941,414)**	**(310,087)**	**(1,610,235)**	**(6,635)**	**(15,954)**

Attachment 1 (of 1):

Table of Proposed Rate Riders

Please indicate the Rate Rider Recovery Period (in years) 2

Rate Rider Calculation for Deferral / Variance Accounts Balances (excluding Global Adj.)

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Allocated Balance (excluding 1589)	Rate Rider for Deferral/Variance Accounts	
Residential	kWh	555,923,716	-$ 1,528,589	- 0.0014	$/kWh
General Service Less Than 50 kW	kWh	183,112,615	-$ 509,517	- 0.0014	$/kWh
General Service 50 to 4,999 kW	kW	2,448,411	-$ 2,751,383	- 0.5619	$/kW
Unmetered Scattered Load	kWh	3,918,008	-$ 10,824	- 0.0014	$/kWh
Street Lighting	kW	26,120	-$ 27,184	- 0.5204	$/kW
Total			-$ 4,827,497		

- note that LRAMVA is included in the balance above

Rate Rider Calculation for RSVA - Power - Global Adjustment

Rate Class (Enter Rate Classes in cells below)	Units	Non-RPP kW / kWh / # of Customers	Balance of RSVA - Power - Global Adjustment	Rate Rider for RSVA - Power - Global Adjustment	
Residential	kWh	49,643,988	$ 64,058	0.0006	$/kWh
General Service Less Than 50 kW	kWh	30,433,317	$ 39,270	0.0006	$/kWh
General Service 50 to 4,999 kW	kW	2,053,727	$ 1,029,175	0.2506	$/kW
Unmetered Scattered Load	kWh	25,075	$ 32	0.0006	$/kWh
Street Lighting	kW	25,921	$ 12,064	0.2327	$/kW
Total			$ 1,144,599		

Rate Rider Calculation for Accounts 1576

Please indicate the Rate Rider Recovery Period (in years) **2**

Rate Class (Enter Rate Classes in cells below)	**Units**	**kW / kWh / # of Customers**	**Balance of Accounts 1575 and 1576**	**Rate Rider for Accounts 1575 and 1576**	
Residential	kWh	555,923,716	-$ 941,414	- **0.0008**	$/kWh
General Service Less Than 50 kW	kWh	183,112,615	-$ 310,087	- **0.0008**	$/kWh
General Service 50 to 4,999 kW	**kW**	2,448,411	-$ 1,610,235	- **0.3288**	**$/kW**
Unmetered Scattered Load	kWh	3,918,008	-$ 6,635	- **0.0008**	$/kWh
Street Lighting	**kW**	26,120	-$ 15,954	- **0.3054**	**$/kW**
Total			**-$ 2,884,325**		

MDMR RATE RIDER

In its Decision and Order regarding Burlington Hydro's 2013 rate application (EB-2012-0110), the Board issued a draft Tariff of Rates and Charges effective May 1, 2013, which included a Smart Metering Entity ("SME") charge for the Residential and General Service < 50kW customer classes.

On April 8, 2013, Burlington Hydro Inc. ("Burlington Hydro") filed a letter stating that in its Decision and Order (EB-2012-0081) dated June 21, 2012, the Board approved the disposition and recovery of its smart meter deployment costs effective July 1, 2012 which included a projection of costs to be paid to the SME from appropriate customer rate classes.

Burlington Hydro requested direction from the Board regarding the accounting procedure it should follow in order to avoid an over recovery of SME costs.
The Board initiated a review on its own motion of the Decision and Order in EB-2012-0081.

In its Decision on Motion and Order, dated April 25, 2013, the Board nullified the SMIRRs approved in EB-2012-0081 and recalculated the SMIRRs to be effective May 1, 2013 by removing costs to be paid to the SME from the smart meter deployment costs approved in the application.

Burlington Hydro was ordered to calculate the amount of SME revenue received for the period May 1, 2012 to April 30, 2013 and include these recoveries on a rate class specific basis in separate sub-accounts of Account 2425, Other Deferred Credits. The Board ordered Burlington Hydro to file a draft Accounting Order and provided Board staff with the opportunity to comment. Burlington Hydro filed its proposed draft Accounting Order on May 1, 2013. Board staff provided its comments on May 8, 2013.

In its Accounting and Decision Order, Burlington Hydro Inc. was instructed to establish a deferral accounts to record the amount of SME revenue collected from Burlington Hydro Inc.'s customers in each of the affected rate classes from July 1, 2012 to April 30, 2013. Burlington seeks disposition of the balance $497,587.18 which includes 22,914 in carrying charges.

Details of the balances and rate rider per class are provided in the table below.

Table 9-9: MDMR Refund

Customer Class Name		Costs per class	Carrying Charges	Total Balance	Customer	Rate	per month
Residential	91 %	-$433,001.53	-$20,902.74	-$453,904.27	60335	-$7.52	-$0.63
General Service < 50 kW	8%	-$37,096.86	-$1,790.82	-$38,887.68	5272	-$7.38	-$0.61
General Service > 50 to 4999 kW	1%	-$4,574.41	-$220.83	-$4,795.24	1014	-$4.73	-$0.39
TOTAL		-$474,672.80	-$22,914.38	-$497,587.18			

STRANDED METER RATE RIDER

In the Minimum Filing Requirements, the Board states that the Smart Meter Funding and Cost Recovery (G-2008-0002) provides two options regarding the accounting treatment for Stranded Meters related to the installation of smart meters:

- Option A: transfer the Stranded Meter costs to "Sub-account Stranded Meter Costs" of Account 1555; or
- Option B: continue to record Stranded Meter costs in Account 1860.

Burlington Hydro has acted in accordance with Option A; effective as of 2010 the net book value of Burlington Hydro's Stranded Meters had been transferred to the "Sub-account Stranded Meter Costs" of Account 1555. The table below (excerpt from Appendix 2-R of the Board's Appendices) shows the net book value of Burlington Hydro's stranded smart meters.

Table 9-10:Net Book Value of Stranded Meters

Year	Notes	Gross Asset Value	Accumulated Amortization	Contributed Capital (Net of Amortization)	Net Asset	Proceeds on Disposition	Residual Net Book Value
		(A)	(B)	(C)	(D) = (A) - (B) - (C)	(E)	(F) = (D) - (E)
2006					$ -		$ -
2007		$ 2,487			$ 2,487		$ 2,487
2008		$ 2,487			$ 2,487	$ 2,624	-$ 137
2009		$ 3,885,280	$ 1,627,605		$ 2,257,675	$ 26,166	$ 2,231,509
2010		$ 8,361,043	$ 3,831,959		$ 4,529,084	$ 68,190	$ 4,460,894
ADJ *		$ 8,416,634	$ 3,757,213		$ 4,659,421	$ 73,627	$ 4,585,794
2011							
2012							
2013					$ -		$ -

'* Note: an error in depreciation calculation was corrected in 2012

Appendix 2-S requests that utilities complete the following information relating to the treatment of the utility's stranded meters.

1. A description of the accounting treatment followed by the applicant on stranded meter costs for financial accounting and reporting purposes. Thus far, stranded

meters were included in account 1860 and therefore were treated in accordance with CGAAP with the same accounting rules as standard meters.

   a. Burlington Hydro transferred the net book value of stranded meter costs out of account 1860 as of 2010, when the bulk of the smart meters were installed. $4,659,422 was removed from Account 1860-Meters

2. The amount of the pooled residual net book value of the removed from service stranded meters, less any contributed capital (net of accumulated amortization), and less any net proceeds from sales, as of December 31, 2010.
   a. The amount of pooled residual net book value as of December 31st, 2010 is in the amount of $4,585,794

3. A statement as to whether or not the recording of depreciation expenses continued in order to reduce the net book value through accumulated depreciation. If so, provision of the total (cumulative) depreciation expense for the period from the time that the meters became stranded to December 31, 2012.
   a. Stranded meter amount after its removal from Account 1860 were not depreciated.

4. If no depreciation expenses were recorded to reduce the net book value of stranded meters through accumulated depreciation, the total (cumulative) depreciation expense amount that would have been applicable for the period from the time that the meters became stranded to December 31, 2012.
   a. The depreciation amount would have been for the period from the time that meters became stranded to December 31, 2012 $ 1,142,438

5. The estimated amount of the pooled residual net book value of the removed from service meters, less any net proceeds from sales and contributed capital, at the time when smart meters will have been fully deployed. If the smart meters have been fully deployed, please provide the actual amount.

a. The estimated net amount at end of 2010 was $4,585,794

6. A description as to how the applicant intends to recover in rates the costs for stranded meters, including the proposed accounting treatment, the proposed disposition period and the associated bill impacts.

a. The applicant intends to recover the cost of the Stranded Meters through a Rate Rider. The proposed recovery period is 2 years. Calculations of the proposed rate rider are presented at Table 1 below.

Table 9-11:Stranded Meter Rate Rider

Customer Class Name	Net Book Value	Allocation	% share	Annual $	Customer	Rate	per month
Residential	$3,421,258.48	7,347,649	74.61%	1710629.24	60335	$28.35	$2.36
General Service < 50 kW	$1,047,487.32	2,249,631	22.84%	523743.66	5272	$99.34	$8.28
General Service > 50 to 4999 kW	$117,048.20	251,378	2.55%	58524.10	1014	$57.72	$4.81
	TOTAL	9848658					

Total for Recovery				4,585,794
Recovery Period (years)			2	
Annual Recovery				2,292,897

HST DEFERRAL ACCOUNT

During the 2010 IRM application process, the Board directed electricity distributors to record in deferral account 1592 (PILs and Tax Variances for 2006 and subsequent years, Sub-account HST/OVAT ITCs), beginning July 1, 2010, the incremental ITCs received on distribution revenue requirement items that were previously subject to PST and became subject to HST.

In Burlington Hydro's case the Board adjusted the 2010 capital forecast to reflect the implementation of the HST by reducing the adjustment, on a proportional basis to account for the reductions to rate base. The OEB concluded that it was not necessary to establish a variance account related to the introduction of the HST and as such, Burlington Hydro does not have any balances to dispose of.

DEFERRED PILS ACCOUNT

Burlington Hydro has filed for disposition of 1592 in a prior rate year therefore, the utility does not request to dispose of account 1592 and has not populated Appendix 2-TA.

Exhibit 9: Deferral And Variance Accounts

Tab 3 (of 7): Cost of Power

DERIVATION OF COST OF POWER

Burlington Hydro calculated the cost of power for the 2013 Bridge Year and the 2014 Test Year based on the results of the load forecast discussed in detail in Exhibit 3. The commodity prices used in the calculation were prices published in the Board's Regulated Price Plan Report – May 1, 2013 to April 30, 2014, issued April 5, 2013. Should the Board publish a revised Regulated Price Plan Report prior to the Board's Decision in the application, Burlington Hydro will update the electricity prices in the forecast.

The sale of energy is a flow through revenue and the cost of power is a flow through expense. Energy sales and the cost of power expense by component are presented in Table 9 below. Burlington Hydro records no profit or loss resulting from the flow through energy revenues and expenses. Any temporary variances are included in the RSVA account balances.

The components of Burlington Hydro's cost of power are;

- Commodity
- Transmission Network
- Transmission Connection
- Wholesale Market
- Rural Rate
- Smart Meter Entity

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Table 9-12: Determination of Commodity

		2012 Actual kWh's		
Customer Class Name		Last Actual kWh's	non-RPP	RPP
Residential		551,839,571	49,279,274	502,560,297
General Service < 50 kW		174,704,767	29,035,933	145,668,834
General Service > 50 to 4999 kW		903,337,846	757,719,785	145,618,061
Unmetered Scattered Load		3,353,868	21,465	3,332,403
Street Lighting		9,866,380	9,791,395	74,985
TOTAL		1,643,102,432	845,847,852	797,254,580
%		*100.00%*	*51.48%*	*48.52%*

Forecast Price

HOEP ($/MWh)				$21.05	
Global Adjustment ($/MWh)				$66.12	
Adjustments					
TOTAL ($/MWh)				$87.17	$83.95
$/kWh				*$0.08717*	*$0.08395*
%				51.48%	48.52%
WEIGHTED AVERAGE PRICE		$0.0856		$0.0449	$0.0407

Table 9-13: Determination of Power Supply Expense

Electricity Projections

(loss adjusted)

	Bridge Year 2013			Test Year 2014		
Customer						
Class Name	Volume	rate ($/kWh):	Amount	Volume	rate ($/kWh):	Amount
Residential	574,225,619	0.0796	$45,708,359	571,355,640	$0.08561	$48,912,393
General Service < 50 kW	180,306,010	0.0796	$14,352,358	178,635,649	$0.08561	$15,292,572
General Service > 50 to 4999 kW	931,539,316	0.0796	$74,150,530	923,134,299	$0.08561	$79,027,325
Unmetered Scattered Load	3,479,303	0.0796	$276,952	3,440,897	$0.08561	$294,567
Street Lighting	10,380,957	0.0796	$826,324	10,412,385	$0.08561	$891,379
TOTAL	1,699,931,205		$135,314,524	1,686,978,870		$144,418,236

Transmission - Network

(loss adjusted)

	Bridge Year 2013			Test Year 2014		
Customer						
Class Name	Volume	Rate	Amount	Volume	Rate	Amount
Residential	574,225,619	0.0072	$4,134,424	571,355,640	0.0072	$4,113,761
General Service < 50 kW	180,306,010	0.0068	$1,226,081	178,635,649	0.0068	$1,214,722
General Service > 50 to 4999 kW	2,408,607	2.7723	$6,677,381	2,386,874	2.7565	$6,579,418
Unmetered Scattered Load	3,479,303	0.0068	$23,659	3,440,897	0.0068	$23,398
Street Lighting	27,848	2.0553	$57,236	27,932	2.0436	$57,082
TOTAL	760,447,387		$12,118,782	755,846,992		$11,988,381

Transmission - Connection

(loss adjusted)

	Bridge Year 2013			Test Year 2014		
Customer						
Class Name	Volume	Rate	Amount	Volume	Rate	Amount
Residential	574,225,619	0.0055	$3,158,241	571,355,640	0.0054	$3,085,320
General Service < 50 kW	180,306,010	0.0048	$865,469	178,635,649	0.0047	$839,588
General Service > 50 to 4999 kW	2,408,607	2.0126	$4,847,562	2,386,874	1.9857	$4,739,615
Unmetered Scattered Load	3,479,303	0.0048	$16,701	3,440,897	0.0047	$16,172
Street Lighting	27,848	1.5119	$42,103	27,932	1.4917	$41,667
TOTAL	760,447,387		$8,930,076	755,846,992		$8,722,362

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Wholesale Market Service

(loss adjusted)

	Bridge Year 2013			Test Year 2014		
Customer		**rate ($/kWh):**	**0.0052**		**rate ($/kWh):**	**0.0052**
Class Name	Volume		Amount	Volume		Amount
Residential	574,225,619	0.00440	$2,526,593	571,355,640	0.00440	$2,513,965
General Service < 50 kW	180,306,010	0.00440	$793,346	178,635,649	0.00440	$785,997
General Service > 50 to 4999 kW	931,539,316	0.00440	$4,098,773	923,134,299	0.00440	$4,061,791
Unmetered Scattered Load	3,479,303	0.00440	$15,309	3,440,897	0.00440	$15,140
Street Lighting	10,380,957	0.00440	$45,676	10,412,385	0.00440	$45,814
TOTAL	**1,699,931,205**		**$7,479,697**	**1,686,978,870**		**$7,422,707**

Rural Rate Protection

(loss adjusted)

	Bridge Year 2013			Test Year 2014		
Customer		**rate ($/kWh):**			**rate ($/kWh):**	
Class Name	Volume		Amount	Volume		Amount
Residential	574,225,619	0.00120	$689,071	571,355,640	0.00120	$685,627
General Service < 50 kW	180,306,010	0.00120	$216,367	178,635,649	0.00120	$214,363
General Service > 50 to 4999 kW	931,539,316	0.00120	$1,117,847	923,134,299	0.00120	$1,107,761
Unmetered Scattered Load	3,479,303	0.00120	$4,175	3,440,897	0.00120	$4,129
Street Lighting	10,380,957	0.00120	$12,457	10,412,385	0.00120	$12,495
TOTAL	**1,699,931,205**		**$2,039,917**	**1,686,978,870**		**$2,024,375**

Smart Meter Entity Charge

(per customer)

	Bridge Year 2013			Test Year 2014		
Customer		**rate ($/kWh):**			**rate ($/kWh):**	
Class Name	Volume		Amount	Volume		Amount
Residential	60,335		$0	60,335	0.79000	$571,976
General Service < 50 kW	5,272		$0	5,272	0.79000	$49,979
General Service > 50 to 4999 kW	1,014		$0	1,014	0.79000	$9,613
Unmetered Scattered Load	25		$0	25	0.79000	$237
Street Lighting	15,515		$0	15,515	0.79000	$147,082
TOTAL	**82,161**		**$0**	**82,161**		**$778,886**

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Projected Power Supply				**$165,882,997**		**$175,354,948**

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Exhibit 9: Deferral And Variance Accounts

Tab 4 (of 7): Smart Meters

SMART METER FUNDING

Burlington Hydro sought Board approval for the disposition and recovery of costs related to smart meter deployment, offset by Smart Meter Funding Adder ("SMFA") revenues collected from May 1, 2006 to April 30, 2012. Burlington Hydro requested approval of proposed Smart Meter Disposition Riders ("SMDRs") and Smart Meter Incremental Revenue Requirement Rate Riders ("SMIRRs") effective May 1, 2012 in an application (EB-2012-0081) filed with the OEB on March 7, 2012 and was approved subsequently in a decision and order issued on June 21, 2012.

As such, Burlington Hydro is not seeking final disposition of smart meters in this proceeding.