Response to Clarifying Question from Energy Probe

Ref: 7.1-Energy Probe-20c
The response indicates that the 2015-2018 data is identical between the two versions of Table 2 (Appendix 2-AB) provided in Exhibit 2, Tab 2, Schedule1. However, this is not the case. The figures provided below are taken from the two versions of Table 2 provided in the evidence. On one table, the expenditures for 2015 through 2018 are $10,002,845, $9,697,759, $9,858,259 and $9,861,227, respectively. On the other version the figures are $10,383,830, $9,964,922, $10,017,787 and $10,054,729, respectively. Please explain the difference between these figures, or if appropriate, which figures are the correct figures for 2015 through 2018.

Response

The data provided in the response to Energy Probe interrogatory 20c matches that provided on October 25, 2013 in response to the Ontario Energy Board's letter of October 23, 2013 and corresponds to the detailed Capital Expenditures and Project descriptions provided at Exhibit 2, Tab 2, Schedule 1, p235-258. The data filed on October 1, 2013 relied on preliminary data.

Response to Clarifying Question from Energy Probe

Ref: 7.1-Energy Probe-21

Please explain why there is no change in the depreciation expense (additions to accumulated depreciation of $4,566,460) shown in the continuity schedule for 2014 despite the changes in the opening balances brought forward based on actual 2013 capital expenditures closed to rate base relative to the original forecast. If necessary, please provide a revised continuity schedule for 2014 that reflects any changes in the depreciation related to the lower opening balances.

Response

Burlington Hydro has updated the 2014 depreciation expense to $4,126,034. The updated rate making models that are being filed with these responses reflect his value.

Response to Clarifying Question from Energy Probe

Ref: 7.1-Energy Probe-20 & 7.3-Energy Probe-26

a) Please confirm that the transformer noted in account 1609 in the response to 7.1-Energy Probe-20 went into service in 2013. If this cannot be confirmed, please explain when this transformer went into service or is forecast to go into service.
b) The PILs workform provided in the response to 7.3-Energy Probe-26 shows an equivalent amount in CCA Class 95 (CWIP) that does not generate any CCA deductions in either 2013 or 2014. Please explain why the investment in these transformers, assuming they are in service in either 2013 or 2014) do not generate any CCA deduction for PILs purposes.

Response

a) Burlington Hydro confirms that the transformer station noted in account 1609 went into service in 2013.

b) Burlington Hydro will provide an updated PILs workform.

Response to Clarifying Question from Energy Probe

Ref: 7.4-Energy Probe-31

Please confirm that the revenues associated with billing services forecast for 2014 are about $366,000 and the associated costs are about $336,000. If these figures cannot be confirmed, please provide the appropriate figures.

Response

Burlington Hydro confirms that the billing services revenues and costs for the year 2014 were estimated to be $366k and $335k respectively.

Response to Clarifying Question from Energy Probe

Ref: 7.4-VECC-26

The question asked for specific financial benefits for ratepayers as a result of the membership in GridSmartCity. Please quantify any benefits that have been built into the 2014 revenue requirement.

Response

Burlington Hydro is unable to either identify or quantify the specific financial benefits to ratepayers as a result of membership in.

Response to Clarifying Question from Energy Probe

Ref: 7.7-Energy Probe-36

Please explain why the RRWF provided in the response to part (a) shows different distribution revenue figures in at current approved rates and at proposed rates in the Revenue Deficiency/Sufficiency sheet. Please provide a corrected RRWF where these figures are equal to one another.

Response

Revised versions of the Cost Allocation model and RRWF are being filed along with these responses. The revenue at current rates in both files match.

Response to Clarifying Question from Energy Probe

Ref: 8.1-Energy Probe-39

The response provided is incomplete. Please provide, for each equation estimated, a LIVE Excel spreadsheet that contains all of the historical data used to estimate the equation, the estimated equation, the forecasted values of all of the explanatory variables and the forecast of the 2014 figures. Please provide all such spreadsheets consistent with the updated load forecast that results in distribution revenues at current approved rates (as shown in the RRWF) that total $29,718.690.

Response

The requested live Excel files are provided.

Response to Clarifying Question from Energy Probe

Ref: 9.2-Energy Probe-46 & 9.1-VECC-43

The response to the Energy Probe interrogatory refers to the response to the VECC interrogatory for a recalculated rate rider for stranded meters. The VECC response does not provide these calculations. Please provide the full response.

Response

The requested recalculated rate rider is provided in the rate making model that is being filed with these responses.

Response to Clarifying Question from Energy Probe

Ref: 9.2-Energy Probe-47
a) Please confirm that the figures for 2013 (former CGAAP and revised CGAAP) both reflect actual capital expenditures closed to rate base in 2013.
b) Please explain the difference in the WACC used in the response of 7.31% and the 6.48% used in the RRWF.

Response

a) The revised CGAAP data is based on the unaudited accounting data that was the best available data at the date of submission. However the former CGAAP data is also based on best available data and is an estimate.

b) The balance recorded in account 1576 is based on rate making data that was rebased in 2010. Burlington Hydro sought to achieve consistency across all data used to estimate the balance recorded in 1576 by using the weighted average cost of capital authorized by the Board in its 2010 rebasing application, being 7.31%.

Response to Clarifying Question from Energy Probe

Ref: 1.1-Staff-2 & 7.1-Energy Probe-21

The response to part (b) of the Staff interrogatory indicates that Burlington Hydro has updated its 2014 PP&E values for the consequences of the ice storm. Are these consequences reflected in the 2013 and 2014 continuity schedules provided in response to 7.1-Energy Probe-21? If not, please provide revised continuity schedules for 2013 and 2014 that do reflect the impacts of the ice storm.

Response

Burlington Hydro confirms that the closing 2013 Property, Plant and Equipment values have been updated to incorporate the capital spending consequences of the December 2013 Ice storm. These changes to the closing 2013 values have been flowed through to the opening 2014 values.

Response to Clarifying Question from Energy Probe

Ref: 1.1-Staff-2 & 4.2-Energy Probe-9

Are the OM&A costs referred to in the response to the Staff interrogatory related to the ice storm included in the actuals for 2013 provided in the response to 4.2-Energy Probe-9? If yes, please indicate the amount of the OM&A costs incurred in 2013 as a result of the ice storm.

Response

The incremental OM&A costs incurred in relation to the December 2013 Ice Storm have not been included in 2013 OM&A update. Because Burlington Hydro is considering a separate Z-factor application these costs have been recorded in a deferral account.

Response to Clarifying Question from Energy Probe

Ref: 4.2-Energy Probe-9
a) Table 4-1 in Exhibit 4, Tab 1, Schedule shows total OM&A for 2012 of $16,159,061 whereas the response to 4.2-Energy Probe-9 shows a figure of $15,204,619, a decrease of $954,442. Please reconcile this figure to the $1,124,428 in one-time smart meter costs that have been removed from 2012 actuals as stated in the interrogatory response.
b) Please show the amount of one-time smart meter costs included in the 2012 actual OM&A costs that were incurred in previous years and show the amounts actually incurred in each of those previous years.

Response

The table filed in Burlington Hydro's response was incorrect. The revised table is provided below and an explanation is provided in part b) of this response.

Exhibit 4, Tab 2, Schedule 2, Page 7 of 13 of the October 1 2013 application stated:

> *"The $1,124.4k increase related to changes in Smart Meter costs - specifically, the implementation of the OEB's Decision and Order, EB-2012-0081. Of the $1.12M, $913K accounts for one-time Smart Meter related OM&A costs while $345K accounts for AMI and $19.5K accounts for telecommunications costs."*

Burlington Hydro has revised the answer to its response to 4.2-Energy Probe-9 to reflect a downwards adjustment of $913k in account 5310 for 2012 Actuals.

The revised numbers are shown below.

Appendix 2-JC

Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2010 Board-Approved)	Last Rebasing Year (2010 Actuals)	2011 Actuals	2012 Actuals	2013 Bridge Year	2014 Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**
Operations	$4,464,123	$4,047,491	$4,643,079	$4,387,015	$5,180,227	$6,283,903
Maintenance	$2,864,348	$2,275,554	$2,544,531	$3,149,391	$3,518,836	$3,924,317
SubTotal	**$7,328,471**	**$6,323,045**	**$7,187,610**	**$7,536,406**	**$8,699,063**	**$10,208,220**
%Change (year over year)			13.7%	4.9%	15.4%	17.3%
%Change (Test Year vs Last Rebasing Year - Actual)						61.4%
Billing and Collecting	$2,305,153	$2,396,557	$2,001,083	$2,201,375	$2,159,933	$2,405,527
Community Relations	$41,584	$14,894	$18,589	$16,073	$11,330	$19,500
Administrative and General+LEAP	$4,671,786	$5,266,558	$5,319,521	$5,492,207	$5,823,956	$6,216,618
SubTotal	**$7,018,523**	**$7,678,009**	**$7,339,193**	**$7,709,655**	**$7,995,219**	**$8,641,645**
%Change (year over year)			-4.4%	5.0%	3.7%	8.1%
%Change (Test Year vs Last Rebasing Year - Actual)						12.6%
Total	**$14,346,994**	**$14,001,054**	**$14,526,803**	**$15,246,061**	**$16,694,282**	**$18,849,865**
%Change (year over year)			3.8%	5.0%	9.5%	12.9%

34%

	Last Rebasing Year (2010 Board-Approved)	Last Rebasing Year (2010 Actuals)	2011 Actuals	2012 Actuals	2013 Bridge Year	2014 Test Year
Operations	$4,464,123	$4,047,491	$4,643,079	$4,387,015	$5,180,227	$6,283,903
Maintenance	$2,864,348	$2,275,554	$2,544,531	$3,149,391	$3,518,836	$3,924,317
Billing and Collecting	$2,305,153	$2,396,557	$2,001,083	$2,201,375	$2,159,933	$2,405,527
Community Relations	$41,584	$14,894	$18,589	$16,073	$11,330	$19,500
Administrative and General	$4,671,786	$5,266,558	$5,319,521	$5,492,207	$5,823,956	$6,216,618
Total	**$14,346,994**	**$14,001,054**	**$14,526,803**	**$15,246,061**	**$16,694,282**	**$18,849,865**
%Change (year over year)			3.8%	5.0%	9.5%	12.9%

Response to Clarifying Question from Energy Probe

Ref: 4.2-Energy Probe-15

a) Please confirm that the columns labelled "Last Rebasing Year-2009-Board Approved" and "Last Rebasing Year - 2009-Actual" in Appendix 2K provided in the interrogatory response should both read 2010 in place of 2009.
b) Please explain why the employee costs for 2012 in Appendix 2-K are lower in the response to 4.2-Energy Probe-15 than those found in Attachment 2 of Exhibit 4, Tab 4, Schedule 1.
c) Please explain why the employee costs for 2014 in Appendix 2-K are about $190,000 higher in the response to 4.2-Energy Probe-15 than those found in Attachment 2 of Exhibit 4, Tab 4, Schedule 1. Please explain how this increase is related to the updated tree trimming costs.
d) For each of the years shown in Appendix 2K in the interrogatory response, please show the amount of the total compensation that is capitalized and the amount expensed.

Response

a) Burlington Hydro confirms that the columns are mis-labelled and that the column labelled '2009' should correctly be labelled '2010'.
b) The 2012 benefits costs erroneously included a double counting; the correct value is provided in the interrogatory response.
c) The 2014 compensation costs include the overtime costs associated with the December 2013 Ice Storm. Please note that these costs are provided on 2-K as it presents payroll costs and not included in either the Bridge Year or the Test Year OM&A.
d) The total compensation capitalized by year is provided below:

2010	$2,445,658
2011	$2,314,141
2012	$2,343,203
2013	$1,565,780
2014	$1,524,623

Response to Clarifying Question from Energy Probe

Ref: 4.2-Energy Probe-8

In the original evidence, Burlington Hydro estimated the impact on OM&A in 2013 of the accounting change to be an increase of $836,000 and that this was also an appropriate estimate for the impact in 2014.
a) Based on the actual 2013 OM&A expenses, please provide the corresponding actual figure of the impact on OM&A in 2013 of the account change.
b) Please confirm that Burlington Hydro believes that the impact in part (a) above for 2013 is a good estimate for the impact in 2014. If this cannot be confirmed, please provide the estimated impact in 2014, along with the rationale for this figure if different from 2013.

Response

a) The updated impact on OM&A in 2013 due to accounting policy change has increased from $836,000 to $931,000. This value is displayed on the revised appendix 2-EE that was filed on February 27, 2014.
b) Burlington Hydro confirms estimated 2013 impact is its best available estimate of the impact in 2014.

Response to Clarifying Question from Energy Probe

Ref: 4.2-SEC-13
a) Please explain why the totals shown for 2010, 2012, 2013 and 2014 in Appendix 2-JC do not match those in Appendix 2-JD.
b) Please provide a version of Appendix 2-JC (OM&A Program Table) that has the total line calculated.

Response

a) Please see the rate making models that are being filed with these responses.

b) Please see the response to Energy Probe clarifying question 12.

Response to Clarifying Question from VECC

REFERENCE: VECC - 35

a) The response to part (a) indicates that Appendix 2-I has been updated. The revised appendix does not appear to have been provided with the interrogatory responses. Please provide.

Response

a) The updated Appendix has been filed with the Board.

Response to Clarifying Question from VECC

REFERENCE: Energy Probe - 43
Cost Allocation Model – as filed with IR Responses

a) Please confirm that the cost allocation model (e.g., Tab I6.2) provided with the IR responses needs to be updated to reflect the revised 2014 customer count forecast per Energy Probe 43.

Response

a) Burlington Hydro is providing an appropriately updated Cost Allocation model.

Response to Clarifying Question from VECC

REFERENCE: Cost Allocation Model (Tab I6.1) – as filed with IR Responses
RRWF –as filed with IR Responses

a) The Revenue at Current Rates in the above two models are different. Given the apparent error in the Cost Allocation model input data (per Question #2) one would expect the correct 2014 revenues at existing rates value to be lower. However, the revised value in the RRWF is higher. Please review and indicate what, if any, changes are required.

Response

a) Burlington Hydro is filing an appropriately updated Cost Allocation model and an appropriately updated RRWF.

Response to Clarifying Question from VECC

REFERENCE: Cost Allocation Model (Tab I7.2) – as filed with IR Responses
VECC # 39 a)

a) The revised CA model now includes meter reading weighting factors for Residential and GS<50 that are almost twice the value of weighting factor used for GS>50. Please explain the derivation of the Residential and GS<50 factors and why they are so high relative to GS>50.

Response

The differences are due to the different costs that were being incurred, as of October 1, 2013, to remotely and electronically read Smart Meter versus those incurred to perform traditional walk-up meter reads. Specifically, the meter reading weighting factor for the Residential and GS<50 kW customer classes reflects the contracted costs (telecommunications costs, Operational Data Storage ("ODS") hosting and operations) that Burlington Hydro incurs to:

- obtain data from Smart Meters
- process the data; and
- convey it to the IESO.

The GS>50 kW meter reading weighting factor reflects the contracted costs incurred by Burlington Hydro's meter readers.

Burlington Hydro ceased conventional walk-up meter reading for its GS>50 kW customers late in 2013 and transitioned to the same approach that it uses for its other metered customers. The revised meter reading weighting factor for the GS>50 kW customer class is now $0.565.

Going forward, the meter reading weighting factor for all three metered customer classes is comparable; the Cost Allocation model has been updated for this change.