



**EB-2013-0115**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, (Schedule B);

**AND IN THE MATTER OF** an application by Burlington  
Hydro Inc. for an order approving just and reasonable rates  
and other charges for electricity distribution to be effective  
May 1, 2014.

**BEFORE:** Paula Conboy  
Presiding Member

Emad Elsayed  
Member

**DECISION AND RATE ORDER**  
**May 15, 2014**

Burlington Hydro Inc. ("Burlington Hydro") filed an application with the Ontario Energy Board (the "Board") on October 1, 2013 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that Burlington Hydro charges for electricity distribution, to be effective May 1, 2014.

The Board has granted requests for intervenor status and cost award eligibility to Energy Probe Research Foundation ("Energy Probe"), the Vulnerable Energy Consumers Coalition ("VECC") and School Energy Coalition ("SEC").

On January 21, 2014 the Board issued Procedural Order No. 2, which set dates for interrogatories and responses and a settlement conference. The procedural order also set dates for the filing of a settlement proposal and for any Board staff submission on the matter.

The settlement conference took place on March 19 and 20, 2014. Burlington Hydro, SEC, VECC and Energy Probe (collectively, the “Parties”) and Board staff participated in the settlement conference. The Parties reached a complete settlement on all issues in the proceeding. The Parties agreed that the treatment of stranded meter cost recovery was a severable issue.

A Settlement Proposal was filed with the Board on April 28, 2014, and a corrected version was filed on May 6, 2014. The Settlement Proposal is included as Appendix A to this Decision and Order.

Board staff filed a submission on May 7, 2014, which supported the agreement that the Parties reached in the Settlement Proposal. In particular, Board staff supported the settlement as it relates to Rex 1 smart meter costs being included for recovery among Burlington Hydro’s stranded conventional meters. These smart meters had been installed prior to authorization for Burlington Hydro to proceed with smart meter deployment and were subsequently determined to be obsolete. Parties had agreed to include these smart meters for recovery at the reduced equivalent value for conventional meters. Board staff submitted that the Parties’ proposal represented a reasonable approach which allowed Burlington Hydro to recover the reasonable cost of normal operations over the period in question, without rewarding it for premature deployment of smart meters.

Burlington Hydro submitted detailed supporting material, including all relevant calculations showing the impact of the implementation of the proposed Settlement Agreement on Burlington Hydro’s revenue requirement, the allocation of the resulting revenue requirement to the classes of customers and the determination of the final rates, including bill impacts and a proposed Tariff of Rates and Charges.

## **Findings**

The Board commends the Parties on achieving a complete settlement on all matters.

Having reviewed the Settlement Proposal, the detailed supporting material and Board staff’s submission, the Board accepts the Settlement Proposal in its entirety and accepts its rate effects as reasonable. Burlington Hydro’s new rates are to be effective May 1, 2014.

The Board also accepts the Parties' proposal to include Rex 1 smart meters within Burlington Hydro's stranded meters for cost recovery at the reduced equivalent value of conventional meters.

The Board has made minor adjustments to the Tariff of Rates and Charges as filed by Burlington Hydro, to correct a typographical error for loss factors, as well as to reflect standard descriptions for certain rates and rate riders.

The Board notes that this is among the first settlement proposals to be filed under the Board's *Renewed Regulatory Framework for Electricity* (RRFE). The Board acknowledges the efforts the Parties have made in this transition year to focus on the outcomes which reflect the expectations of the Board established under the RRFE.

The Board finds that the Settlement Proposal, when examined in its entirety, is consistent with the RRFE's four performance-based outcomes: customer focus, operational effectiveness, public policy responsiveness, and financial performance. The Board's finding in this regard is based on its interpretation of the RRFE in the context of this transitional year of its implementation.

The Board also notes that the confidentiality of certain documents filed in this proceeding is still being considered by the Board. However, the Board will not withhold its decision on Burlington Hydro's distribution rates until it has reached a decision on confidentiality.

The Board reminds the parties that, since settlements are the result of negotiations on numerous interconnected and sometimes complex issues, the terms of a settled issue may not necessarily be accepted by the Board in other proceedings.

#### **THE BOARD ORDERS THAT:**

1. Burlington Hydro Inc.'s new distribution rates shall be effective May 1, 2014.
2. Burlington Hydro Inc. shall review the draft Tariff of Rates and Charges set out in Appendix B and shall file with the Board, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.

3. If the Board does not receive a submission from Burlington Hydro Inc. to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the draft Tariff of Rates and Charges set out in Appendix B of this Decision and Rate Order will become final. Burlington Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.
4. If the Board receives a submission from Burlington Hydro Inc. to the effect that inaccuracies were found or information was missing pursuant to item 2 of this Decision and Rate Order, the Board will consider the submission of Burlington Hydro Inc. prior to issuing a final Tariff of Rates and charges.

### Cost Awards

1. Intervenors shall file with the Board and forward to Burlington Hydro Inc. their respective cost claims within **7 days** from the date of issuance of this Decision and Order.
2. Burlington Hydro Inc. shall file with the Board and forward to intervenors any objections to the claimed costs within **17 days** from the date of issuance of this Decision and Order.
3. Intervenors shall file with the Board and forward to Burlington Hydro Inc. any responses to any objections for cost claims within **24 days** of the date of issuance of this Decision and Order.
4. Burlington Hydro Inc. shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

All filings to the Board must quote the file number, **EB-2013-0115**, be made through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have

internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

**DATED** at Toronto, May 15, 2014

**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

**APPENDIX A**

**TO DECISION AND ORDER  
EB-2013-0115**

**Burlington Hydro Inc.  
Settlement Agreement**

**DATED: May 15, 2014**

Burlington Hydro Inc.

EB-2013-0115

Proposed Settlement Agreement

This settlement agreement proposal (the “Settlement Proposal”) is for the consideration of the Ontario Energy Board (the “OEB” or “Board”) in its determination of the rate application by Burlington Hydro Inc. (“Burlington Hydro”) for 2014 electricity distribution rates.

**INTRODUCTION**

Burlington Hydro filed an application with the Board on October 1, 2013 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), seeking approval for changes to the rates that Burlington Hydro charges for electricity distribution, to be effective May 1, 2014 (the “Application”). The Board assigned the Application File Number EB-2013-0115.

Three parties requested and were granted intervenor status:

- Energy Probe Research Foundation (“Energy Probe” or “EP”);
- School Energy Coalition (“SEC”); and
- the Vulnerable Energy Consumers Coalition (“VECC”).

These parties are referred to collectively as the “Intervenors”.

In Procedural Order No. 1, issued on December 17, 2013, the Board approved the Intervenors in this proceeding, made its determination regarding the cost eligibility of the Intervenors, and invited comments from Burlington Hydro and the Intervenors on a Draft Issues List.

In Procedural Order No. 2, issued on January 21, 2014, the Board set dates for interrogatories (January 30, 2014 and February 6, 2014), interrogatory responses (February 27, 2014) and a Settlement Conference (March 19-21, 2014). The Board also issued an Approved Issues List with Procedural Order No. 2.

The Settlement Conference was duly convened in accordance with Procedural Order No. 2 with Mr. Andrew Diamond as facilitator and concluded on March 20, 2014. Burlington Hydro and the following Intervenors participated in the Settlement Conference (collectively the “Parties”):

- Energy Probe;
- SEC; and
- VECC.

The role adopted by Board Staff in the Settlement Conference is set out on page 5 of the Board’s Settlement Conference Guidelines (the “Guidelines”). Although Board Staff is not a

party to this Proposal, as noted in the Guidelines, the Board Staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the proposed settlement of each issue during the Settlement Conference are strictly confidential and without prejudice.

None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this settlement proposal.

## **SETTLEMENT PROPOSAL**

This Settlement Proposal represents a complete settlement of all issues. This document comprises the Settlement Proposal, and it is presented jointly to the Board by the Parties. This document is called a "Settlement Proposal" because it is a proposal by the Parties to the Board to settle the issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof.

It is acknowledged and agreed that none of the Parties will withdraw from this Settlement Proposal under any circumstances, except as provided under Rule 32.05 of the Board's Rules of Practice and Procedure.

The Parties explicitly request that the Board consider and accept this Settlement Proposal as a package. None of the matters in respect of which a settlement has been reached is severable except as specifically noted; Board staff has notified the Parties that it may make submissions on the resolution of the Stranded Meter rate rider, and the Parties have agreed that that aspect of the Settlement Proposal is severable from the Settlement Proposal package.

Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Settlement Proposal. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this Settlement Proposal that may be unacceptable to

one or more of the Parties. If the Board does not accept the Settlement Proposal in its entirety, then there is no settlement unless the Parties agree that those portions of the Settlement Proposal that the Board does accept may continue as a valid settlement.

It is also agreed that this Settlement Proposal is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Settlement Proposal. However, none of the Parties will in any subsequent proceeding take the position that the resolution therein of any issue settled in this Settlement Proposal, if contrary to the terms of this Settlement Proposal, should be applicable for all or any part of the 2014 Test Year.

References to the evidence supporting this Settlement Proposal on each issue are set out in each section of the proposal. The Appendices to the Settlement Proposal provide further evidentiary support. The Parties agree that this Settlement Proposal and the Appendices form part of the record in EB-2013-0115. The Appendices were prepared by the Applicant. The Intervenor is relying on the accuracy and completeness of the Appendices in entering into this proposal.

The revenue requirement and rate adjustments arising from this Settlement Proposal will allow Burlington Hydro to make the necessary investments to serve customers, maintain the integrity of the distribution system, maintain its quality of its service at appropriate levels and meet all compliance requirements during 2014.

Burlington Hydro filed budgets for the 2014 Test Year that are illustrative of how it would achieve these goals; however, the actual decisions as to how to allocate resources and in what areas to spend the agreed upon capital and OM&A are ones that must be made by the utility during the course of the year. This is typical of all forward test year cost of service applications, and such decisions are subject to the Board's normal review in subsequent proceedings.

Furthermore, Burlington Hydro submits that the reduced amounts of OM&A, that were agreed on through settlement, may not allow Burlington Hydro to sufficiently complete all projects/plans as they were originally contemplated in the October 1st, 2013 Application. As noted above, however, Burlington Hydro believes that it will be able to appropriately maintain the integrity of its distribution system and achieve appropriate levels of service quality.

Attachment A to this Settlement Proposal provides a Tariff of Rates and Charges that has been updated to reflect the proposal and has, to the extent possible, been prepared in the format appropriate to support the issuance of Burlington Hydro's Final Rate Order. The Parties understand that if the Board approves this proposal, a subsequent procedural step in this proceeding may be required to finalize Burlington Hydro's rate order.

## ORGANIZATION AND SUMMARY OF THE SETTLEMENT PROPOSAL

The following Attachments accompany this Proposal:

- “A” - Draft Tariff Sheet
- “B” - Estimated Bill Impacts
- “C” – Board Approved Issue List
- “D” – Update of OM&A costs to include increased Postage and Tree Trimming Expenses, Correction of Omission of Property Tax Expense, Depreciation Expense to use when computing PILs, Updating Commodity Cost, Deployment of REX1 Meters
- “E” – Updated Chapter 2 Appendices (*from the Filing Requirements for Electricity Distribution Rate Applications*)

The following list identifies those Appendices that have been updated since the original October 1st, 2013 filing:

- 2-AB: Summary of Capital Expenditures by Category (2009-14)
  - 2-CN: 2013 Depreciation and Amortization Expense (Old CGAAP)
  - 2-CP: 2013 Depreciation and Amortization Expense (New CGAAP)
  - 2-CQ: 2014 Depreciation and Amortization Expense (New CGAAP)
  - 2-DB: Overhead
  - 2-ED: Account 1576 - Accounting Changes under CGAPP (2012 Changes)
  - 2-H: Other Operating Revenue
  - 2-I: CDM Forecast Calculation
  - 2-OA: Capital Structure and Cost of Capital
  - 2-OB: Debt Instruments
  - 2-P: Cost Allocation
  - 2-V: Revenue Reconciliation
  - 2-W: Bill Impacts
  - 2-Z: Tariff of Rates and Charges
- “F” – Schedule of Cost of Power
  - “G” – Tax Workform Model
  - “H” – RTSR Model
  - “I” – EDDVAR Continuity Schedules
  - “J” – Revenue Requirement Workform
  - “K” – Adjustment to Stranded Meter Deferral Account
  - “L” – Derivation of MDMR Balance
  - “M” – Cost Allocation Model
  - “N” – Derivation CDM Adjusted Load Forecast

The following electronic models will be filed with the OEB:

- A. Revenue Requirement Workform
- B. Tax Workform Model
- C. EDDVAR Continuity Schedules
- D. Cost Allocation Model
- E. RTSR Model

## OVERVIEW OF THE SETTLEMENT PROPOSAL

The Parties have reached complete settlement on all issues.

In reaching settlement, the Parties have been guided by the Filing Requirements for 2014, the approved Issues List, and the *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* dated October 18, 2012 (“RRFE”). The Parties recognize the Application is among the first to be filed under the RRFE. The Parties further recognize that this is a transition year. The Parties have taken these facts into consideration when developing this Settlement Proposal.

The agreement among the Parties reduces Burlington Hydro’s applied-for service revenue requirement by \$831,522, from \$31,668,068 to \$30,836,546 and increases its applied for gross revenue sufficiency from \$717,401 to \$926,226. The table below provides the components of Burlington Hydro’s revenue sufficiency for the 2014 Test Year, incorporating the changes as settled.

Revenue Requirement

| Line No. | Particulars   | Application         |            | Interrogatory Responses |            | Per Board Decision  |            |
|----------|---|---------------------|------------|-------------------------|------------|---------------------|------------|
| 1        | OM&A Expenses   | \$18,553,350        |            | \$18,849,865            |            | \$17,687,000        |            |
| 2        | Amortization/Depreciation   | \$4,182,434         |            | \$4,182,434             |            | \$4,126,034         |            |
| 3        | Property Taxes  | \$ -                |            | \$ -                    |            | \$273,559           |            |
| 5        | Income Taxes (Grossed up)   | \$137,696           |            | \$149,985               |            | \$211,146           |            |
| 6        | Other Expenses  | \$ -                |            |                         |            |                     |            |
| 7        | Return  |                     |            |                         |            |                     |            |
|          | Deemed Interest Expense   | \$3,182,488         |            | \$3,580,767             |            | \$3,603,142         |            |
|          | Return on Deemed Equity   | \$4,738,640         |            | \$4,905,017             |            | \$4,935,666         |            |
| 8        | <b>Service Revenue Requirement (before Revenues)</b>                                    | <b>\$30,794,608</b> |            | <b>\$31,668,068</b>     |            | <b>\$30,836,546</b> |            |
| 9        | Revenue Offsets   | \$1,938,014         |            | \$1,938,014             |            | \$2,001,014         |            |
| 10       | <b>Base Revenue Requirement</b>   | <b>\$28,856,594</b> |            | <b>\$29,730,054</b>     |            | <b>\$28,835,532</b> |            |
|          | <b>(excluding Transformer Ownership Allowance credit adjustment)</b>                    |                     |            |                         |            |                     |            |
| 11       | Distribution revenue  | \$28,856,594        |            | \$29,730,054            |            | \$28,835,532        |            |
| 12       | Other revenue   | \$1,938,014         |            | \$1,938,014             |            | \$2,001,014         |            |
| 13       | <b>Total revenue</b>  | <b>\$30,794,608</b> |            | <b>\$31,668,068</b>     |            | <b>\$30,836,546</b> |            |
| 14       | <b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b> | <b>\$0</b>          | <b>(1)</b> | <b>\$0</b>              | <b>(1)</b> | <b>(\$0)</b>        | <b>(1)</b> |

| Particulars  | Initial Application       |                     | Interrogatory Responses   |                     | Per Board Decision        |                     |
|--|---------------------------|---------------------|---------------------------|---------------------|---------------------------|---------------------|
|  | At Current Approved Rates | At Proposed Rates   | At Current Approved Rates | At Proposed Rates   | At Current Approved Rates | At Proposed Rates   |
| Revenue Deficiency from Below                            |                           | (\$717,401)         |                           | \$49,545            |                           | (\$926,226)         |
| Distribution Revenue                                     | \$29,612,045              | \$29,573,995        | \$29,718,690              | \$29,680,509        | \$29,792,663              | \$29,761,758        |
| Other Operating Revenue                                  | \$1,938,014               | \$1,938,014         | \$1,938,014               | \$1,938,014         | \$2,001,014               | \$2,001,014         |
| Offsets - net  |                           |                     |                           |                     |                           |                     |
| <b>Total Revenue</b>                                     | <b>\$31,550,059</b>       | <b>\$30,794,608</b> | <b>\$31,656,704</b>       | <b>\$31,668,068</b> | <b>\$31,793,677</b>       | <b>\$30,836,546</b> |
| Operating Expenses                                       | \$22,735,784              | \$22,735,784        | \$23,032,299              | \$23,032,299        | \$22,086,593              | \$22,086,593        |
| Deemed Interest Expense                                  | \$3,182,488               | \$3,182,488         | \$3,580,767               | \$3,580,767         | \$3,603,142               | \$3,603,142         |
| <b>Total Cost and Expenses</b>                           | <b>\$25,918,271</b>       | <b>\$25,918,271</b> | <b>\$26,613,066</b>       | <b>\$26,613,066</b> | <b>\$25,689,734</b>       | <b>\$25,689,734</b> |
| <b>Utility Income Before Income Taxes</b>                | <b>\$5,631,787</b>        | <b>\$4,876,337</b>  | <b>\$5,043,638</b>        | <b>\$5,055,002</b>  | <b>\$6,103,943</b>        | <b>\$5,146,812</b>  |
| Tax Adjustments to Accounting Income per 2013 PILs model | (\$4,083,678)             | (\$4,083,678)       | (\$4,215,029)             | (\$4,215,029)       | (\$4,094,249)             | (\$4,094,249)       |
| <b>Taxable Income</b>                                    | <b>\$1,548,109</b>        | <b>\$792,659</b>    | <b>\$828,609</b>          | <b>\$839,973</b>    | <b>\$2,009,694</b>        | <b>\$1,052,563</b>  |
| Income Tax Rate  | 21.16%                    | 21.16%              | 21.43%                    | 21.43%              | 22.34%                    | 22.34%              |
| <b>Income Tax on Taxable Income</b>                      | <b>\$327,521</b>          | <b>\$167,696</b>    | <b>\$177,550</b>          | <b>\$179,985</b>    | <b>\$448,973</b>          | <b>\$235,146</b>    |
| <b>Income Tax Credits</b>                                | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ -</b>               | <b>\$ -</b>         |
| <b>Utility Net Income</b>                                | <b>\$5,304,266</b>        | <b>\$4,738,640</b>  | <b>\$4,866,088</b>        | <b>\$4,905,017</b>  | <b>\$5,654,970</b>        | <b>\$4,935,666</b>  |

|   |                        |               |                     |               |                        |               |
|---|------------------------|---------------|---------------------|---------------|------------------------|---------------|
| <b>Utility Rate Base</b>                      | \$131,922,050          | \$131,922,050 | \$131,010,066       | \$131,010,066 | \$131,828,683          | \$131,828,683 |
| Deemed Equity Portion of Rate Base            | \$52,768,820           | \$52,768,820  | \$52,404,027        | \$52,404,027  | \$52,731,473           | \$52,731,473  |
| Income/(Equity Portion of Rate Base)          | 10.05%                 | 8.98%         | 9.29%               | 9.36%         | 10.72%                 | 9.36%         |
| Target Return - Equity on Rate Base           | 8.98%                  | 8.98%         | 9.36%               | 9.36%         | 9.36%                  | 9.36%         |
| Deficiency/Sufficiency in Return on Equity    | 1.07%                  | 0.00%         | -0.07%              | 0.00%         | 1.36%                  | 0.00%         |
| Indicated Rate of Return                      | 6.43%                  | 6.00%         | 6.45%               | 6.48%         | 7.02%                  | 6.48%         |
| Requested Rate of Return on Rate Base         | 6.00%                  | 6.00%         | 6.48%               | 6.48%         | 6.48%                  | 6.48%         |
| Deficiency/Sufficiency in Rate of Return      | 0.43%                  | 0.00%         | -0.03%              | 0.00%         | 0.55%                  | 0.00%         |
| Target Return on Equity                       | \$4,738,640            | \$4,738,640   | \$4,905,017         | \$4,905,017   | \$4,935,666            | \$4,935,666   |
| Revenue Deficiency/(Sufficiency)              | (\$565,626)            | \$0           | \$38,929            | \$0           | (\$719,304)            | (\$0)         |
| <b>Gross Revenue Deficiency/(Sufficiency)</b> | <b>(\$717,401) (1)</b> |               | <b>\$49,545 (1)</b> |               | <b>(\$926,226) (1)</b> |               |

The tables below provide bill impacts for a typical customer by rate class at existing rates and at proposed rates, including the Global Adjustment rate rider; please note that the “At Current Rates” scenario uses the OEB approved RPP values as of May 1, 2013 whereas the “At Proposed Rates” scenario uses the RPP values as of May 1, 2014. Table 3 provides total bill impacts, Table 4 provides distribution portion bill impacts and Table 5 provides delivery portion bill impacts.

Table 3: Summary of Estimated Bill Impacts, Global Adjustment included using Time of Use Rates

| Customer Class    | Residential | General Service <50kW | General Service >50kW | Unmetered Scattered Load | Street Lighting |
|-------------------|-------------|-----------------------|-----------------------|--------------------------|-----------------|
| At Current Rates  | \$ 121.31   | \$ 287.84             | \$ 4,585.91           | \$ 30.29                 | \$ 9.92         |
| At Proposed Rates | \$ 125.68   | \$ 304.85             | \$ 4,903.88           | \$ 29.93                 | \$ 10.63        |
| Change            | \$ 4.37     | \$ 17.01              | \$ 317.97             | \$ (0.36)                | \$ 0.71         |
| Percent Change    | 3.60%       | 5.91%                 | 6.93%                 | -1.19%                   | 7.16%           |

Summary of Estimated Bill Impacts Global Adjustment included using RPP Rates

| Customer Class    | Residential | General Service <50kW | General Service >50kW | Unmetered Scattered Load | Street Lighting |
|-------------------|-------------|-----------------------|-----------------------|--------------------------|-----------------|
| At Current Rates  | \$ 116.70   | \$ 288.21             | \$ 4,730.14           | \$ 28.93                 | \$ 9.21         |
| At Proposed Rates | \$ 123.47   | \$ 313.07             | \$ 5,213.21           | \$ 28.93                 | \$ 10.12        |
| Change            | \$ 6.77     | \$ 24.86              | \$ 483.07             | \$ -                     | \$ 0.91         |
| Percent Change    | 5.80%       | 8.63%                 | 10.21%                | 0.00%                    | 9.88%           |

Table 4: Distribution Bill Impacts Global Adjustment included using Time of Use Rates

| Customer Class    | Residential | General Service <50kW | General Service >50kW | Unmetered Scattered Load | Street Lighting |
|-------------------|-------------|-----------------------|-----------------------|--------------------------|-----------------|
| At Current Rates  | \$ 31.07    | \$ 65.15              | \$ 447.62             | \$ 13.21                 | \$ 1.68         |
| At Proposed Rates | \$ 27.99    | \$ 63.44              | \$ 434.93             | \$ 11.46                 | \$ 1.67         |
| Change            | \$ (3.08)   | \$ (1.71)             | \$ (12.69)            | \$ (1.75)                | \$ (0.01)       |
| Percent Change    | -9.91%      | -2.62%                | -2.83%                | -13.25%                  | -0.60%          |

Table 5: Delivery Bill Impacts Global Adjustment included using Time of Use Rates

| Customer Class    | Residential | General Service <50kW | General Service >50kW | Unmetered Scattered Load | Street Lighting |
|-------------------|-------------|-----------------------|-----------------------|--------------------------|-----------------|
| At Current Rates  | \$ 41.64    | \$ 89.29              | \$ 961.31             | \$ 15.01                 | \$ 2.50         |
| At Proposed Rates | \$ 39.02    | \$ 88.75              | \$ 957.65             | \$ 13.36                 | \$ 2.53         |
| Change            | \$ (2.62)   | \$ (0.54)             | \$ (3.66)             | \$ (1.65)                | \$ 0.03         |
| Percent Change    | -6.29%      | -0.60%                | -0.38%                | -10.99%                  | 1.20%           |

This Settlement Proposal does not give rise to bill impacts for any of Burlington Hydro’s customers that require mitigation.

## **The Resolution of the Issues**

### **FOUNDATION**

- 1.1 Does the planning (regional, infrastructure investment, asset management etc.) undertaken by the applicant and outlined in the application support the appropriate management of the applicant's assets?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that the planning undertaken by Burlington Hydro and outlined in the application, together with the changes agreed upon by the Parties and set out in this Settlement Proposal, support the appropriate management of Burlington Hydro's assets for the test year. The Parties acknowledge Burlington Hydro's evidence that it is striving to continually improve the quality and effectiveness of its planning activities, and agree that this Settlement Proposal provides Burlington Hydro with appropriate resources to do so.

#### **Evidence References**

Exhibit 1, Tab 1, Schedule 8

Exhibit 1, Tab 5, Schedule 4

Exhibit 2, Tab 5, Schedule 1

Exhibit 2, Tab 5, Schedule 2

Exhibit 2, Tab 5, Schedule 3

Exhibit 10, Tab 1, Schedules 1-5

Exhibit 10, Tab 2, Schedules 10-11

1.2 Are the customer engagement activities undertaken by the applicant commensurate with the approvals requested in the application?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

Burlington Hydro has described its ongoing customer engagement activities in the evidence. For the purposes of the settlement, the Parties accept that since this is a transitional year, and there was a short time frame between the release of the Chapter 2 Filing Requirements and Burlington Hydro's October 1 filing date, Burlington Hydro did not have sufficient time to pursue additional engagement activities specific to the application.

Evidence References

Exhibit 1, Tab 2, Schedule 1

Exhibit 1, Tab 2, Schedule 2

Exhibit 10, Tab 1, Schedules 6-11

## PERFORMANCE MEASURES

2.1 Does the applicant's performance in the areas of: (1) delivering on Board-approved plans from its most recent cost of service decision; (2) reliability performance; (3) service quality, and (4) efficiency benchmarking, support the application?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that:

- (1) Burlington Hydro has no Board-approved plans from Burlington Hydro's most recent cost of service decision against which to measure Burlington Hydro's performance, so this sub-issue is not applicable;
- (2) Burlington Hydro's past reliability performance supports the application, as amended by this Settlement Proposal, for 2014, and the Settlement Proposal provides Burlington Hydro with sufficient resources to maintain appropriate levels of reliability in the test year;
- (3) Burlington Hydro's past service quality performance supports the application, as amended by this Settlement Proposal, for 2014, and the Settlement Proposal provides Burlington Hydro with sufficient resources to maintain appropriate service quality in the test year;
- (4) Burlington Hydro has taken part in some industry benchmarking surveys, but because the industry is still evolving the methods and metrics for appropriate benchmarking of electricity distributors, the Parties accept the efficiency benchmarking performance of Burlington Hydro.

Burlington Hydro's Service Quality achievements are provided in the table below.

| SQI   | OEB Standard | 2009 Actuals | 2010 Actuals | 2011 Actuals | 2012 Actuals |
|---|--------------|--------------|--------------|--------------|--------------|
| New Connection - Low Voltage<br>(connection made within 5 working days)   | 90.00%       | 97.20%       | 96.30%       | 94.90%       | 98.30%       |
| New Connection – High Voltage<br>(connection made within 10 working days) | 90.00%       | N/A          | N/A          | N/A          | N/A          |
| Appointment Scheduling<br>(standards stated in section 7.3 of the DSC)    | 90.00%       | 100.00%      | 100.00%      | 100.00%      | 100.00%      |

|   |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
| Underground Cable Locates<br>(requests completed within 5 working days)       | 90.00%       | N/A          | N/A          | N/A          | N/A          |
| Telephone Accessibility<br>(answered in person within 30 seconds)             | 65.00%       | 72.80%       | 70.70%       | 66.80%       | 77.70%       |
| Telephone Call Abandon Rate   | <10%         | 3.30%        | 4.20%        | 8.70%        | 5.60%        |
| Appointments Met<br>(appointment date and time met)                           | 90.00%       | 97.60%       | 99.80%       | 97.30%       | 97.90        |
| Rescheduling of missed appointments   | 100.00%      | 100.00%      | 100.00%      | 100.00%      | 100.00%      |
| Written Responses to Inquiries<br>(responses provided within 10 working days) | 80.00%       | 100.00%      | 100.00%      | 100.00%      | 100.00%      |
| Emergency Response - Urban<br>(onsite within 60 minutes of call)              | 80.00%       | 89.50%       | 84.40%       | 87.40%       | 92.50%       |
| SQI   | OEB Standard | 2009 Actuals | 2010 Actuals | 2011 Actuals | 2012 Actuals |
| Emergency Response - Rural<br>(onsite within 60 minutes of call)              | 85.00%       | N/A          | N/A          | N/A          | N/A          |
| Reconnection Performance Standard<br>(Reconnected in two days)                | 85.00%       | N/A          | N/A          | 100.00%      | 100.00%      |

Burlington Hydro's reliability achievements are provided in the table below.

| Index | Includes outages caused by loss of supply |       |       |       |       | Excludes outages caused by loss of supply |       |       |       |       |
|-------|---|-------|-------|-------|-------|---|-------|-------|-------|-------|
|       | 2008                                      | 2009  | 2010  | 2011  | 2012  | 2008                                      | 2009  | 2010  | 2011  | 2012  |
| SAIDI |   | 1.080 | 1.130 | 1.060 | 0.900 |   | 1.080 | 1.130 | 1.060 | 0.900 |
| SAIFI |   | 1.170 | 1.720 | 1.000 | 0.950 |   | 1.170 | 1.720 | 0.950 | 0.950 |

Burlington Hydro's Loss Factor is provided in the table below.

|  |   | Historical Years |               |               |               |               | 5-Year Average |
|--|---|------------------|---------------|---------------|---------------|---------------|----------------|
|  |   | 2009             | 2010          | 2011          | 2012          | 2013          |                |
| <b>Losses Within Distributor's System</b>      |   |                  |               |               |               |               |                |
| <b>A(1)</b>                                    | "Wholesale" kWh delivered to distributor (higher value)                           | 1,648,092,984    | 1,710,566,163 | 1,706,208,053 | 1,702,581,206 | 1,684,773,435 | 1,690,444,368  |
| <b>A(2)</b>                                    | "Wholesale" kWh delivered to distributor (lower value)                            | 1,642,258,793    | 1,704,244,532 | 1,700,108,830 | 1,696,732,633 | 1,679,317,662 | 1,684,532,490  |
| <b>B</b>                                       | Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s) |                  |               |               |               |               | -              |
| <b>C</b>                                       | Net "Wholesale" kWh delivered to distributor = <b>A(2) - B</b>                    | 1,642,258,793    | 1,704,244,532 | 1,700,108,830 | 1,696,732,633 | 1,679,317,662 | 1,684,532,490  |
| <b>D</b>                                       | "Retail" kWh delivered by distributor   | 1,587,755,226    | 1,649,153,565 | 1,646,737,783 | 1,642,340,001 | 1,623,827,451 | 1,629,962,805  |
| <b>E</b>                                       | Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)     | -                | -             | -             |               |               | -              |
| <b>F</b>                                       | Net "Retail" kWh delivered by distributor = <b>D - E</b>                          | 1,587,755,226    | 1,649,153,565 | 1,646,737,783 | 1,642,340,001 | 1,623,827,451 | 1,629,962,805  |
| <b>G</b>                                       | Loss Factor in Distributor's system = <b>C / F</b>                                | 1.03433          | 1.03341       | 1.03241       | 1.03312       | 1.03417       | 1.03348        |
| <b>Losses Upstream of Distributor's System</b> |   |                  |               |               |               |               |                |
| <b>H</b>                                       | Supply Facilities Loss Factor   | 1.0045           | 1.0037        | 1.0036        | 1.0034        | 1.0032        | 1.0037         |
| <b>Total Losses</b>                            |   |                  |               |               |               |               |                |
| <b>I</b>                                       | Total Loss Factor = <b>G x H</b>  | 1.0390           | 1.0372        | 1.0361        | 1.0366        | 1.0375        | 1.0373         |

Evidence References

Exhibit 2, Tab 8, Schedule 1

Exhibit 10, Tab 1, Schedules 12-20

## CUSTOMER FOCUS

3.1 Are the applicant's proposed capital expenditures and operating expenses appropriately reflective of customer feedback and preferences?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

The Parties acknowledge that Burlington Hydro's Application comes at a time of transition to the RRFE, and recognize that the Board approved issues list was not created until after the Applicant prepared its Application, and therefore the Parties acknowledge that Burlington Hydro does not have specific customer feedback regarding its planned capital expenditures and operating expenses.

Burlington Hydro has described its ongoing customer engagement activities in the evidence. For the purposes of the settlement, the Parties accept that since there was a short time frame between the release of the Chapter 2 Filing Requirements and Burlington Hydro's October 1 filing date for its 2014 rate application, Burlington Hydro did not have sufficient time to pursue additional engagement activities specific to the application.

### Evidence References

Exhibit 1, Tab 2, Schedule 1

Exhibit 1, Tab 2, Schedule 2

Exhibit 2, Tab 5, Schedule 3

Exhibit 10, Tab 1, Schedules 21-27

## OPERATIONAL EFFECTIVENESS

4.1 Does the applicant's distribution system plan appropriately support continuous improvement in productivity, the attainment of system reliability and quality objectives, and the level of associated revenue requirement requested by the applicant?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that the Distribution System Plan filed in this proceeding, combined with the resources made available to Burlington Hydro in the test year under the terms of this Settlement Proposal, provide an appropriate foundation to Burlington Hydro in the test year to: a) pursue continuous improvement in productivity; b) attain appropriate system reliability and service quality objectives; and c) maintain the reliable and safe operation of its distribution system. The OM&A reductions that the Parties have agreed to are expected to make sufficient resources available to support providing reliability and service at appropriate levels.

The table below provides Burlington Hydro's OM&A expenses

### Summary of Recoverable OM&A Expenses

|  | Last Rebasings<br>Year (2010<br>Board-<br>Approved) | Last<br>Rebasings<br>Year (2010<br>Actuals) | 2011<br>Actuals     | 2012<br>Actuals     | 2013<br>Bridge<br>Year | 2014 Test<br>Year   |
|--|---|---|---------------------|---------------------|------------------------|---------------------|
| <i>Reporting Basis</i>                                 | <b>CGAAP</b>  | <b>CGAAP</b>                                | <b>CGAAP</b>        | <b>CGAAP</b>        | <b>CGAAP</b>           | <b>CGAAP</b>        |
| Operations   | \$4,464,123   | \$4,047,491                                 | \$4,643,079         | \$4,387,015         | \$5,180,227            | \$5,370,488         |
| Maintenance  | \$2,864,348   | \$2,275,554                                 | \$2,544,531         | \$3,149,391         | \$3,518,836            | \$3,864,317         |
| <b>SubTotal</b>  | <b>\$7,328,471</b>                                  | <b>\$6,323,045</b>                          | <b>\$7,187,610</b>  | <b>\$7,536,406</b>  | <b>\$8,699,063</b>     | <b>\$9,234,805</b>  |
| %Change (year over year)                               |   |   | 13.7%               | 4.9%                | 15.4%                  | 6.2%                |
| %Change (Test Year vs<br>Last Rebasings Year - Actual) |   |   |                     |                     |                        | 46.0%               |
| Billing and Collecting                                 | \$2,305,153   | \$2,396,557                                 | \$2,001,083         | \$2,159,933         | \$2,159,933            | \$2,326,477         |
| Community Relations                                    | \$41,584  | \$14,894                                    | \$18,589            | \$16,073            | \$11,330               | \$19,500            |
| Administrative and<br>General+LEAP                     | \$4,671,786   | \$5,266,558                                 | \$5,319,521         | \$5,492,207         | \$5,823,956            | \$6,106,218         |
| <b>SubTotal</b>  | <b>\$7,018,523</b>                                  | <b>\$7,678,009</b>                          | <b>\$7,339,193</b>  | <b>\$7,668,213</b>  | <b>\$7,995,219</b>     | <b>\$8,452,195</b>  |
| %Change (year over year)                               |   |   | -4.4%               | 4.5%                | 4.3%                   | 5.7%                |
| %Change (Test Year vs<br>Last Rebasings Year - Actual) |   |   |                     |                     |                        | 10.1%               |
| <b>Total</b>   | <b>\$14,346,994</b>                                 | <b>\$14,001,054</b>                         | <b>\$14,526,803</b> | <b>\$15,204,619</b> | <b>\$16,694,282</b>    | <b>\$17,687,000</b> |
| %Change (year over year)                               |   |   | 3.8%                | 4.7%                | 9.8%                   | 5.9%                |

Evidence References

Exhibit 2, Tab 5, Schedule 3

Exhibit 2, Tab 8, Schedule 1

Exhibit 10, Tab 1, Schedules 28-31

4.2 Are the applicant's proposed OM&A expenses clearly driven by appropriate objectives and do they show continuous improvement in cost performance?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

In its October 1, 2013 application Burlington Hydro sought approval of forecast OM&A expenses for the Test Year of approximately \$18,553k; this amount was updated to \$18,850k to include increased postage and tree trimming costs. For the purposes of settlement, the Parties agree that Burlington Hydro will reduce its forecast of OM&A expenses for the 2014 Test Year to \$17,687k which is expected to provide Burlington Hydro with the resources required to provide service on an ongoing basis at appropriate levels of reliability and quality. This amount represents a reduction of \$1,163k.

For the purposes of settlement, the parties agree that Burlington Hydro's proposed OM&A expenses, as adjusted under the terms of this Settlement Proposal, are driven by the appropriate objectives for the test year, as described in the evidence. Burlington Hydro's 2014 objectives as outlined in its 2014 business plan are:

- Pursue Scale-based Efficiencies
- Organizational Design Improvement
- Corporate Communications
- Leadership
- Revenue and Profitability Growth
- Labour Negotiation Strategy

The Parties also accept Burlington Hydro's evidence that, notwithstanding that this is a transition year for the RRFE, a focus on improving cost performance is a goal of Burlington Hydro and it will endeavor to do so in the test year. In the context of these facts, and for the purposes of the settlement, the Parties relied on Burlington Hydro's view that it can safely and reliably operate the distribution system based on the total OM&A as agreed. The Parties have agreed that the adjustment will be based on an "envelope" approach, so that any determination of potential budget reductions to reflect the Board-approved 2014 OM&A will be at the discretion of Burlington Hydro. Burlington Hydro has prepared a preliminary OM&A allocation at the agreed level, which is provided in the table below. This is a preliminary allocation and Burlington Hydro will proceed with determining the best allocation of the available OM&A envelope. Notwithstanding the preliminary OM&A allocation, the Parties acknowledge that under the forward test year approach to rate-setting, Burlington Hydro will retain the responsibility to make actual spending decisions during the Test Year, which may include variances from that presented below.

Recoverable OM&A Cost per Customer and per FTE

|  | Last Rebasing Year -<br>2010- Board<br>Approved | Last Rebasing<br>Year - 2010-<br>Actual | 2011 Actuals  | 2012 Actuals  | 2013 Bridge<br>Year | 2014 Test<br>Year |
|--|---|---|---------------|---------------|---------------------|-------------------|
| Reporting Basis                              | CGAAP   | CGAAP                                   | CGAAP         | CGAAP         | NewCGAAP            | NewCGAAP          |
| Number of Customers                          | 79,977.00                                       | 78,579.00                               | 79,615.00     | 80,312.00     | 81,231.00           | 82,161.00         |
| Total Recoverable OM&A<br>from Appendix 2-JB | \$ 14,346,994                                   | \$ 14,001,054                           | \$ 14,526,803 | \$ 15,204,619 | \$ 16,694,282       | \$ 17,687,000     |
| OM&A cost per customer                       | \$ 179.39                                       | 178.1780628                             | 182.4631414   | 189.3193899   | 205.5161479         | 215.2724529       |
| Number of FTEs                               | 101   | 94.08                                   | 90.75         | 92.25         | 95.59               | 100               |
| Customers/FTEs                               | 791.85  | 835.24                                  | 877.30        | 870.59        | 849.79              | 821.61            |
| OM&A Cost per FTE                            | 142,049.45                                      | 148,820.73                              | 160,074.96    | 164,819.72    | 174,644.65          | 176,870.00        |

Evidence References

Exhibit 1, Tab 1, Schedule 8

Exhibit 10, Tab 1, Schedule 5

Exhibit 10, Tab 1, Schedules 32-64

Exhibit 10, Tab 2, Schedules 12-15

4.3 Are the applicant's proposed operating and capital expenditures appropriately paced and prioritized to result in reasonable rates for customers, or is any additional rate mitigation required?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro's proposed operating and capital expenditures, as adjusted under the terms of this Settlement Proposal, are being appropriately paced and prioritized by Burlington Hydro, and will result in just and reasonable rates for customers and that, since none of Burlington Hydro's customers who are being billed at Time of Use commodity rates are expected to experience a bill impact of 10% or more and in particular a typical residential customer consuming 800 kWh/month and being charged for commodity according to Time of Use rates is expected to experience a bill increase of \$4.37, or 3.6%, no additional rate mitigation is required.

The table provided at page 20 demonstrates the proposed operating expenditures and that provided at page 22 demonstrates Burlington Hydro's pacing of its capital expenditures. Estimated bill impacts are provided at Attachment B.

#### Evidence References

Exhibit 1, Tab 1, Schedule 13

Exhibit 8, Tab 4, Schedule 2

Exhibit 8, Tab 4, Schedule 4

Exhibit 1, Tab 1, Schedules 65-73

Table 2 - Capital Expenditure Summary from Chapter 5 Consolidated  
 Distribution System Plan Filing Requirements

First year of Forecast 201  
 Period: 4

| CATEGORY                      | Historical Period (previous plan <sup>1</sup> & actual) |     |  |               |              |       |               |              |        |               |              |        |               |                     |       | Forecast Period (planned) |              |             |             |             |
|-------------------------------|---|-----|--|---------------|--------------|-------|---------------|--------------|--------|---------------|--------------|--------|---------------|---------------------|-------|---------------------------|--------------|-------------|-------------|-------------|
|                               | 2009  |     |  | 2010          |              |       | 2011          |              |        | 2012          |              |        | 2013          |                     |       | 2014                      | 2015         | 2016        | 2017        | 2018        |
|                               | Actual  | Var |  | Previous Year | Actual       | Var   | Previous Year | Actual       | Var    | Previous Year | Actual       | Var    | Previous Year | Actual <sup>2</sup> | Var   |                           |              |             |             |             |
|                               | \$  | %   |  | \$            | %            |       | \$            | %            |        | \$            | %            |        | \$            | %                   |       | \$                        |              |             |             |             |
| System Access                 | \$14,297,941  | --  |  | \$14,297,941  | \$9,864,837  | 31.0% | \$9,864,837   | \$5,480,942  | -44.4% | \$5,480,942   | \$8,600,080  | 58.6%  | \$8,600,080   | \$7,580,069         | 12.8% | \$8,244,469               | \$7,396,054  | \$6,925,561 | \$6,925,561 | \$7,621,934 |
| System Renewal                | \$1,504,332   | --  |  | \$1,504,332   | \$1,504,313  | 0.0%  | \$1,504,313   | \$2,103,560  | 39.8%  | \$2,103,560   | \$846,293    | -59.8% | \$846,293     | \$835,680           | 24.9% | \$1,349,241               | \$1,311,959  | \$1,309,651 | \$1,309,651 | \$1,309,561 |
| System Service                | \$351,331   | --  |  | \$351,331     | \$417,267    | 18.8% | \$417,267     | \$1,771,353  | 324.5% | \$1,771,353   | \$7,887,428  | 345.3% | \$7,887,428   | \$1,783,314         | 77.4% | \$908,540                 | \$650,832    | \$966,547   | \$966,547   | \$650,832   |
| General Plant                 | \$1,927,289   | --  |  | \$1,927,289   | \$708,897    | 63.2% | \$708,897     | \$954,373    | 34.6%  | \$954,373     | \$893,472    | -6.4%  | \$893,472     | \$1,183,455         | 32.5% | \$807,000                 | \$644,000    | \$496,000   | \$656,500   | \$278,900   |
| Subtotal (net of Capt Contr.) | \$18,080,893  |     |  | \$18,080,893  | \$12,495,314 | 30.9% | \$12,495,314  | \$10,310,228 | -17.5% | \$10,310,228  | \$18,317,273 | 77.7%  | \$18,317,273  | \$11,182,518        | 39.0% | \$11,309,250              | \$10,002,845 | \$9,697,759 | \$9,858,259 | \$9,861,227 |
| Capital Contribution          | \$6,661,564   |     |  | \$6,661,564   | \$2,905,190  |       | \$2,905,190   | \$1,447,615  |        | \$1,447,615   | \$3,238,245  |        | \$3,238,245   | \$3,217,443         |       | \$3,579,205               |              |             |             |             |
| TOTAL EXPENDITURE             | \$11,419,329  |     |  | \$11,419,329  | \$9,590,124  | 16.0% | \$9,590,124   | \$8,862,613  | -7.6%  | \$8,862,613   | \$15,079,028 | 70.1%  | \$15,079,028  | \$7,965,075         | 47.2% | \$7,730,045               |              |             |             |             |
| System O&M                    |   |     |  | \$6,323,045   |              |       | \$6,323,045   | \$7,187,610  | 13.7%  | \$7,187,610   | \$7,536,406  | 4.9%   | \$7,536,406   | \$8,699,063         | 15.4% | \$9,234,805               |              |             |             |             |

## PUBLIC POLICY RESPONSIVENESS

5.1 Do the applicant's proposals meet the obligations mandated by government in areas such as renewable energy and smart meters and any other government mandated obligations?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept Burlington Hydro's confirmation that the resources available to it in the test year as a result of this Settlement Proposal will allow it to meet all known obligations that are currently mandated by government and relevant to this application, including those in respect of renewable energy, smart meters and any other obligations that are currently mandated as a condition of Burlington Hydro's electricity distribution licence.

### Evidence References

Exhibit 2, Tab 4, Schedule 1

Exhibit 2, Tab 5, Schedule 10

Exhibit 3, Tab 1, Schedule 3

Exhibit 4, Tab 2, Schedule 6

Exhibit 4, Tab 2, Schedule 7

Exhibit 4, Tab 2, Schedule 8

Exhibit 10, Tab 1, Schedules 74-79

## FINANCIAL PERFORMANCE

6.1 Do the applicant's proposed rates allow it to meet its obligations to its customers while maintaining its financial viability?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, and subject to the adjustments noted in this Settlement Proposal, the Parties agree that Burlington Hydro's proposed rates in the 2014 Test Year will allow it to meet its forecast obligations to its customers while maintaining its financial viability.

Evidence References

Exhibit 10, Tab 1, Schedule 80

6.2 Has the applicant adequately demonstrated that the savings resulting from its operational effectiveness initiatives are sustainable?

Status: Complete Settlement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

The Parties acknowledge that this is a transition year, and that quantitative evidence of past operational effectiveness initiatives is, therefore, not readily available. For the purposes of settlement, the Parties accept that Burlington Hydro has demonstrated that it is pursuing operational effectiveness initiatives as set out in the Evidence. Burlington Hydro further agrees that it will, address the savings and/or other beneficial impacts resulting from these or other operational effectiveness initiatives, and the sustainability of savings and/or other beneficial impacts from those initiatives in its next Cost of Service or Custom IR application.

Evidence References

Exhibit 10, Tab 1, Schedules 81-87

## 7. Revenue Requirement

7.1 Is the proposed Test year rate base including the working capital allowance reasonable?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept Burlington Hydro's revised 2013 closing values of PP&E and their subsequent use for 2014 Opening values, the proposed 2014 capital budget and the proposed 2014 Test Year CiAC, are reasonable. The parties agreed to use the 13% factor to compute the proposed 2014 Test Year WCA and that the proposed 2014 Test Year Working Cash Allowance was to be computed using the OM&A amount net of the amounts reclassified to Depreciation expense. For the purposes of settlement, and as noted at page 19, the Parties agree that the proposed 2014 Test Year OM&A will be set at \$17.687M. The Parties further agreed that the 2014 Test Year OM&A used to derive of the Working Capital Allowance will be reduced by the reclassified Depreciation expense of \$384,026.

The table provided at page 6 summarizes Burlington Hydro's 2014 Revenue Requirement.

The table below provides the detail of Burlington Hydro's Property, Plant and Equipment that is included in Rate Base.

Appendix 2-BA

Fixed Asset Continuity Schedule - CGAAP/ASPE/USGAAP

Year 2014

| CCA Class | OEB  | Description  | Cost            |              |           |                 | Accumulated Depreciation |             |           |                 | Net Book Value |
|-----------|------|--|-----------------|--------------|-----------|-----------------|--------------------------|-------------|-----------|-----------------|----------------|
|           |      |  | Opening Balance | Additions    | Disposals | Closing Balance | Opening Balance          | Additions   | Disposals | Closing Balance |                |
| 12        | 1611 | Computer Software (Formally known as Account 1925) | \$ 6,009,904    | \$ 245,000   |           | \$ 6,254,904    | -\$ 4,358,961            | -\$ 363,440 |           | -\$ 4,722,401   | \$ 1,532,503   |
| CEC       | 1612 | Land Rights (Formally known as Account 1906)       | \$ 189,351      | \$ 60,000    |           | \$ 249,351      | -\$ 29,379               | -\$ 3,328   |           | -\$ 32,707      | \$ 216,644     |
| N/A       | 1805 | Land   | \$ 202,703      |              |           | \$ 202,703      | \$ -                     |             |           | \$ -            | \$ 202,703     |
| 47        | 1808 | Buildings  | \$ 2,296,844    | \$ 5,000     |           | \$ 2,301,844    | -\$ 1,219,779            | -\$ 63,385  |           | -\$ 1,283,164   | \$ 1,018,680   |
| 13        | 1810 | Leasehold Improvements                             | \$ -            |              |           | \$ -            | \$ -                     |             |           | \$ -            | \$ -           |
| 47        | 1815 | Transformer Station Equipment >50 kV               | \$ -            |              |           | \$ -            | \$ -                     |             |           | \$ -            | \$ -           |
| 47        | 1820 | Distribution Station Equipment <50 kV              | \$ 14,580,949   | \$ 565,312   |           | \$ 15,146,261   | -\$ 9,327,955            | -\$ 222,055 |           | -\$ 9,550,010   | \$ 5,596,251   |
| 47        | 1825 | Storage Battery Equipment                          | \$ -            |              |           | \$ -            | \$ -                     |             |           | \$ -            | \$ -           |
| 47        | 1830 | Poles, Towers & Fixtures                           | \$ 35,316,056   | \$ 1,686,483 |           | \$ 37,002,539   | -\$ 15,358,477           | -\$ 620,258 |           | -\$ 15,978,735  | \$ 21,023,804  |
| 47        | 1835 | Overhead Conductors & Devices                      | \$ 42,888,227   | \$ 847,206   |           | \$ 43,735,433   | -\$ 24,516,813           | -\$ 524,480 |           | -\$ 25,041,293  | \$ 18,694,140  |
| 47        | 1840 | Underground Conduit                                | \$ 17,183,620   | \$ 1,669,428 |           | \$ 18,853,048   | -\$ 7,992,920            | -\$ 191,575 |           | -\$ 8,184,495   | \$ 10,668,553  |
| 47        | 1845 | Underground Conductors & Devices                   | \$ 27,870,490   | \$ 1,882,472 |           | \$ 29,752,962   | -\$ 14,737,688           | -\$ 575,833 |           | -\$ 15,313,521  | \$ 14,439,441  |
| 47        | 1850 | Line Transformers                                  | \$ 49,304,146   | \$ 1,909,205 |           | \$ 51,213,351   | -\$ 28,208,991           | -\$ 721,511 |           | -\$ 28,930,502  | \$ 22,282,849  |
| 47        | 1855 | Services (Overhead & Underground)                  | \$ 32,563,067   | \$ 1,261,637 |           | \$ 33,824,704   | -\$ 18,474,639           | -\$ 288,417 |           | -\$ 18,763,056  | \$ 15,061,648  |
| 47        | 1860 | Meters   | \$ 18,891,197   | \$ 606,883   |           | \$ 19,498,080   | -\$ 7,468,823            | -\$ 931,560 |           | -\$ 8,400,383   | \$ 11,097,697  |
| 47        | 1860 | Meters (Smart Meters)                              | \$ -            |              |           | \$ -            | \$ -                     |             |           | \$ -            | \$ -           |
| N/A       | 1905 | Land   | \$ 96,300       |              |           | \$ 96,300       | \$ -                     |             |           | \$ -            | \$ 96,300      |
| 47        | 1908 | Buildings & Fixtures                               | \$ 8,484,356    | \$ 327,000   |           | \$ 8,811,356    | -\$ 4,127,677            | -\$ 246,284 |           | -\$ 4,373,961   | \$ 4,437,395   |
| 13        | 1910 | Leasehold Improvements                             | \$ -            |              |           | \$ -            | \$ -                     |             |           | \$ -            | \$ -           |

|      |      |  |                       |                     |                |                       |                        |                      |                |                        |                       |
|------|------|--|-----------------------|---------------------|----------------|-----------------------|------------------------|----------------------|----------------|------------------------|-----------------------|
| 8    | 1915 | Office Furniture & Equipment (10 years)  | \$ 1 483 402          | \$ 38 000           | \$ 1 521 402   | -\$ 1 220 008         | -\$ 57 569             | -\$ 1 277 577        | \$ 243 825     |                        |                       |
| 8    | 1915 | Office Furniture & Equipment (5 years)   | \$ -                  |                     | \$ -           | \$ -                  |                        | \$ -                 | \$ -           |                        |                       |
| 10   | 1920 | Computer Equipment - Hardware  | \$ 934,035            | \$ 70,000           | \$ 1,004,035   | -\$ 644,954           | -\$ 64,916             | -\$ 709,870          | \$ 294,165     |                        |                       |
| 45   | 1920 | Computer Equip.-Hardware(Post Mar. 22/04)  | \$ -                  |                     | \$ -           | \$ -                  |                        | \$ -                 | \$ -           |                        |                       |
| 45.1 | 1920 | Computer Equip.-Hardware(Post Mar. 19/07)  | \$ -                  |                     | \$ -           | \$ -                  |                        | \$ -                 | \$ -           |                        |                       |
| 10   | 1930 | Transportation Equipment   | \$ 3,748,212          | \$ 50,000           | \$ 3,798,212   | -\$ 2,773,607         | -\$ 75,769             | -\$ 2,849,376        | \$ 948,836     |                        |                       |
| 8    | 1935 | Stores Equipment   | \$ 292,425            |                     | \$ 292,425     | -\$ 292,080           |                        | -\$ 292,080          | \$ 345         |                        |                       |
| 8    | 1940 | Tools, Shop & Garage Equipment   | \$ 1,368,455          | \$ 9,000            | \$ 1,377,455   | -\$ 1,239,637         | -\$ 26,532             | -\$ 1,266,169        | \$ 111,286     |                        |                       |
| 8    | 1945 | Measurement & Testing Equipment  | \$ 381,931            | \$ 3,000            | \$ 384,931     | -\$ 352,457           | -\$ 4,626              | -\$ 357,083          | \$ 27,848      |                        |                       |
| 8    | 1950 | Power Operated Equipment   | \$ -                  |                     | \$ -           | \$ -                  | \$ -                   | \$ -                 | \$ -           |                        |                       |
| 8    | 1955 | Communications Equipment   | \$ 191,861            |                     | \$ 191,861     | -\$ 191,861           | \$ -                   | -\$ 191,861          | \$ -           |                        |                       |
| 8    | 1955 | Communication Equipment (Smart Meters)   | \$ -                  |                     | \$ -           | \$ -                  | \$ -                   | \$ -                 | \$ -           |                        |                       |
| 8    | 1960 | Miscellaneous Equipment  | \$ -                  |                     | \$ -           | \$ -                  | \$ -                   | \$ -                 | \$ -           |                        |                       |
| 47   | 1970 | Load Management Controls Customer Premises   | \$ -                  |                     | \$ -           | \$ -                  | \$ -                   | \$ -                 | \$ -           |                        |                       |
| 47   | 1975 | Load Management Controls Utility Premises  | \$ -                  |                     | \$ -           | \$ -                  | \$ -                   | \$ -                 | \$ -           |                        |                       |
| 47   | 1980 | System Supervisor Equipment  | \$ 3,141,263          | \$ 73,624           | \$ 3,214,887   | -\$ 2,893,451         | -\$ 66,014             | -\$ 2,959,465        | \$ 255,422     |                        |                       |
| 47   | 1985 | Miscellaneous Fixed Assets   | \$ -                  |                     | \$ -           | \$ -                  |                        | \$ -                 | \$ -           |                        |                       |
| 47   | 1990 | Other Tangible Property  | \$ 4,113,602          |                     | \$ 4,113,602   | -\$ 44,883            | \$ 606,052             | \$ 561,169           | \$ 4,674,771   |                        |                       |
| 47   | 1995 | Contributions & Grants   | -\$ 29,277,059        | -\$ 3,579,205       | -\$ 32,856,264 | \$ 6,362,150          | -\$ 68,560             | \$ 6,293,590         | -\$ 26,562,674 |                        |                       |
|      | etc. |  | \$ -                  |                     | \$ -           | \$ -                  | 0                      | \$ -                 | \$ -           |                        |                       |
|      |      |  | \$ -                  |                     | \$ -           | \$ -                  | 0                      | \$ -                 | \$ -           |                        |                       |
|      |      | <b>Sub-Total</b>   | <b>\$ 242,255,337</b> | <b>\$ 7,730,045</b> | <b>\$ -</b>    | <b>\$ 249,985,382</b> | <b>-\$ 139,112,890</b> | <b>-\$ 4,510,060</b> | <b>\$ -</b>    | <b>-\$ 143,622,950</b> | <b>\$ 106,362,432</b> |
|      |      | <b>Less Socialized Renewable Energy Generation Investments (input as negative)</b> |                       |                     |                |                       |                        |                      |                | \$ -                   | \$ -                  |
|      |      | <b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>            |                       |                     |                |                       |                        |                      |                | \$ -                   | \$ -                  |
|      |      | <b>Total PP&amp;E</b>  | <b>\$ 242,255,337</b> | <b>\$ 7,730,045</b> | <b>\$ -</b>    | <b>\$ 249,985,382</b> | <b>-\$ 139,112,890</b> | <b>-\$ 4,510,060</b> | <b>\$ -</b>    | <b>-\$ 143,622,950</b> | <b>\$ 106,362,432</b> |
|      |      | <b>Depreciation Expense Allocated to Other Department</b>                          |                       |                     |                |                       |                        |                      |                | \$ 384,026             |                       |
|      |      | <b>Total</b>   |                       |                     |                |                       |                        |                      |                | -\$ 4,510,060          | -\$ 384,026           |

The table below provides the detail of Burlington Hydro's 2014 Rate Base.

| Line No. | Rate Base Particulars              |     | Initial Application  |  | Adjustments        |  | Interrogatory Responses |  | Adjustments      |  | Per Board Decision   |
|----------|------------------------------------|-----|----------------------|--|--------------------|--|-------------------------|--|------------------|--|----------------------|
| 1        | Gross Fixed Assets (average)       | (3) | \$248,054,688        |  | (\$1,934,328)      |  | \$246,120,360           |  | \$ -             |  | \$246,120,360        |
| 2        | Accumulated Depreciation (average) | (3) | (\$141,340,625)      |  | (\$55,495)         |  | (\$141,396,120)         |  | \$28,200         |  | (\$141,367,920)      |
| 3        | Net Fixed Assets (average)         | (3) | \$106,714,063        |  | (\$1,989,823)      |  | \$104,724,240           |  | \$28,200         |  | \$104,752,440        |
| 4        | Allowance for Working Capital      | (1) | \$25,207,987         |  | \$1,077,840        |  | \$26,285,826            |  | \$790,417        |  | \$27,076,243         |
| 5        | <b>Total Rate Base</b>             |     | <b>\$131,922,050</b> |  | <b>(\$911,983)</b> |  | <b>\$131,010,066</b>    |  | <b>\$818,617</b> |  | <b>\$131,828,683</b> |

(1) Allowance for Working Capital - Derivation

|    |                           |     |               |  |             |  |               |  |               |  |               |
|----|---------------------------|-----|---------------|--|-------------|--|---------------|--|---------------|--|---------------|
| 6  | Controllable Expenses     |     | \$18,553,350  |  | \$296,515   |  | \$18,849,865  |  | (\$1,273,332) |  | \$17,576,533  |
| 7  | Cost of Power             |     | \$175,354,241 |  | \$7,994,559 |  | \$183,348,800 |  | \$7,353,460   |  | \$190,702,260 |
| 8  | Working Capital Base      |     | \$193,907,591 |  | \$8,291,074 |  | \$202,198,665 |  | \$6,080,128   |  | \$208,278,793 |
| 9  | Working Capital Rate %    | (2) | 13.00%        |  | 0.00%       |  | 13.00%        |  | 0.00%         |  | 13.00%        |
| 10 | Working Capital Allowance |     | \$25,207,987  |  | \$1,077,840 |  | \$26,285,826  |  | \$790,417     |  | \$27,076,243  |

## Rationale

The proposed adjustment to the 2014 Test Year OM&A for the purposes of calculating the WCA renders it consistent with cash expenditures and is suitable for estimating the WCA.

## Evidence References

Exhibit 2, Tab 1

Exhibit 2, Tab 2

Exhibit 2, Tab 3

Exhibit 2, Tab 5

Exhibit 4, Tab 1

Exhibit 4, Tab 2

Exhibit 4, Tab 3

Exhibit 4, Tab 4

Exhibit 4, Tab 5

Exhibit 4, Tab 7

Exhibit 9, Tab 3, Schedule 1

Exhibit 10, Tab 1, Schedules 88-96

Exhibit 10, Tab 2, Schedules 1-3

## 7. Revenue Requirement

7.2 Are the proposed levels of depreciation/amortization expense appropriately reflective of the useful lives of the assets and the Board's accounting policies?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

### Agreement

For the purposes of settlement, the Parties accept Burlington Hydro's proposed 2014 Test Year depreciation expense as updated on March 19, 2014.

The 2014 Fixed Asset Continuity schedule provided at pages 26 and 27 reflects the resolution of this issue.

### Rationale

The depreciation expense, for the purposes of calculating the Revenue Requirement, has been appropriately reduced for amounts that are reclassified to OM&A totaling \$384,026. The depreciation expense has been calculated correctly based on the revised opening 2014 PPE values, as documented in issue 7.1, and correctly computed by applying the half year rule. The findings of the Kinectrics Useful Lives study adequately support the proposed expense.

### Evidence References

Exhibit 4, Tab 7, Schedule 1

Exhibit 4, Tab 7, Schedule 2

Exhibit 4, Tab 7, Schedule 3

Exhibit 4, Tab 7, Schedule 4

Exhibit 4, Tab 7, Schedule 5

Exhibit 10, Tab 1, Schedules 97-98

## 7. Revenue Requirement

### 7.3 Are the proposed levels of taxes appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept Burlington Hydro's proposed 2014 Test Year PILs expense, calculated:

- using data consistent with the Proposed Settlement of the issues;
- assuming that two positions will be eligible for the Job Creation Tax Credit;
- the proposed 2014 Property Tax expense; and
- Based on the correction to the originally filed PILs Workform, specifically to use Depreciation Expense before reclassification.

|  |                                  |            |          |     |        | Wires Only       |            |
|--|----------------------------------|------------|----------|-----|--------|------------------|------------|
| -  | -                                |            |          |     |        |                  |            |
| <b>Regulatory Taxable Income</b>                         |                                  |            |          |     |        |                  | \$ 841,416 |
| <b>Ontario Income Taxes</b>                              |                                  |            |          |     |        |                  |            |
| <i>Income tax payable</i>                                | <b>Ontario Income Tax</b>        | 11.50%     | <b>B</b> | \$  | 96,763 | <b>C = A * B</b> |            |
| <i>Small business credit</i>                             | Ontario Small Business Threshold | \$ 500,000 | <b>D</b> |     |        |                  |            |
|  | Rate reduction                   | -7.00%     | <b>E</b> | -\$ | 35,000 | <b>F = D * E</b> |            |
| <i>Ontario Income tax</i>                                |                                  |            |          |     |        |                  | \$ 61,763  |
| <b>Combined Tax Rate and PILs</b>                        |                                  |            |          |     |        |                  |            |
|  | Effective Ontario Tax Rate       |            |          |     | 7.34%  | <b>K = J / A</b> |            |
|  | Federal tax rate                 |            |          |     | 15.00% | <b>L</b>         |            |
|  | Combined tax rate                |            |          |     |        |                  | 22.34%     |
| <b>Total Income Taxes</b>                                |                                  |            |          |     |        |                  |            |
|  |                                  |            |          |     |        |                  | \$ 187,975 |
|  | Investment Tax Credits           |            |          |     |        |                  | \$ 4,000   |
|  | Miscellaneous Tax Credits        |            |          |     |        |                  | \$ 20,000  |
|  | <b>Total Tax Credits</b>         |            |          |     |        |                  | \$ 24,000  |
| <b>Corporate PILs/Income Tax Provision for Test Year</b> |                                  |            |          |     |        |                  |            |
|  |                                  |            |          |     |        |                  | \$ 163,975 |

|   |        |  |                   |
|---|--------|--|-------------------|
| Corporate PILs/Income Tax Provision Gross Up <sup>1</sup> | 77.66% |  | \$ 47,171         |
| -   |        |  |                   |
| -   |        |  |                   |
| <b>Income Tax</b> (grossed-up)                            |        |  | <b>\$ 211,146</b> |

Please see Attachment D for further detail on the recovery through rates of \$273,559 as a proxy for Burlington Hydro's 2014 Property Tax and the discussion of the use of Depreciation expense before reclassification.

Rationale

The PILs Workform has been appropriately updated to include all adjustments described in this Settlement Agreement.

Evidence References

- Exhibit 4, Tab 8, Schedule 1
- Exhibit 4, Tab 8, Schedule 2
- Exhibit 4, Tab 8, Schedule 3
- Exhibit 10, Tab 1, Schedules 99-101

## 7. Revenue Requirement

7.4 Is the proposed allocation of shared services and corporate costs appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement the Parties accept Burlington Hydro's allocation of shared services and corporate costs are appropriate. The table below summarizes Burlington Hydro's shared services.

Year: 2014

### Shared Services

| Name of Company                      |                                      | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------------|--------------------------------------|-----------------|---------------------|-----------------------|----------------------|
| From                                 | To                                   |                 |                     | \$                    | \$                   |
| Burlington Electricity Services Inc. | Burlington Hydro Inc.                | Billing Service | Rate per Bill       | 365,829               | 335,623              |
| Burlington Electricity Services Inc. | Burlington Hydro Inc.                | Accounting      | Lump Sum            | 2,000                 | 2,000                |
| Burlington Hydro Inc.                | Burlington Electricity Services Inc. | Sponsorship     | Lump Sum            | 10,000                | 10,000               |
| Burlington Hydro Inc.                | Burlington Hydro Electric Inc.       | Directors' Fee  | Lump Sum            | 85,000                | 85,000               |
| Burlington Electricity Services Inc. | Burlington Hydro Inc.                | Misc Services   | Lump Sum            | 66,460                | 66,460               |

### Rationale

Burlington Hydro followed OEB policy as set out in the Affiliate Relationships Code and in the OEB's Minimum Filing Requirements.

### Evidence References

Exhibit 4, Tab 5, Schedule 1

Exhibit 4, Tab 5, Schedule 2

Exhibit 4, Tab 5, Schedule 3

Exhibit 4, Tab 5, Schedule 4

Exhibit 10, Tab 1, Schedules 102-109

Exhibit 10, Tab 2, Schedules 4-5

## 7. Revenue Requirement

7.5 Are the proposed capital structure, rate of return on equity and short and long term debt costs appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro's weighted average cost of capital for the 2014 Test Year is appropriate.

The table below summarizes Burlington Hydro's 2014 test Year Cost of Capital.

|                     | Per Board Decision |                      |              |                    |
|---------------------|--------------------|----------------------|--------------|--------------------|
|                     | (%)                | (\$)                 | (%)          | (\$)               |
| <b>Debt</b>         |                    |                      |              |                    |
| Long-term Debt      | 56.00%             | \$73,824,063         | 4.73%        | \$3,491,878        |
| Short-term Debt     | 4.00%              | \$5,273,147          | 2.11%        | \$111,263          |
| <b>Total Debt</b>   | <b>60.00%</b>      | <b>\$79,097,210</b>  | <b>4.56%</b> | <b>\$3,603,142</b> |
| <b>Equity</b>       |                    |                      |              |                    |
| Common Equity       | 40.00%             | \$52,731,473         | 9.36%        | \$4,935,666        |
| Preferred Shares    | 0.00%              | \$ -                 | 0.00%        | \$ -               |
| <b>Total Equity</b> | <b>40.00%</b>      | <b>\$52,731,473</b>  | <b>9.36%</b> | <b>\$4,935,666</b> |
| <b>Total</b>        | <b>100.00%</b>     | <b>\$131,828,683</b> | <b>6.48%</b> | <b>\$8,538,807</b> |

### Rationale

Burlington Hydro correctly applied the OEB's policies and updated values of the Cost of Capital by type that were authorized by the OEB in November 2013.

### Evidence References

Exhibit 1, Tab 1, Schedule 10

Exhibit 5, Tab 1, Schedule 1

Exhibit 5, Tab 1, Schedule 2

Exhibit 10, Tab 1, Schedules 110-113

## 7. Revenue Requirement

7.6 Is the proposed forecast of other revenues including those from specific service charges appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro will increase the projected 2014 Test Year Other Revenues by \$63k.

### Appendix 2-H

#### Other Operating Revenue

| USoA # | USoA Description                                  | 2010 Actual  | 2011 Actual  | 2012 Actual <sup>1</sup> | 2012 Actual <sup>2</sup> | Bridge Year <sup>3</sup> | Bridge Year <sup>3</sup> | Test Year    |
|--------|---|--------------|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------|
|        |   |              |              |                          |                          | 2013                     | 2013                     | 2014         |
|        | <i>Reporting Basis</i>                            |              |              |                          |                          |                          |                          |              |
| 4235   | Specific Service Charges                          | \$ 821,164   | \$ 848,889   | \$ 853,860               |                          |                          | \$ 846,446               | \$ 817,981   |
| 4225   | Late Payment Charges                              | \$ 202,148   | \$ 249,986   | \$ 248,090               |                          |                          | \$ 267,620               | \$ 241,000   |
| 4082   | Retail Services Revenues - ODR                    | \$ 50,129    | \$ 46,287    | \$ 40,278                |                          |                          | \$ 40,000                | \$ 40,000    |
| 4220   | Other Electric Revenues - ODR                     | \$ 101,942   | \$ 56,903    | \$ 58,494                |                          |                          | \$ 48,956                | \$ 58,025    |
| 4080   | Admin Charge - ODR                                | \$ 174,033   | \$ 178,619   | \$ 184,071               |                          |                          | \$ 160,129               | \$ 188,308   |
| 4210   | Rent from electric property - ODR                 | \$ 319,465   | \$ 325,111   | \$ 330,676               |                          |                          | \$ 329,782               | \$ 337,400   |
| 4084   | Service Transaction Requests (STR) Revenues - ODR | \$ 1,919     | \$ 1,318     | \$ 1,274                 |                          |                          | \$ 1,300                 | \$ 1,300     |
| 4390   | Miscellaneous Non-Operating Income - O E          | \$ 78,840    | \$ 2,873     | \$ 351,221               |                          |                          | -\$ 211,711              | \$ 90,000    |
| 4305   | Regulatory Debits - OIE                           |              |              |                          |                          |                          | -\$ 2,265,851            |              |
| 4405   | Interest and Dividend Income - OIE                | \$ 206,876   | \$ 466,734   | \$ 232,928               |                          |                          | \$ 224,640               | \$ 227,000   |
|        | <b>Specific Service Charges</b>                   | \$ 821,164   | \$ 848,889   | \$ 853,860               | \$ -                     | \$ -                     | \$ 846,446               | \$ 817,981   |
|        | <b>Late Payment Charges</b>                       | \$ 202,148   | \$ 249,986   | \$ 248,090               | \$ -                     | \$ -                     | \$ 267,620               | \$ 241,000   |
|        | <b>Other Operating Revenues</b>                   | 647488.88    | 608237.04    | 614792.43                |                          |                          | 580167                   | 625033       |
|        | <b>Other Income or Deductions</b>                 | 285715.76    | 469607.1     | 584149                   |                          |                          | -2252922                 | 317000       |
|        | <b>Total</b>                                      | \$ 1,956,517 | \$ 2,176,720 | \$ 2,300,892             | \$ -                     | \$ -                     | -\$ 558,689              | \$ 2,001,014 |

## Rationale

The proposed global increase achieves greater consistency with the observed average Other Revenues of past periods.

## Evidence References

Exhibit 3, Tab 3, Schedule 1

Exhibit 3, Tab 3, Schedule 2

Exhibit 10, Tab 1, Schedules 114-115

## 7. Revenue Requirement

7.7 Has the proposed revenue requirement been accurately determined from the operating, depreciation and tax (PILs) expenses and return on capital, less other revenues?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro's proposed Revenue Requirement correctly incorporates the changes described elsewhere in this Proposed Settlement Agreement.

The table below provides Burlington Hydro's 2014 Revenue Requirement.

### Distribution Revenue Requirement

| Particular                         | NewCGAAP<br>Test Year (CGAAP) |
|------------------------------------|-------------------------------|
| OM&A Expenses                      | \$17,687,000                  |
| Amortization Expense               | \$4,126,034                   |
| Total Distribution Expenses        | \$21,813,034                  |
| Property Taxes                     | \$273,559                     |
| Regulated Return On Capital        | \$8,538,807                   |
| <i>IFRS Adjustment</i>             |                               |
| Grossed up PILs                    | \$211,146                     |
| <b>Service Revenue Requirement</b> | <b>\$30,836,546</b>           |
| Less: Revenue Offsets              | \$2,001,014                   |
| <b>Base Revenue Requirement</b>    | <b>\$28,835,532</b>           |

The table provided at pages 7 and 8 detail the derivation of Burlington Hydro's 2014 Revenue Sufficiency.

#### Rationale

During the course of the Settlement Conference Burlington Hydro discovered the omission of forecast 2014 Property Tax expense of \$273,559 from the computation of the proposed revenue requirement. The nature of the omission is described in detail at Attachment D, and Burlington Hydro has corrected the omission in calculating the settled Revenue Requirement and all relevant attachments and appendixes to this Settlement Proposal. Burlington Hydro has applied OEB policies and methodologies to its rate making data adjusted as described herein. Attachment D also provides the clarification of the appropriate Depreciation Expense to be used when computing the PILs provision and of the updated Cost of Power that is computed using the OEB's recently released data.

Evidence References

Exhibit 1, Tab 1, Schedule 4

Exhibit 6, Tab 1, Schedule 1

Exhibit 6, Tab 1, Schedule 2

Exhibit 10, Tab 1, Schedules 116-120

Exhibit 10, Tab 2, Schedule 6

## 8. Load Forecast, Cost Allocation and Rate Design

8.1 Is the proposed load forecast, including billing determinants an appropriate reflection of the energy and demand requirements of the applicant?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept Burlington Hydro's updated forecasts of customer/connection counts, delivered kWh and billed kW. The updated forecasts were computed using Elenchus' models applied to actual data up to December 2013. The agreed to values are provided in the table below.

The tables below provide Burlington Hydro's actual and forecast charge parameters.

### Customers or Connections

| Customer Class Name             | 2010 Board Appr | 2010 Actual   | 2011 Actual   | 2012 Actual   | Bridge Year 2013 Normalized | Test Year 2014 Normalized |
|---------------------------------|-----------------|---------------|---------------|---------------|-----------------------------|---------------------------|
| Residential                     | 57,218          | 57,917        | 58,488        | 59,068        | 59,375                      | 59,869                    |
| General Service < 50 kW         | 4,942           | 4,988         | 5,091         | 5,138         | 5,164                       | 5,224                     |
| General Service > 50 to 4999 kW | 976             | 996           | 987           | 998           | 1,008                       | 1,012                     |
| Unmetered Scattered Load        | 602             | 604           | 604           | 605           | 605                         | 605                       |
| Street Lighting                 | 14,457          | 14,652        | 15,024        | 15,083        | 15,114                      | 15,272                    |
| <b>TOTAL</b>                    | <b>78,195</b>   | <b>79,157</b> | <b>80,194</b> | <b>80,892</b> | <b>81,266</b>               | <b>81,982</b>             |

### Metered kWh (CDM Adjusted)

| Customer Class Name             | 2010 Board Appr | 2010 Actual          | 2011 Actual          | 2012 Actual          | Bridge Year 2013 Normalized | Test Year 2014 Normalized |
|---------------------------------|-----------------|----------------------|----------------------|----------------------|-----------------------------|---------------------------|
| Residential                     |                 | 556,896,336          | 551,353,006          | 551,839,571          | 553,523,828                 | 553,858,289               |
| General Service < 50 kW         |                 | 172,200,325          | 174,484,065          | 174,704,767          | 173,805,678                 | 173,842,956               |
| General Service > 50 to 4999 kW |                 | 906,197,008          | 908,229,110          | 903,337,846          | 897,955,770                 | 897,316,673               |
| Unmetered Scattered Load        |                 | 3,512,551            | 3,296,779            | 3,353,868            | 3,353,868                   | 3,151,827                 |
| Street Lighting                 |                 | 9,467,387            | 9,847,280            | 9,866,380            | 10,006,706                  | 10,968,788                |
| <b>TOTAL</b>                    | <b>0</b>        | <b>1,648,273,607</b> | <b>1,647,210,240</b> | <b>1,643,102,432</b> | <b>1,638,645,850</b>        | <b>1,639,138,534</b>      |

KW CDM Adjusted

| Customer Class Name             | 2010 Board Appr  | 2010 Actual      | 2011 Actual      | 2012 Actual      | Bridge Year 2013 Normalized | Test Year 2014 Normalized |
|---------------------------------|------------------|------------------|------------------|------------------|-----------------------------|---------------------------|
| Residential                     | 0                | 0                | 0                | 0                | 0                           |                           |
| General Service < 50 kW         | 0                | 0                | 0                | 0                | 0                           |                           |
| General Service > 50 to 4999 kW | 2,353,210        | 2,403,006        | 2,396,756        | 2,423,043        | 2,421,010                   | 2,451,173                 |
| Unmetered Scattered Load        | 0                | 0                | 0                | 0                | 0                           |                           |
| Street Lighting                 | 25,861           | 26,416           | 27,334           | 27,457           | 27,825                      | 30,525                    |
| <b>TOTAL</b>                    | <b>2,379,071</b> | <b>2,429,422</b> | <b>2,424,090</b> | <b>2,450,500</b> | <b>2,448,835</b>            | <b>2,481,698</b>          |

The agreed to values for the Residential, GS<50, USL and Street Lighting customer classes were determined using the Elenchus' forecasting methodology and actual data up to the end of 2013. For the purposes of settlement the energy and demand forecast for the GS>50 kW customer class was determined using the statistically valid Trend model that provides acceptably accurate results.

Energy and demand charge parameters were then further adjusted for half a year of anticipated 2014 CDM achievements.

The agreement reflects the use of the best available data; no party opposed the application of the Elenchus forecasting models. It also reflects the incorporation of the CDM adjustment as quantified by the OEB's model and using half a year of the projected 2014 achievements. The Elenchus load forecast provides customer class specific forecasts of energy based on econometric equations with acceptable diagnostic statistics. The econometric models also yield intuitively reasonable results (e.g. the signs of the coefficients are intuitively correct). The data and the models reflect Burlington Hydro's past experience and is considered to be an appropriate basis to quantify the econometric equations. The use of the forecast billed kW yielded by the Trend model, as suggested by the intervenors, is accepted for rate making purposes.

Evidence References

- Exhibit 1, Tab 1, Schedule 7
- Exhibit 3, Tab 1, Schedule 1
- Exhibit 3, Tab 1, Schedule 2
- Exhibit 3, Tab 1, Schedule 3
- Exhibit 3, Tab 2, Schedule 1
- Exhibit 3, Tab 3, Schedule 1
- Exhibit 3, Tab 3, Schedule 2
- Exhibit 10, Tab 1, Schedules 121-136
- Exhibit 10, Tab 2, Schedule 7
- Exhibit 10, Tab 2, Schedules 16-17

## 8. Load Forecast, Cost Allocation and Rate Design

8.2 Is the proposed cost allocation methodology including the revenue-to-cost ratios appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties agree that Burlington Hydro will compute its proposed 2014 Test Year Revenue-to-Cost ratios on the following basis:

- For rate making purposes Burlington Hydro will rely on the computed Revenue-to-Cost ratio of the Residential, GS<50 kW, GS>50 kW and Street Lighting customer classes;
- For rate making purposes the Revenue-to-Cost ratio for the USL class will be reduced from the computed value to the upper limit of the OEB's authorized range; and
- For rate making purposes the Revenue-to-Cost ratio of the GS>50 customer class will be adjusted subsequent to the reduction to the Revenue-to-Cost ratio for the USL class so that the proposed rates are capable of recovering the proposed Revenue Requirement.

The table below summarizes Burlington Hydro's computed Revenue-to-Cost data by customer class.

|   | Total               | Residential         | GS <50             | GS>50-Regular      | Street Light     | Unmetered Scattered Load |
|---|---------------------|---------------------|--------------------|--------------------|------------------|--------------------------|
| Distribution Revenue at Existing Rates        | \$29,792,664        | \$18,078,914        | \$3,982,073        | \$7,353,174        | \$247,017        | \$131,486                |
| Miscellaneous Revenue (mi)                    | \$2,001,014         | \$1,225,958         | \$286,054          | \$463,392          | \$18,323         | \$7,286                  |
| Miscellaneous Revenue Input equals Output     |                     |                     |                    |                    |                  |                          |
| <b>Total Revenue at Existing Rates</b>        | <b>\$31,793,678</b> | <b>\$19,304,872</b> | <b>\$4,268,127</b> | <b>\$7,816,566</b> | <b>\$265,340</b> | <b>\$138,772</b>         |
| Factor required to recover deficiency (1 + D) | 0.9679              |                     |                    |                    |                  |                          |
| Distribution Revenue at Status Quo Rates      | \$28,835,533        | \$17,498,103        | \$3,854,144        | \$7,116,943        | \$239,081        | \$127,262                |
| Miscellaneous Revenue (mi)                    | \$2,001,014         | \$1,225,958         | \$286,054          | \$463,392          | \$18,323         | \$7,286                  |
| <b>Total Revenue at Status Quo Rates</b>      | <b>\$30,836,547</b> | <b>\$18,724,062</b> | <b>\$4,140,197</b> | <b>\$7,580,335</b> | <b>\$257,404</b> | <b>\$134,548</b>         |
| <b>Expenses</b>                               |                     |                     |                    |                    |                  |                          |
| Distribution Costs (di)                       | \$8,547,115         | \$4,482,632         | \$995,746          | \$2,951,434        | \$85,730         | \$31,573                 |
| Customer Related Costs (cu)                   | \$3,014,167         | \$2,314,938         | \$482,360          | \$205,526          | \$7,877          | \$3,466                  |
| General and Administration (ad)               | \$6,399,277         | \$3,756,729         | \$821,076          | \$1,749,281        | \$52,533         | \$19,658                 |
| Depreciation and Amortization (dep)           | \$4,126,034         | \$2,251,650         | \$661,184          | \$1,164,412        | \$35,574         | \$13,214                 |
| PILs (INPUT)                                  | \$211,146           | \$120,875           | \$28,715           | \$58,675           | \$2,098          | \$782                    |
| Interest                                      | \$3,603,142         | \$2,062,690         | \$490,019          | \$1,001,279        | \$35,809         | \$13,345                 |
| <b>Total Expenses</b>                         | <b>\$25,900,881</b> | <b>\$14,989,514</b> | <b>\$3,479,100</b> | <b>\$7,130,607</b> | <b>\$219,622</b> | <b>\$82,038</b>          |
| <b>Direct Allocation</b>                      | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>       | <b>\$0</b>               |
| Allocated Net Income (NI)                     | \$4,935,666         | \$2,825,520         | \$671,239          | \$1,371,575        | \$49,052         | \$18,280                 |
| <b>Revenue Requirement (includes NI)</b>      | <b>\$30,836,547</b> | <b>\$17,815,035</b> | <b>\$4,150,338</b> | <b>\$8,502,181</b> | <b>\$268,674</b> | <b>\$100,319</b>         |
| Revenue Requirement Input equals Output       |                     |                     |                    |                    |                  |                          |
| <b>Rate Base Calculation</b>                  |                     |                     |                    |                    |                  |                          |

|  |                                      |                     |                     |                      |                    |                  |
|--|--------------------------------------|---------------------|---------------------|----------------------|--------------------|------------------|
| <b>Net Assets</b>                          |                                      |                     |                     |                      |                    |                  |
| Distribution Plant - Gross                 | \$246,314,112                        | \$142,260,121       | \$32,150,281        | \$68,473,733         | \$2,499,071        | \$930,906        |
| General Plant - Gross                      | \$30,872,909                         | \$17,729,700        | \$4,137,956         | \$8,581,023          | \$309,065          | \$115,164        |
| Accumulated Depreciation                   | (\$147,695,792)                      | (\$85,625,573)      | (\$18,932,275)      | (\$41,063,097)       | (\$1,511,814)      | (\$563,033)      |
| Capital Contribution                       | (\$24,738,792)                       | (\$14,373,908)      | (\$3,134,559)       | (\$6,881,248)        | (\$254,349)        | (\$94,728)       |
| <b>Total Net Plant</b>                     | <b>\$104,752,437</b>                 | <b>\$59,990,341</b> | <b>\$14,221,403</b> | <b>\$29,110,411</b>  | <b>\$1,041,972</b> | <b>\$388,309</b> |
| <b>Directly Allocated Net Fixed Assets</b> | <b>\$0</b>                           | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>           | <b>\$0</b>         | <b>\$0</b>       |
| Cost of Power (COP)                        | \$190,702,260                        | \$64,904,276        | \$20,178,844        | \$104,029,850        | \$1,198,703        | \$390,587        |
| OM&A Expenses                              | \$17,960,559                         | \$10,554,299        | \$2,299,182         | \$4,906,241          | \$146,140          | \$54,697         |
| Directly Allocated Expenses                | \$0                                  | \$0                 | \$0                 | \$0                  | \$0                | \$0              |
| <b>Subtotal</b>                            | <b>\$208,662,819</b>                 | <b>\$75,458,575</b> | <b>\$22,478,026</b> | <b>\$108,936,091</b> | <b>\$1,344,843</b> | <b>\$445,284</b> |
| Working Capital                            | \$27,076,243                         | \$9,791,561         | \$2,916,765         | \$14,135,628         | \$174,508          | \$57,780         |
| <b>Total Rate Base</b>                     | <b>\$131,828,680</b>                 | <b>\$69,781,902</b> | <b>\$17,138,169</b> | <b>\$43,246,040</b>  | <b>\$1,216,480</b> | <b>\$446,090</b> |
|  | <b>Rate Base Input equals Output</b> |                     |                     |                      |                    |                  |
| Equity Component of Rate Base              | \$52,731,472                         | \$27,912,761        | \$6,855,268         | \$17,298,416         | \$486,592          | \$178,436        |
| Net Income on Allocated Assets             | \$4,935,666                          | \$3,734,547         | \$661,098           | \$449,729            | \$37,783           | \$52,510         |
| Net Income on Direct Allocation Assets     | \$0                                  | \$0                 | \$0                 | \$0                  | \$0                | \$0              |
| <b>Net Income</b>                          | <b>\$4,935,666</b>                   | <b>\$3,734,547</b>  | <b>\$661,098</b>    | <b>\$449,729</b>     | <b>\$37,783</b>    | <b>\$52,510</b>  |
| <b>RATIOS ANALYSIS</b>                     |                                      |                     |                     |                      |                    |                  |
| REVENUE TO EXPENSES STATUS QUO%            | 100.00%                              | 105.10%             | 99.76%              | 89.16%               | 95.81%             | 134.12%          |
| EXISTING REVENUE MINUS ALLOCATED COSTS     | \$957,131                            | \$1,489,837         | \$117,789           | (\$685,615)          | (\$3,334)          | \$38,454         |

STATUS QUO REVENUE MINUS ALLOCATED COSTS

RETURN ON EQUITY COMPONENT OF RATE BASE

| Deficiency Input equals Output |       |           |            |             |            |          |
|--------------------------------|-------|-----------|------------|-------------|------------|----------|
|                                | (\$0) | \$909,027 | (\$10,141) | (\$921,846) | (\$11,269) | \$34,230 |
|                                | 9.36% | 13.38%    | 9.64%      | 2.60%       | 7.76%      | 29.43%   |

The table below summarizes Burlington Hydro's allocated costs by customer class.

**A) Allocated Costs**

| Classes  | Costs Allocated from Previous Study | %              | Costs Allocated in Test Year Study (Column 7A) | %              |
|--|-------------------------------------|----------------|--|----------------|
| Residential  | \$ 17,659,655                       | 56.85%         | \$17,815,035.00                                | 57.77%         |
| GS < 50 kW   | \$ 4,055,751                        | 13.06%         | \$4,150,338.00                                 | 13.46%         |
| GS > 50 kW (or 50 kW < GS < xxx kW, if applicable) | \$ 8,880,382                        | 28.59%         | \$8,502,181.00                                 | 27.57%         |
| Street Lighting                                    | \$ 320,783                          | 1.03%          | \$268,674.00                                   | 0.87%          |
| Unmetered Scattered Load (USL)                     | \$ 145,714                          | 0.47%          | \$100,319.00                                   | 0.33%          |
| <b>Total</b>                                       | <b>\$ 31,062,285</b>                | <b>100.00%</b> | <b>\$30,836,547.00</b>                         | <b>100.00%</b> |

The table below summarizes Burlington Hydro's revenues by customer class.

**B) Calculated Class Revenues**

| Classes (same as previous table) | Column 7B                                   | Column 7C                               | Column 7D            | Column 7E             |
|----------------------------------|---|---|----------------------|-----------------------|
|                                  | Load Forecast (LF) X current approved rates | L.F. X current approved rates X (1 + d) | LF X proposed rates  | Miscellaneous Revenue |
| Residential                      | \$ 18,078,914                               | \$ 17,480,231                           | \$ 17,480,231        | \$ 1,225,958          |
| GS < 50 kW                       | \$ 3,982,073                                | \$ 3,864,127                            | \$ 3,864,127         | \$ 286,054            |
| Gs > 50                          | \$ 7,353,174                                | \$ 7,138,613                            | \$ 7,138,613         | \$ 463,392            |
| Unmetered Scattered Load         | \$ 131,486                                  | \$ 113,055                              | \$ 113,055           | \$ 7,286              |
| Street Lighting                  | \$ 247,016                                  | \$ 239,506                              | \$ 239,506           | \$ 18,323             |
| <b>Total</b>                     | <b>\$ 29,792,663</b>                        | <b>\$ 28,835,532</b>                    | <b>\$ 28,835,532</b> | <b>\$ 2,001,013</b>   |

The table below provides Burlington Hydro's proposed Revenue:Cost ratios by customer class.

| <b>Customer Class Name</b>      | <b>Calculated R/C Ratio</b> | <b>Proposed R/C Ratio</b> | <b>Variance</b> | <b>Floor</b> | <b>Ceiling</b> |
|---------------------------------|-----------------------------|---------------------------|-----------------|--------------|----------------|
| Residential                     | 105.10%                     | 105.00%                   | 0.10%           | 85.00%       | 115.00%        |
| General Service < 50 kW         | 99.76%                      | 100.00%                   | -0.24%          | 80.00%       | 120.00%        |
| General Service > 50 to 4999 kW | 89.16%                      | 89.41%                    | -0.25%          | 80.00%       | 120.00%        |
| Unmetered Scattered Load        | 134.12%                     | 119.96%                   | 14.16%          | 70.00%       | 120.00%        |
| Street Lighting                 | 95.81%                      | 95.96%                    | -0.15%          | 80.00%       | 120.00%        |

The table below provides the derivation of proposed 2014 distribution rates.

**Rate Design**

**Cost Allocation Results**

| Customer Class Name             | Cost Allocation - Minimum Fixed Rate (b) |         |            |
|---------------------------------|--|---------|------------|
|                                 | Rate                                     | Fixed % | Variable % |
| Residential                     | \$3.30                                   | 13.56%  | 86.44%     |
| General Service < 50 kW         | \$12.81                                  | 20.78%  | 79.22%     |
| General Service > 50 to 4999 kW | \$36.15                                  | 6.15%   | 93.85%     |
| Unmetered Scattered Load        | \$0.37                                   | 2.38%   | 97.62%     |
| Street Lighting                 | \$0.38                                   | 29.08%  | 70.92%     |
| TOTAL                           |  |         |            |

| Rate    | Cost Allocation - Maximum Fixed Rate (b) |            |
|---------|--|------------|
|         | Fixed %                                  | Variable % |
| \$14.16 | 58.20%                                   | 41.80%     |
| \$28.77 | 46.67%                                   | 53.33%     |
| \$58.05 | 9.88%                                    | 90.12%     |
| \$10.34 | 66.40%                                   | 33.60%     |
| \$6.85  | 524.14%                                  | -424.14%   |
|         |  |            |
|         |  |            |

**Existing Rates**

| Customer Class Name             | Current Rates and Split |         |            |
|---------------------------------|-------------------------|---------|------------|
|                                 | Rate                    | Fixed % | Variable % |
| Residential                     | \$12.29                 | 48.84%  | 51.16%     |
| General Service < 50 kW         | \$25.53                 | 40.19%  | 59.81%     |
| General Service > 50 to 4999 kW | \$72.77                 | 12.02%  | 87.98%     |
| Unmetered Scattered Load        | \$10.34                 | 57.09%  | 42.91%     |
| Street Lighting                 | \$0.61                  | 45.26%  | 54.74%     |
| TOTAL                           |                         |         |            |

| Rate    | Calculated Rates at Current Split |            |
|---------|-----------------------------------|------------|
|         | Fixed %                           | Variable % |
| \$11.88 | 48.84%                            | 51.16%     |
| \$24.77 | 40.19%                            | 59.81%     |
| \$70.65 | 12.02%                            | 87.98%     |
| \$8.89  | 57.09%                            | 42.91%     |
| \$0.59  | 45.26%                            | 54.74%     |
|         |                                   |            |
|         |                                   |            |

**Rate Design**

| Customer Class Name             | Proposed Fixed Charge |         |            |
|---------------------------------|-----------------------|---------|------------|
|                                 | Fixed Rate            | Fixed % | Variable % |
| Residential                     | \$11.88               | 48.83%  | 51.17%     |
| General Service < 50 kW         | \$24.77               | 40.18%  | 59.82%     |
| General Service > 50 to 4999 kW | \$58.05               | 9.88%   | 90.12%     |
| Unmetered Scattered Load        | \$8.89                | 57.09%  | 42.91%     |
| Street Lighting                 | \$0.59                | 45.15%  | 54.85%     |
| TOTAL                           |                       |         |            |

| Resulting Variable |          |     |
|--------------------|----------|-----|
| Variable (h)       | Rate (i) | per |
| 8,945,306          | \$0.0162 | kWh |
| 2,311,345          | \$0.0133 | kWh |
| 7,004,703          | \$2.8577 | kW  |
| 48,514             | \$0.0154 | kWh |
| 131,380            | \$4.3040 | kW  |
|                    |          |     |
|                    |          |     |

| Customer Class Name             | Transf. Allowance (\$/kW): (\$0.60) |        |              |
|---------------------------------|-------------------------------------|--------|--------------|
|                                 | kW                                  | Rate   | Total \$ (g) |
| Residential                     | 0                                   | \$0.00 | 0            |
| General Service < 50 kW         | 0                                   | \$0.00 | 0            |
| General Service > 50 to 4999 kW | 951,749                             | \$0.60 | 571,049      |
| Unmetered Scattered Load        | 0                                   | \$0.00 | 0            |
| Street Lighting                 | 0                                   | \$0.00 | 0            |
| TOTAL                           | 951,749                             |        | 571,049      |

| Base Revenue Requirement \$ |                   |                   |
|-----------------------------|-------------------|-------------------|
| Total (d)                   | Fixed             | Variable          |
| 17,480,231                  | 8,534,925         | 8,945,306         |
| 3,864,127                   | 1,552,782         | 2,311,345         |
| 7,138,613                   | 704,959           | 6,433,654         |
| 113,055                     | 64,541            | 48,514            |
| 239,506                     | 108,126           | 131,380           |
| <b>28,835,532</b>           | <b>10,965,333</b> | <b>17,870,199</b> |

Evidence References

Exhibit 1, Tab 1, Schedule 11

Exhibit 7, Tab 1, Schedule 1

Exhibit 10, Tab 1, Schedules 137-141

Exhibit 10, Tab 2, Schedules 18-19

## 8. Load Forecast, Cost Allocation and Rate Design

8.3 Is the proposed rate design including the class-specific fixed and variable splits and any applicant-specific rate classes appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties agree that Burlington Hydro will compute the proposed rates so that the observed 2013 proportion of Fixed and Variable rate revenues are preserved, except for the GS>50 kW customer class; the Fixed Monthly Charge for the GS>50 kW customer class will be set at \$58.05, which represents the ceiling for this rate class.

The derivation of proposed 2014 distribution rates is provided at pages 47 and 48.

### Evidence References

Exhibit 8, Tab 1, Schedule 1

Exhibit 8, Tab 2, Schedule 1

Exhibit 8, Tab 4, Schedule 1

Exhibit 10, Tab 1, Schedules 142-143

## 8. Load Forecast, Cost Allocation and Rate Design

8.4 Are the proposed Total Loss Adjustment Factors appropriate for the distributor's system and a reasonable proxy for the expected losses?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro's loss factors as updated on February 27, 2014 using actual 2013 data, are appropriate.

The table below provides the derivation of Burlington Hydro's 2014 Loss Factor.

|  |   | Historical Years |               |               |               |               | 5-Year Average |
|--|---|------------------|---------------|---------------|---------------|---------------|----------------|
|  |   | 2009             | 2010          | 2011          | 2012          | 2013          |                |
| <b>Losses Within Distributor's System</b>      |   |                  |               |               |               |               |                |
| <b>A(1)</b>                                    | "Wholesale" kWh delivered to distributor (higher value)                           | 1,648,092,984    | 1,710,566,163 | 1,706,208,053 | 1,702,581,206 | 1,684,773,435 | 1,690,444,368  |
| <b>A(2)</b>                                    | "Wholesale" kWh delivered to distributor (lower value)                            | 1,642,258,793    | 1,704,244,532 | 1,700,108,830 | 1,696,732,633 | 1,679,317,662 | 1,684,532,490  |
| <b>B</b>                                       | Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s) |                  |               |               |               |               | -              |
| <b>C</b>                                       | Net "Wholesale" kWh delivered to distributor = <b>A(2) - B</b>                    | 1,642,258,793    | 1,704,244,532 | 1,700,108,830 | 1,696,732,633 | 1,679,317,662 | 1,684,532,490  |
| <b>D</b>                                       | "Retail" kWh delivered by distributor   | 1,587,755,226    | 1,649,153,565 | 1,646,737,783 | 1,642,340,001 | 1,623,827,451 | 1,629,962,805  |
| <b>E</b>                                       | Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)     | -                | -             | -             |               |               | -              |
| <b>F</b>                                       | Net "Retail" kWh delivered by distributor = <b>D - E</b>                          | 1,587,755,226    | 1,649,153,565 | 1,646,737,783 | 1,642,340,001 | 1,623,827,451 | 1,629,962,805  |
| <b>G</b>                                       | Loss Factor in Distributor's system = <b>C / F</b>                                | 1.03433          | 1.03341       | 1.03241       | 1.03312       | 1.03417       | 1.03348        |
| <b>Losses Upstream of Distributor's System</b> |   |                  |               |               |               |               |                |
| <b>H</b>                                       | Supply Facilities Loss Factor   | 1.0045           | 1.0037        | 1.0036        | 1.0034        | 1.0032        | 1.0037         |
| <b>Total Losses</b>                            |   |                  |               |               |               |               |                |
| <b>I</b>                                       | Total Loss Factor = <b>G x H</b>  | 1.0390           | 1.0372        | 1.0361        | 1.0366        | 1.0375        | 1.0373         |

### Rationale

The updated loss factors are based on load data as of the end of 2013 and were computed using the OEB's approved methodology.

### Evidence References

Exhibit 8, Tab 3, Schedule 3

Exhibit 10, Tab 1, Schedule 144

## 8. Load Forecast, Cost Allocation and Rate Design

8.5 Is the proposed forecast of other regulated rates and charges including the proposed Retail Transmission Service Rates appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro's RTSRs, as updated on February 27, 2014 using the Board's recently authorized UTRs and Burlington Hydro data as of the end of 2013, are appropriate. The revised Commodity Cost reflects the use of updated cost data provided by the OEB.

The table below provides Burlington Hydro's agreed to RTSRs and the other components used to compute the Cost of Power.

| Rate Class  | Unit | Proposed RTSR<br>Network | Proposed RTSR<br>Connection |
|---|------|--------------------------|-----------------------------|
| Residential                                       | kWh  | \$ 0.0075                | \$ 0.0058                   |
| General Service Less Than 50 kW                   | kWh  | \$ 0.0071                | \$ 0.0051                   |
| General Service 50 to 4,999 kW                    | kW   | \$ 2.9008                | \$ 2.1384                   |
| General Service 50 to 4,999 kW – Interval Metered | kW   | \$ 2.9427                | \$ 2.2573                   |
| Unmetered Scattered Load                          | kWh  | \$ 0.0071                | \$ 0.0051                   |
| Street Lighting                                   | kW   | \$ 2.1505                | \$ 1.6064                   |

### Rationale

The updated RTSRs were computed using the Board's recently authorized UTRs, Burlington Hydro data as of the end of 2013 and OEB approved methodology.

### Evidence References

Exhibit 8, Tab 3, Schedule 1

Exhibit 8, Tab 3, Schedule 2

Exhibit 10, Tab 1, Schedules 145-146

## 8. Load Forecast, Cost Allocation and Rate Design

8.6 Is the proposed Tariff of Rates and Charges an accurate representation of the application, subject to the Board's findings on the application?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept the Proposed Tariff of Rates and Charges that reflects the agreement described herein; the proposed draft Tariff Sheet is provided as Attachment A.

The table below demonstrates that the proposed 2014 distribution rates recover the computed Revenue Requirement.

Appendix 2-V  
 Revenue Reconciliation

| Rate Class                 | Number of Customers/Connections |                  |           | Test Year Consumption |           | Proposed Rates         |            |          | Revenues at Proposed Rates | Class Specific Revenue Requirement | Transformer Allowance Credit | Total           | Difference |
|----------------------------|---------------------------------|------------------|-----------|-----------------------|-----------|------------------------|------------|----------|----------------------------|------------------------------------|------------------------------|-----------------|------------|
|                            | Start of Test Year              | End of Test Year | Average   | kWh                   | kW        | Monthly Service Charge | Volumetric |          |                            |                                    |                              |                 |            |
|                            |                                 |                  |           |                       |           |                        | kWh        | kW       |                            |                                    |                              |                 |            |
| Residential                | 59,869.00                       | 59,869.00        | 59,869.00 | 553,858,289           | -         | \$11.88                | \$0.01615  |          | \$17,480,230.81            | \$17,480,230.81                    |                              | \$17,480,230.81 | \$0.00     |
| GS < 50 kW                 | 5,224.00                        | 5,224.00         | 5,224.00  | 173,842,956           | -         | \$24.77                | \$0.0133   |          | \$3,864,127.15             | \$3,864,127.15                     |                              | \$3,864,127.15  | \$0.00     |
| GS > 50 to 4,999 kW        | 1,012.00                        | 1,012.00         | 1,012.00  | 897,316,673           | 2,451,173 | \$58.05                |            | \$2.8577 | \$7,709,662.21             | \$7,138,613.08                     | \$571,049.14                 | \$7,709,662.21  | \$0.00     |
| Streetlighting             | 15,272.00                       | 15,272.00        | 15,272.00 |                       | 30,525    | \$0.59                 |            | \$4.3040 | \$239,505.94               | \$239,505.94                       |                              | \$239,505.94    | \$0.00     |
| Unmetered Scattered Load   | 605.00                          | 605.00           | 605.00    | 3,151,827             | -         | \$8.89                 | \$0.0154   |          | \$113,055.07               | \$113,055.07                       |                              | \$113,055.07    | \$0.00     |
| Standby Power              |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
| Embedded Distributor Class |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
| etc.                       |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
|                            |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
|                            |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
|                            |                                 |                  | -         |                       |           |                        |            |          |                            |                                    |                              |                 |            |
| <b>Total</b>               |                                 |                  |           |                       |           |                        |            |          | \$29,406,581.19            | \$ 28,835,532                      | \$ 571,049                   | \$ 29,406,581   | \$ -       |

The Proposed Tariff Sheet is provided at Attachment A.

Evidence References  
Exhibit 8, Tab 2, Schedule 1

## 9. Accounting

9.1 Are the proposed deferral accounts, both new and existing, account balances, allocation methodology, disposition periods and related rate riders appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept Burlington Hydro's proposed amounts for disposition and that Burlington Hydro has computed the proposed rate riders consistent with Board policy, are appropriate.

The balances to be disposed of through the proposed Rate Riders are summarized in the table below.

Summary of Rate Rider balances

| 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         |
|--|----------------|--|---|---|---|---------------------|
| <b>Group 1 Accounts</b>  |                |  |   |   |   |                     |
| 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         |
| <b>Group 1 Sub-Total (including Account 1589 - Global Adjustment)</b>  |                | <b>-\$3,975,045</b>  | <b>\$305,879</b>  | <b>-\$58,433</b>  | <b>-\$19,211</b>  | <b>-\$3,746,810</b> |
| <b>Group 1 Sub-Total (excluding Account 1589 - Global Adjustment)</b>  |                | <b>-\$5,151,008</b>  | <b>\$360,213</b>  | <b>-\$75,720</b>  | <b>-\$24,894</b>  | <b>-\$4,891,409</b> |
| <b>Group 2 Accounts</b>  |                |  |   |   |   |                     |
| 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               |
| <b>Group 2 Sub-Total</b>   |                | <b>-\$52,230</b>   | <b>-\$1,458</b>   | <b>-\$768</b>   | <b>-\$252</b>   | <b>-\$54,708</b>    |
| <b>Total of Group 1 and Group 2 Accounts (Excl Global Adjustment)</b>  |                | <b>-\$5,203,238</b>  | <b>\$358,755</b>  | <b>-\$76,488</b>  | <b>-\$25,147</b>  | <b>-\$4,946,117</b> |
| <b>LRAM Variance Account</b>   | <b>1568</b>    | <b>\$252,527</b>   | <b>\$3,000</b>  | <b>\$3,712</b>  | <b>\$1,238</b>  | <b>\$260,477</b>    |
| <b>Total including Account 1568</b>                                    |                | <b>-\$4,950,711</b>  | <b>\$361,755</b>  | <b>-\$72,776</b>  | <b>-\$23,909</b>  | <b>-\$4,685,640</b> |
| Accounting Changes Under CGAAP Balance + Return Component <sup>9</sup> | 1576           | -\$2,581,756   | \$0   |   |   | -\$2,581,756        |
| Rate Rider Calculation for Disposal of MDMR over-recovery              |                |  |   |   |   | -\$483,974          |
| Rate Rider Calculation for Disposal of Stranded Meter Rate Rider       |                |  |   |   |   | \$4,460,794         |
| <b>Total Disposition</b>   |                |  |   |   |   | <b>-\$2,072,350</b> |

The derivation of the proposed Rate Riders is provided in the table below.

**Summary of Rate Riders**

Rate Rider Recovery Period (in years) 2

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

| Rate Class<br>(Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Allocated Balance<br>(excluding 1589) | Rate Rider for<br>Deferral/Variance<br>Accounts |
|---|-------|---------------------------|---------------------------------------|---|
| Residential                                       | kWh   | 555,923,716               | -\$ 1,516,877                         | - 0.0014  |
| General Service Less Than 50 kW                   | kWh   | 183,112,615               | -\$ 442,631                           | - 0.0012  |
| General Service 50 to 4,999 kW                    | kW    | 2,448,411                 | -\$ 2,687,398                         | - 0.5488  |
| Unmetered Scattered Load                          | kWh   | 3,918,008                 | -\$ 11,378                            | - 0.0015  |
| Street Lighting                                   | kW    | 26,120                    | -\$ 27,358                            | - 0.5237  |
|   |       | -                         | \$ -                                  | -   |
|   |       | -                         | \$ -                                  | -   |
| <b>Total</b>                                      |       |                           | <b>-\$ 4,685,642</b>                  |   |

Rate Rider Calculation for RSVA - Power - Global Adjustment

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

Rate Rider Calculation for Accounts 1575 /1576

Rate Rider Recovery Period (in years) 2

| Rate Class<br>(Enter Rate Classes in cells below) | Units | kW / kWh / # of Customers | Balance of<br>Accounts 1575 and<br>1576 | Rate Rider for<br>Accounts 1575<br>and 1576 |
|---|-------|---------------------------|---|---|
| Residential                                       | kWh   | 555,923,716               | -\$ 842,658                             | - 0.0008                                    |
| General Service Less Than 50 kW                   | kWh   | 183,112,615               | -\$ 277,559                             | - 0.0008                                    |
| General Service 50 to 4,999 kW                    | kW    | 2,448,411                 | -\$ 1,441,320                           | - 0.2943                                    |
| Unmetered Scattered Load                          | kWh   | 3,918,008                 | -\$ 5,939                               | - 0.0008                                    |
| Street Lighting                                   | kW    | 26,120                    | -\$ 14,280                              | - 0.2734                                    |
|   |       | -                         | \$ -                                    | -   |
| <b>Total</b>                                      |       |                           | <b>-\$ 2,581,756</b>                    |   |

**MDMR Refund**

| Customer Class Name             |     | Costs per class      | Carrying Charges    | Total Balance        | Customer | Rate    | per month |
|---------------------------------|-----|----------------------|---------------------|----------------------|----------|---------|-----------|
| Residential                     | 91% | -\$432,119.12        | -\$9,209.51         | -\$441,328.63        | 59869    | -\$7.37 | -\$0.61   |
| General Service < 50 kW         | 8%  | -\$37,149.84         | -\$791.62           | -\$37,941.46         | 5224     | -\$7.26 | -\$0.61   |
| General Service > 50 to 4999 kW | 1%  | -\$4,605.98          | -\$98.13            | -\$4,704.11          | 1012     | -\$4.65 | -\$0.39   |
|                                 |     |                      |                     |                      |          |         |           |
| <b>TOTAL</b>                    |     | <b>-\$473,874.94</b> | <b>-\$10,099.26</b> | <b>-\$483,974.20</b> |          |         |           |

**Smart Meter Rate Rider**

| Customer Class Name             | Net Book Value | Allocation     | % share | Annual \$  | Customer | Rate     | per month |
|---------------------------------|----------------|----------------|---------|------------|----------|----------|-----------|
| Residential                     | \$2,490,195.26 |                | 56.38%  | 1245097.63 | 59869    | \$20.80  | \$1.73    |
| General Service < 50 kW         | \$1,053,548.46 |                | 23.85%  | 526774.23  | 5224     | \$100.84 | \$8.40    |
| General Service > 50 to 4999 kW | \$873,050.28   |                | 19.77%  | 436525.14  | 1012     | \$431.35 | \$35.95   |
|                                 |                |                |         |            |          |          |           |
|                                 | <b>TOTAL</b>   | <b>9848658</b> |         |            |          |          |           |

|                           |  |  |          |                  |
|---------------------------|--|--|----------|------------------|
| <b>Total for Recovery</b> |  |  |          | <b>4,416,794</b> |
| Recovery Period (years)   |  |  | <b>2</b> |                  |
| <b>Annual Recovery</b>    |  |  |          | <b>2,208,397</b> |

**Rationale**

Group 1 Accounts: The Parties agree that Burlington Hydro followed OEB policy and methodology and correctly computed the balances to be disposed of through rates and the rate riders that achieve this disposition. The balances to be disposed of through rates and the derivation of the proposed rate riders by customer class are provided in the EDDVAR model that is being filed with this Proposed Settlement Agreement.

Group 2 Accounts: The parties agree that Burlington Hydro followed OEB policy and methodology and correctly computed the balances to be disposed of through rates and the rate riders that achieve this disposition. The balances to be disposed of through rates and the derivation of the proposed rate riders by customer class are provided in the EDDVAR model that is being filed with this Proposed Settlement Agreement.

LRAM-VA: balance to be disposed of through rates is to be calculated based on 12 months of billing data and the factor to be updated appropriately. Burlington Hydro computed the proposed balance and the proposed rate rider using OEB approved methods and based on OEB authorized data provided by the OPA that was subjected to the OPA's EM&V process.

With respect to Stranded Meters, the balance proposed to be disposed of through rates includes 4,240 Elster REX1 meters. Burlington Hydro has demonstrated that these meters were deployed to newly attaching customers, for continuity of service under the re-verification program and do not include any meters that were installed pursuant to a mass deployment in advance of receiving formal authorization (please see Attachment D). The balance proposed to be disposed of through rates has been adjusted to restate the REX1 meters at the net book value of the equivalent electro-mechanical meter available at the time the REX 1 meters were deployed in Burlington Hydro's service area and is provided at Attachment K and to remove the value of the 498 REX1 meters that were deployed through and funded by the Third Tranche. The proposed rate riders have been computed using the customer class Meters weighting factors computed in the OEB authorized 2010 CAR-IF model. Because Board staff may address the applicability of this resolution in light of the Board's prior decision in the Peterborough Distribution Inc. application (EB-2012-0008) this is a severable issue within the Proposed Settlement Agreement.

The table below provides the derivation of the adjustment to the balance recorded in the Stranded Meters Deferral Account.

REX 1 Deployment Data

|       | REX 1 Meter Deployment Data |                 |                | Total |
|-------|-----------------------------|-----------------|----------------|-------|
|       | CDM                         | New Connections | Reverification |       |
| 2006  | 500                         | -               | -              | 500   |
| 2007  |                             | 799             | 1,343          | 2,142 |
| 2008  |                             | 626             | 1,272          | 1,898 |
| 2009  |                             | 200             |                | 200   |
| Total |                             | 1,625           | 2,615          | 4,740 |

Derivation of Adjustment to Stranded Meter Deferral Account Balance

|  |              |              |
|--|--------------|--------------|
| Average Cost of Deployed REX 1 Meter                             |              | 106.34       |
| Unit Cost Data of Dumb Meter                                     |              |              |
| Meter  | 38.88        |              |
| Installation Costs   |              |              |
| Burlington Hydro crew costs                                      | 52.09        |              |
| Contractor costs   | 13.00        |              |
| Proportion installed by Burlington Hydro crews                   | 64%          |              |
| Proportion installed by Contractor                               | 36%          |              |
| Weighted Average Installation Costs                              | <u>37.98</u> |              |
| Total  |              | <u>76.86</u> |
| Unit Cost Difference   |              | 29.48        |
| Number of Eligible Meters  |              | 4,240        |
| Reduction to Balance Recorded in Stranded Meter Deferral Account |              | 125,000      |

MDMR: The balance to be disposed of through rates has been computed consistent with the accounting direction provided by the OEB in EB-2013-0186 and with the implementation date authorized by the OEB in EB-2012-0110 and the proposed rate rider achieves the disposition of this amount; the detailed derivation of this amount is provided at Attachment L.

1576: the balance to be disposed of through rates is \$2,581,756 and has been computed using the methodology used in Appendix 2-EE.

Evidence References

Exhibit 1, Tab 1, Schedule 12  
Exhibit 9, Tab 1, Schedule 1  
Exhibit 9, Tab 1, Schedule 2  
Exhibit 9, Tab 1, Schedule 3  
Exhibit 9, Tab 1, Schedule 4  
Exhibit 9, Tab 1, Schedule 5  
Exhibit 9, Tab 2, Schedule 1  
Exhibit 9, Tab 2, Schedule 2  
Exhibit 9, Tab 2, Schedule 3  
Exhibit 9, Tab 2, Schedule 4  
Exhibit 9, Tab 2, Schedule 5  
Exhibit 9, Tab 2, Schedule 6  
Exhibit 10, Tab 1, Schedules 147-155

## 9. Accounting

9.2 Have all impacts of any changes in accounting standards, policies, estimates and adjustments been properly identified, and is the treatment of each of these impacts appropriate?

Status: Complete Agreement

Supporting Parties: Burlington Hydro, EP, SEC and VECC

For the purposes of settlement, the Parties accept that Burlington Hydro has correctly implemented the Board mandated changes in regulatory accounting and has correctly computed the projected test year data used for rate making purposes.

### Evidence References

Exhibit 1, Tab 5, Schedule 7

Exhibit 1, Tab 5, Schedule 9

Exhibit 1, Tab 5, Schedule 10

Exhibit 2, Tab 5, Schedule 5

Exhibit 2, Tab 5, Schedule 6

Exhibit 2, Tab 5, Schedule 7

Exhibit 2, Tab 5, Schedule 8

Exhibit 2, Tab 5, Schedule 9

Exhibit 10, Tab 1, Schedules 156-159

Exhibit 10, Tab 2, Schedule 8-9

## List of Attachments

- "A" - Draft Tariff Sheet
- "B" - Estimated Bill Impacts
- "C" – Board Approved Issue List
- "D" – Updated OM&A costs to include increased Postage and Tree Trimming costs, Depreciation Expense to use when computing PILs, Correction of Omission of Property Tax Expense, Updating Commodity Cost, Deployment of REX1 Meters, Changes to Proposed Rate Riders for updated LRAMVA balance
- "E" – Updated Chapter 2 Appendices
- "F" – Schedule of Cost of Power
- "G" – Tax Workform Model
- "H" – RTSR Model
- "I" – EDDVAR Continuity Schedules
- "J" – Revenue Requirement Workform
- "K" – Adjustment to Stranded Meter Deferral Account
- "L" – Derivation of MDMR Balance
- "M" – Cost Allocation Model
- "N" – Derivation of CDM Adjusted Load Forecast

Burlington Hydro Inc.  
 EB-2013-0115  
 Proposed Settlement Agreement  
 Attachment D.6  
 Correction in DVA Rate Rider

Please note that Burlington Hydro's rate riders that dispose of the balances recorded in Group 1 and Group 2 accounts have been revised. The revision achieves the disposition through rates of the \$260,477 (Exhibit 10, Tab 1, Schedule 147) balance recorded in account 1568 whereas the previously estimated rate riders achieved the disposition of \$118,620.

### Group 1 and Group 2 DVA balances as filed in October 1 2013

|   |  |                    |
|---|--|--------------------|
| 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          |
| <b>Total of Group 1 Accounts (excluding 1589)</b>                 |  | <b>(4,891,409)</b> |
| Retail Cost Variance Account - Retail                             | 1518   | (55,111)           |
| Retail Cost Variance Account - STR                                | 1548   | 403                |
| <b>Total of Group 2 Accounts</b>                                  |  | <b>(54,708)</b>    |
| LRAM Variance Account <b>(Enter dollar amount for each class)</b> | 1568   | 260,477            |
|   | (Account 1568 - total amount allocated to classes) | 118,620            |
|   | 1586 Variance                                      | 141,857            |
| <b>Total Balance Allocated to each class (excluding 1589)</b>     |  | <b>(4,827,497)</b> |
| <b>Total Balance Allocated to each class from Account 1589</b>    |  | <b>1,144,599</b>   |
| <b>Total Balance Allocated to each class (including 1589)</b>     |  | <b>(3,682,898)</b> |

### Corrected Balances Group 1 and Group 2 DVA balances

|   |  |                    |
|---|--|--------------------|
| 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          |
| <b>Total of Group 1 Accounts (excluding 1589)</b>                 |  | <b>(4,891,409)</b> |
| Retail Cost Variance Account - Retail                             | 1518   | (55,111)           |
| Retail Cost Variance Account - STR                                | 1548   | 403                |
| <b>Total of Group 2 Accounts</b>                                  |  | <b>(54,708)</b>    |
| LRAM Variance Account <b>(Enter dollar amount for each class)</b> | 1568   | 260,477            |
|   | (Account 1568 - total amount allocated to classes) | 260,477            |
|   | 1568 Variance                                      | 0                  |

|  |                    |
|--|--------------------|
| <b>Total Balance Allocated to each class (excluding 1589)</b>  | <b>(4,685,640)</b> |
| <b>Total Balance Allocated to each class from Account 1589</b> | <b>1,144,599</b>   |
| <b>Total Balance Allocated to each class (including 1589)</b>  | <b>(3,541,041)</b> |

Burlington Hydro Inc.  
EB-2013-0115  
Proposed Settlement Agreement  
Attachment D.5  
Discussion of deployment of REX 1 meters in 2006-2009

## Summary

Burlington Hydro deployed REX1 meters in the period 2006-2009 when providing new service and to continue to provide service to its existing customers (e.g. to satisfy Measurement Canada reverification obligations, to replace malfunctioning meters). Due to supply issues conventional electromechanical meters were unavailable and the supply of equivalent 'dumb' electronic meters was constrained. Burlington Hydro elected to deploy REX1 meters, which are considered 'smart', and to operate them in 'dumb' mode.

## Discussion

All distributors own and operate a fleet of meters that is continually augmented to provide service to new customers and that is subject to 'change outs' (e.g., to support accuracy testing, to provide service upgrades, to replace meters that have failed or ceased to operate accurately).

The majority of Burlington Hydro's meter change outs are due to Measurement Canada's accuracy testing. In broad terms, meters are tested for accuracy through the reverification process based on when their 'seal' expires; expiration is related to age, meter technology, statistical analysis, deployment conditions and other factors. When Burlington Hydro acquires a meter it is entered into a Group prior to being deployed in the field, 'sealed' and, over time, a sample of the meters from the Group are removed from service for testing. If the measured accuracy of the sample is acceptable the Group's seal is extended; the period of the extension is determined by the observed accuracy and can be for as few as 2 years or as many as 8 years. The total number of meters sampled annually can vary, depending on the number of Groups that must be reverified in any year and the sizes of the Groups (for statistical reasons Groups of smaller size typically have a greater proportion reverified than do Groups of a larger size). As an example, in 2007 Burlington Hydro had 12 Groups of meters eligible for testing comprised of a total of 5,691 meters, plus an additional 733 meters that all required testing (because they were not explicitly included in any Group) while in 2008, it had 5 eligible Groups, totaling 3,605 meters. The remainder of Burlington Hydro's meter change outs are due to meter disputes, meter failure or customer service upgrades.

Burlington Hydro faced an unusual meter supply situation beginning around 2005. The government of Ontario had previously revised its policy on electricity commodity pricing to convert from postage rate pricing to Time of Use pricing. Implementing this policy required metering infrastructure changes, which commenced around 2006. Ontario's meter market also transitioned; while meter suppliers were increasingly making Smart Meters available they were simultaneously ceasing to offer conventional electromechanical meters (and running down their available supply) and managing their supply of substitutable 'dumb' electronic meters.

Burlington Hydro had an ongoing need to deploy new meters in the 2006-2009 period to satisfy customers' needs for new meters and to satisfy its obligations under the *Electricity and Gas Inspection Act*. Burlington Hydro had deployed its remaining inventory of conventional electromechanical meters prior to January 1, 2006 and, as of 2006, was deploying C1S meters (a 'dumb' electronic meter) for meter change outs and when attaching new customers. In May 2006, Burlington Hydro received its last delivery of 500 C1S meters; Burlington Hydro deployed the remaining C1S meters when performing meter change outs during 2006.

On January 10, 2006 Burlington Hydro took delivery of Smart Meters for the first time; specifically, 500 REX1 meters manufactured by Elster. These meters were deployed under a pilot project that was funded through the Third Tranche. No units remained in inventory as of December 31, 2006.

In 2007 Burlington Hydro placed an order for 4,000 REX1 meters in order to achieve favourable pricing. It took delivery of 2,500 REX1 meters that year that were deployed as follows:

- 799 were deployed to connect 'new' customers
- 1,343 were deployed as meter change outs.

As of the end of 2007, Burlington Hydro had 398 REX1 meters in inventory.

In 2008 Burlington Hydro took delivery of 1,500 REX1 meters and deployed them as follows:

- 626 were deployed to connect 'new' customers
- 1,292 were deployed as meter change outs.

As of the end of 2008, Burlington Hydro had exhausted its inventory of REX1 meters.

In 2009, prior to approval for mass deployment, Burlington Hydro purchased 200 network type REX1 meters in order to connect 'new' customers in a condominium; the preferred alternative, being REX2 network 12S meters had not been approved for use by Measurement Canada. As of the end of January 2009, Burlington Hydro had 0 REX1 meters in inventory.

In all instances where Burlington Hydro installed REX1 Meters between 2007 and 2009 the need to install meters was driven either by the need to connect new customers or the need to change out existing meters. In no instance was the installation of REX1 Meters between 2007 and 2009 an attempt by Burlington Hydro to intentionally advance the replacement of conventional meters with smart meters in its service territory.

The receipts of REX1 meters and their subsequent deployment throughout Burlington Hydro's licenced service area is provided in the table below.

Burlington Hydro - REX1 Meter Data

|                    | Count        |
|--------------------|--------------|
| Year: 2006         |              |
| Opening            | 0            |
| Additions          | 500          |
| Deployment by Type |              |
| CDM                | 500          |
| New Connections    | 0            |
| Meter Change Out   | <u>0</u>     |
| Closing            | 0            |
| Year: 2007         |              |
| Opening            | 0            |
| Additions          | 2,540        |
| Deployment by Type |              |
| CDM                | 0            |
| New Connections    | 799          |
| Meter Change Out   | <u>1,343</u> |
| Closing            | 398          |
| Year: 2008         |              |
| Opening            | 398          |
| Additions          | 1,500        |
| Deployment by Type |              |
| CDM                | 0            |
| New Connections    | 626          |
| Meter Change Out   | <u>1,272</u> |
| Closing            | 0            |
| Year: 2009         |              |
| Opening            | 0            |
| Additions          | 200          |
| Deployment by Type |              |
| CDM                | 0            |
| New Connections    | 200          |
| Meter Change Out   | <u>0</u>     |
| Closing            | 0            |
| Summary 2006-2009  |              |
| 2006 Opening       | 0            |
| Additions          | 4,740        |
| Deployment         | 4,740        |
| 2009 Closing       | 0            |
| Deployment Details |              |
| CDM                | 500          |
| New Connections    | 1,625        |
| Meter Change Out   | 2,615        |

\* BHI purchased REX1 Network Form 12S to deploy in a condominium.

In reviewing the data on the deployment of REX1 meters and the associated accounting Burlington Hydro discovered that the REX1 meters deployed under the Third Tranche CDM program were accounted for using Burlington Hydro's normal accounting policies; specifically, they were treated as a 'pooled' asset, like all other meters. As a result, the value of these meters was included in the balance that was transferred to the Stranded Meter account. Burlington Hydro recognizes that this amount should be removed from that account and has further reduced the Stranded Meter balance by \$44,061 (Exhibit 10, Tab 1, Schedule 75).

Burlington Hydro Inc.  
EB-2013-0115  
Proposed Settlement Agreement  
Attachment D.4  
Updated Cost of Power

Burlington Hydro has updated its proposed 2014 Test Year Rate Base to \$131,804,377 to reflect the updated data provided by the OEB on April 16, 2014 and the agreed to resolution of Issue 8.1. The detailed derivation of the projected 2014 Cost of Power is provided below.

**Power Supply Expense**

**Determination of Commodity**

| Customer Class Name             | 2012 Actual kWh's    |                    |                    |
|---------------------------------|----------------------|--------------------|--------------------|
|                                 | 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             |
| <b>TOTAL</b>                    | <b>1,643,102,432</b> | <b>845,847,852</b> | <b>797,254,580</b> |
| %                               | 100.00%              | 51.48%             | 48.52%             |

**Forecast Price**

|                               |                 |  |                  |                  |
|-------------------------------|-----------------|--|------------------|------------------|
| HOEP (\$/MWh)                 |                 |  | \$28.70          |                  |
| Global Adjustment (\$/MWh)    |                 |  | \$64.68          |                  |
| Adjustments                   |                 |  |                  |                  |
| <b>TOTAL (\$/MWh)</b>         |                 |  | <b>\$93.38</b>   | <b>\$92.50</b>   |
| <b>\$/kWh</b>                 |                 |  | <b>\$0.09338</b> | <b>\$0.09250</b> |
| %                             |                 |  | 51.48%           | 48.52%           |
| <b>WEIGHTED AVERAGE PRICE</b> | <b>\$0.0930</b> |  | <b>\$0.0481</b>  | <b>\$0.0449</b>  |

Note: Table ES-1 from current RPP report - Load Weighted price for RPP Consumers

Note: Table ES-1 from current RPP report - Impact of Global Adjustment

Note: Table ES-1 from current RPP report - Impact of Global Adjustment

**Electricity Projections**

(loss adjusted)

| Customer                        | Class Name | Revenue | Expense | Bridge Year 2013     |        |                      | Test Year 2014       |           |                      |
|---------------------------------|------------|---------|---------|----------------------|--------|----------------------|----------------------|-----------|----------------------|
|                                 |            |         |         | USA #                | USA #  | Volume               | rate (\$/kWh):       | Amount    | Volume               |
| Residential                     | kWh        | 4006    | 4705    | 574,170,276          | 0.0796 | \$45,703,954         | 574,517,213          | \$0.09295 | \$53,403,106         |
| General Service < 50 kW         | kWh        | 4010    | 4705    | 180,288,633          | 0.0796 | \$14,350,975         | 180,327,302          | \$0.09295 | \$16,761,966         |
| General Service > 50 to 4999 kW | kWh        | 4035    | 4705    | 931,449,536          | 0.0796 | \$74,143,383         | 930,786,600          | \$0.09295 | \$86,519,419         |
| Unmetered Scattered Load        | kWh        | 4010    | 4705    | 3,478,967            | 0.0796 | \$276,926            | 3,269,391            | \$0.09295 | \$303,900            |
| Street Lighting                 | kWh        | 4025    | 4705    | 10,379,956           | 0.0796 | \$826,245            | 11,377,924           | \$0.09295 | \$1,057,612          |
| <b>TOTAL</b>                    |            |         |         | <b>1,699,767,368</b> |        | <b>\$135,301,483</b> | <b>1,700,278,429</b> |           | <b>\$158,046,002</b> |

**Transmission - Network***(loss adjusted)*

| Customer                        |     | Revenue | Expense | Bridge Year 2013   |        |                     | Test Year 2014     |        |                     |
|---------------------------------|-----|---------|---------|--------------------|--------|---------------------|--------------------|--------|---------------------|
|                                 |     |         |         | USA #              | USA #  | Volume              | Rate               | Amount | Volume              |
| Class Name                      |     | USA #   | USA #   | Volume             | Rate   | Amount              | Volume             | Rate   | Amount              |
| Residential                     | kWh | 4066    | 4714    | 574,170,276        | 0.0072 | \$4,134,026         | 574,517,213        | 0.0075 | \$4,308,879         |
| General Service < 50 kW         | kWh | 4066    | 4714    | 180,288,633        | 0.0068 | \$1,225,963         | 180,327,302        | 0.0071 | \$1,280,324         |
| General Service > 50 to 4999 kW | kW  | 4066    | 4714    | 2,421,010          | 2.7723 | \$6,711,766         | 2,451,173          | 2.9008 | \$7,110,363         |
| Unmetered Scattered Load        | kWh | 4066    | 4714    | 3,478,967          | 0.0068 | \$23,657            | 3,269,391          | 0.0071 | \$23,213            |
| Street Lighting                 | kW  | 4066    | 4714    | 27,825             | 2.0553 | \$57,189            | 30,525             | 2.1505 | \$65,644            |
| <b>TOTAL</b>                    |     |         |         | <b>760,386,711</b> |        | <b>\$12,152,600</b> | <b>760,595,603</b> |        | <b>\$12,788,422</b> |

**Transmission - Connection***(loss adjusted)*

| Customer                        |     | Revenue  | Expense  | Bridge Year 2013   |        |                    | Test Year 2014     |        |                    |
|---------------------------------|-----|----------|----------|--------------------|--------|--------------------|--------------------|--------|--------------------|
|                                 |     |          |          | USA #              | USA #  | Volume             | Rate               | Amount | Volume             |
| Class Name                      |     | USA #    | USA #    | Volume             | Rate   | Amount             | Volume             | Rate   | Amount             |
| Residential                     | kWh | 4068     | 4716     | 574,170,276        | 0.0055 | \$3,157,937        | 574,517,213        | 0.0058 | \$3,332,200        |
| General Service < 50 kW         | kWh | 4068     | 4716     | 180,288,633        | 0.0048 | \$865,385          | 180,327,302        | 0.0051 | \$919,669          |
| General Service > 50 to 4999 kW | kW  | 4068     | 4716     | 2,421,010          | 2.0126 | \$4,872,525        | 2,451,173          | 2.1384 | \$5,241,589        |
| Unmetered Scattered Load        | kWh | 4068     | 4716     | 3,478,967          | 0.0048 | \$16,699           | 3,269,391          | 0.0051 | \$16,674           |
| Street Lighting                 | kW  | 4068     | 4716     | 27,825             | 1.5119 | \$42,069           | 30,525             | 1.6064 | \$49,035           |
| <b>TOTAL</b>                    |     | <b>0</b> | <b>0</b> | <b>760,386,711</b> |        | <b>\$8,954,614</b> | <b>760,595,603</b> |        | <b>\$9,559,167</b> |

**Wholesale Market Service***(loss adjusted)*

| Customer                        |     | Revenue  | Expense  | Bridge Year 2013     |                |                    | Test Year 2014       |                |                    |
|---------------------------------|-----|----------|----------|----------------------|----------------|--------------------|----------------------|----------------|--------------------|
|                                 |     |          |          | USA #                | USA #          | Volume             | rate (\$/kWh):       | Amount         | Volume             |
| Class Name                      |     | USA #    | USA #    | Volume               | rate (\$/kWh): | Amount             | Volume               | rate (\$/kWh): | Amount             |
| Residential                     | kWh | 4062     | 4708     | 574,170,276          | 0.00440        | \$2,526,349        | 574,517,213          | 0.00440        | \$2,527,876        |
| General Service < 50 kW         | kWh | 4062     | 4708     | 180,288,633          | 0.00440        | \$793,270          | 180,327,302          | 0.00440        | \$793,440          |
| General Service > 50 to 4999 kW | kWh | 4062     | 4708     | 931,449,536          | 0.00440        | \$4,098,378        | 930,786,600          | 0.00440        | \$4,095,461        |
| Unmetered Scattered Load        | kWh | 4062     | 4708     | 3,478,967            | 0.00440        | \$15,307           | 3,269,391            | 0.00440        | \$14,385           |
| Street Lighting                 | kWh | 4062     | 4708     | 10,379,956           | 0.00440        | \$45,672           | 11,377,924           | 0.00440        | \$50,063           |
| <b>TOTAL</b>                    |     | <b>0</b> | <b>0</b> | <b>1,699,767,368</b> |                | <b>\$7,478,976</b> | <b>1,700,278,429</b> |                | <b>\$7,481,225</b> |

**Rural Rate Protection***(loss adjusted)*

| Customer                        |     | Revenue  | Expense  | Bridge Year 2013     |                |                    | Test Year 2014       |                |                    |
|---------------------------------|-----|----------|----------|----------------------|----------------|--------------------|----------------------|----------------|--------------------|
|                                 |     |          |          |                      | rate (\$/kWh): | Amount             |                      | rate (\$/kWh): | Amount             |
| Class Name                      |     | USA #    | USA #    | Volume               |                | Amount             | Volume               |                | Amount             |
| Residential                     | kWh | 4062     | 4730     | 574,170,276          | 0.00120        | \$689,004          | 574,517,213          | 0.00130        | \$746,872          |
| General Service < 50 kW         | kWh | 4062     | 4730     | 180,288,633          | 0.00120        | \$216,346          | 180,327,302          | 0.00130        | \$234,425          |
| General Service > 50 to 4999 kW | kWh | 4062     | 4730     | 931,449,536          | 0.00120        | \$1,117,739        | 930,786,600          | 0.00130        | \$1,210,023        |
| Unmetered Scattered Load        | kWh | 4062     | 4730     | 3,478,967            | 0.00120        | \$4,175            | 3,269,391            | 0.00130        | \$4,250            |
| Street Lighting                 | kWh | 4062     | 4730     | 10,379,956           | 0.00120        | \$12,456           | 11,377,924           | 0.00130        | \$14,791           |
| <b>TOTAL</b>                    |     | <b>0</b> | <b>0</b> | <b>1,699,767,368</b> |                | <b>\$2,039,721</b> | <b>1,700,278,429</b> |                | <b>\$2,210,362</b> |

**Smart Meter Entity Charge***(per customer)*

| Customer                        |      | Revenue  | Expense  | Bridge Year 2013 |                |            | Test Year 2014 |                |                  |
|---------------------------------|------|----------|----------|------------------|----------------|------------|----------------|----------------|------------------|
|                                 |      |          |          |                  | rate (\$/kWh): | Amount     |                | rate (\$/kWh): | Amount           |
| Class Name                      |      | USA #    | USA #    | Volume           |                | Amount     | Volume         |                | Amount           |
| Residential                     | Cust |          |          | 59,869           |                | \$0        | 59,869         | 0.79000        | \$567,558        |
| General Service < 50 kW         | Cust |          |          | 5,224            |                | \$0        | 5,224          | 0.79000        | \$49,524         |
| General Service > 50 to 4999 kW | Cust |          |          | 1,012            |                | \$0        | 1,012          |                | \$0              |
| Unmetered Scattered Load        | Cust |          |          | 25               |                | \$0        | 25             |                | \$0              |
| Street Lighting                 | Cust |          |          | 15,272           |                | \$0        | 15,272         |                | \$0              |
| <b>TOTAL</b>                    |      | <b>0</b> | <b>0</b> | <b>81,402</b>    |                | <b>\$0</b> | <b>81,402</b>  |                | <b>\$617,082</b> |

|                                       |  |  |  |  |  |                      |  |  |                      |
|---------------------------------------|--|--|--|--|--|----------------------|--|--|----------------------|
| <b>Projected Power Supply Expense</b> |  |  |  |  |  | <b>\$165,927,394</b> |  |  | <b>\$190,702,260</b> |
|---------------------------------------|--|--|--|--|--|----------------------|--|--|----------------------|

## Burlington Hydro 2014 Rates Application EB-2013-0115

Burlington Hydro has discovered a data entry-related error in its 2014 revenue requirement. While preparing a draft settlement proposal, we discovered that we inadvertently omitted our 2014 property tax expense from the 2014 revenue requirement. Burlington Hydro proposes to correct its error by adding \$273,559 to its settled 2014 revenue requirement. As set out below, the \$273,559 amount represents Burlington Hydro's preliminary forecast of its 2014 property tax expense and is on the record in this proceeding. Burlington Hydro currently forecasts its 2014 property tax expense to be \$304,000; however, because this amount is not on the record, Burlington Hydro believes it is appropriate that its lower preliminary 2014 property tax expense of \$273,559 be used for the purpose of correcting its 2014 revenue requirement.

### Discussion

Burlington Hydro remits property tax to the City of Burlington. Per the City's policies, this amount is levied based on the posted mil rate applied to the land and buildings that Burlington Hydro owns. This amount is eligible for recovery through rates; in Burlington Hydro's last rate rebasing application (EB-2009-0259) property taxes in the amount of \$229,000 were authorized for recovery. The amounts incurred since that rebasing application are provided in the table below.

|      | Property Taxes |
|------|----------------|
| 2010 | \$284,285      |
| 2011 | \$274,392      |
| 2012 | \$292,430      |
| 2013 | \$275,037      |

Burlington Hydro's most recent projection of its 2014 property tax expense is \$304,000. While this value is shown on the data input sheets of the rate making model that supports Burlington Hydro's 2014 rate rebasing application, for the purposes of the public filing, this data input sheet, as well as the RRR trend worksheet that also displays this value, were hidden. The programming of the rate making model does not naturally incorporate this amount in the derivation of the proposed revenue requirement or of the computed deficiency/sufficiency.

Burlington Hydro notes that its filed cost allocation model ("CAM") displays the preliminary estimate of the 2014 property tax expense of \$273,559. The CAM displays the value of \$273,559 at cell D466 of worksheet I3. Burlington Hydro acknowledges that this is a data entry error; property tax expense is supposed to be entered at cell D465 of worksheet I3. Because the value was inadvertently entered at cell D466 the preprogrammed formula in cell E466 operated and an offsetting negative value was computed. The purpose of this preprogrammed formula is to support the appropriate inclusion of directly allocated PILs expense in column G and of the total PILs expense, net of directly allocated amounts, to be displayed in column H.

The values in columns G and H are used to satisfy the consistency checks and verifications preprogrammed into the Board's CAM. Had the property tax expense been correctly entered in cell D465 the revenue requirement computed by the CAM would have differed from the value hard coded in cell F14 on worksheet I3 and the CAM would have displayed "Out of Balance" error messages.

Because the rate making model did not incorporate the property tax expense in the derivation of the revenue requirement and because the property tax expense was entered in the CAM on worksheet I3 at cell D466, rather than at cell D465, this error was not identified.

Burlington Hydro provided a reconciliation of its RRR data to its audited financial statements at Exhibit 1, Tab 3, Schedule 2. This exhibit displays the historic property tax expense and incorrectly labels them as "Capital Tax". Because Capital Tax ceased to be charged in 2011, no further investigation was undertaken. Burlington Hydro's 2014 evidence also makes reference to incurring property tax at Exhibit 2, Tab 5, Schedule 5, page 5, line 5. Finally, the line item for property tax shown at Exhibit 6, Tab 1, Schedule 1, page 4, Table 6-2 was incorrectly left unpopulated.

Burlington Hydro discovered this data entry error when recalculating rates following the proposed settlement agreement.

Because this error materially affects Burlington Hydro's 2014 revenue requirement, we would like to correct this data entry error while maintaining the settlement. Burlington Hydro acknowledges that this amount is approximately 10% lower than the most recent forecast 2014 cost of \$304,000 and will assume financial responsibility for the difference.

We apologize for this oversight and for any inconvenience it causes.

Burlington Hydro Inc.

EB-2013-0115

Proposed Settlement Agreement

Attachment D.2

Use of Depreciation Expense before Reclassifications when Computing PILs Expense

Burlington Hydro confirmed with both its tax advisor and with Board staff that its 2014 Test Year PILs provision is to be computed using Depreciation Expense before reclassifications. The attached PILs Workform, which has been updated to be consistent with the Rate Making models, demonstrates that Burlington Hydro's 2014 Test Year PILs Provision to be recovered through rates is \$211,146.

The OEB's PILs Workform requires that the Test Year Depreciation Expense be entered at cell E17 on worksheet "S. Taxable Income Test Year". The data entered on this worksheet is used to compute Total Additions that, ultimately, is used to compute the Test Year PILs expense and the Test Year PILs Provision. The PILs Workforms that Burlington Hydro filed with its October 1, 2013 submission and with its February 27, 2014 interrogatory responses incorrectly used Depreciation Expense net of reclassified amounts at cell E17 on worksheet "S. Taxable Income Test Year". The PILs Workform made available to intervenors prior to the Settlement Conference correctly used Depreciation Expense before reclassification.

Since the conclusion of the Settlement Conference Burlington Hydro's tax advisor, KPMG, has reviewed its PILs Workform and confirmed that the Depreciation Expense before reclassification must be used when computing PILs payable and the PILs provision to be recovered through rates. Board staff confirmed that the appropriate value to enter in this cell is Depreciation expense before reclassifications. This treatment appropriately adds back its Depreciation expense that is presented on the two line items Depreciation expense after reclassification, and, the portion of reclassified Depreciation that is included in OM&A.

Burlington Hydro Inc.

EB-2013-0115

Proposed Settlement Agreement

Attachment D.1

Burlington Hydro's proposed changes to 2014 Postage Expense and 2014 Tree Trimming Expense

### Summary

Burlington Hydro proposes to increase its 2014 Proposed OM&A expenditures by \$297k, being a \$95k increase for Postage and a \$202k increase in Tree Trimming. The change in Postage reflects Canada Post's December 30, 2013 announcement that stamp prices would increase to \$1, retail, and \$0.85, for postage machines.

The change to the Tree Trimming expense reflects Burlington Hydro's best available information on the expected price increases of its contractors and has been mitigated by the substitution of third party inspection costs with Burlington Hydro's unionized work force. A consequential change to the Revenue Requirement as a result of these two increases in OM&A expense is the related increase of approximately \$3k in the proposed Working Capital Allowance.

### Postage

Burlington Hydro relies on Canada Post to deliver paper bills. Burlington Hydro pays Canada Post \$0.63/item for low density walked routes (typically in residential neighbourhoods) and \$0.60/item for high density walked routes (typically in commercial and industrial areas); on a weighted average basis the cost of postage is \$0.602/item. On December 30, 2013 Canada Post announced its intention to increase retail postage rates from the existing \$0.63/item to \$0.85/item (for bulk purchases) or \$1.00 for individual stamps.

The estimated \$95k impact has been calculated assuming that Burlington Hydro will be eligible for the more favourable postage rate, being \$0.85/item. The difference between the previous weighted average cost of postage and the assumed \$0.85 rates is \$0.248/item. Burlington Hydro expects to mail bills to 54,000 of its residential customers bi-monthly and to 4,750 of its General Service <50 kW customers monthly. This is a \$95k incremental increase over the originally estimated 2014 postage expense.

Burlington Hydro observes that this proposed change is a flow through of a third party's price increase which is beyond the control of the LDC.

### Tree Trimming

Burlington Hydro relies on 2 contractors for tree trimming services. One contractor provides routine tree trimming on a 3 year cycle consistent with good utility practice, consistent with the OEB's Distribution System Code and in fulfillment of the public safety requirements of O.Reg 22/04. The other provides tree trimming on an emergency basis. Historically, Burlington Hydro has also relied on another contractor for tree trimming inspection. In 2013 Burlington Hydro

paid a total of \$345k for routine tree trimming and inspection. Over a 3 year cycle, Burlington Hydro pays approximately \$800k for routine tree trimming services.

In 2013 Burlington Hydro adopted a different practice with respect to inspections and assigned one of its Linesmen to inspect tree trimming while conducting other assigned field inspections. The Burlington Hydro crew member identified that Burlington Hydro's standards were not being adhered to and Burlington Hydro took appropriate action. Subsequently, the routine tree trimming contractor advised Burlington Hydro that it intended to increase its price by 237%. Burlington Hydro conducted some due diligence of this proposed price increase by seeking a quote for these services from another qualified contractor; that quote was approximately 276% greater than the current contract.

Burlington Hydro recognizes that it will incur a cost increase versus prior years. In an effort to mitigate the price increase Burlington Hydro will cease to rely on contracted tree trimming inspection services and will task its unionized workforce to perform tree trimming inspection instead. The unionized workforce is responsible for field inspections of Burlington Hydro's Property, Plant and Equipment and will re-organize their field activities to incorporate this additional activity while minimizing incremental costs.

In 2014 Burlington Hydro projects that it will incur Tree Trimming costs of \$547k, which is a \$202k increase versus the 2013 expense. This increase has been computed as follows:

|   |        |
|---|--------|
| 2013 expense                            | \$345k |
| Contract Tree Trimming inspection       | \$114k |
| Tree Trimming Services                  | \$231k |
| Increase Tree Trimming Services of 237% | \$547k |

Consistent with its purchasing policies, Burlington Hydro has relied on the lower of the 2 quotes to estimate the 2014 tree trimming expense.

Burlington Hydro expects to achieve several benefits as a result of enforcing its tree trimming standards, including:

- Improved safety for the public and for Burlington Hydro's crews;
- Fewer outages due to tree contacts that is expected to result in improved SAIFI statistics; and
- Reduced outage duration to restore service lost due to tree contact as the crews will require less time to clear the site and make it safe, and, will be able to more readily access the origin of the outage.

Over the longer term, Burlington Hydro will have better information available to it when deciding where to deploy system automation. By deploying system automation appropriately Burlington Hydro expects to observe reduced outage durations that will result in improved SAIDI statistics.

These amounts have been included in the 2014 OM&A that was filed with the OEB on February 27, 2014.

**APPENDIX B**

**TO DECISION AND ORDER**  
**EB-2013-0115**

**Burlington Hydro Inc.**  
**Tariff of Rates and Charges**

**DATED: May 15, 2014**

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electrical energy to residential customers where such energy is used exclusively in separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex, or quadruplex house, with residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge   | \$     | 11.88    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018                       | \$     | 0.79     |
| Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2016                    | \$     | 1.73     |
| Rate Rider for Refund of Smart Metering Entity Charge Over-Recovery - effective until April 30, 2015 | \$     | (0.61)   |
| Distribution Volumetric Rate   | \$/kWh | 0.0162   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2014) - effective until April 30, 2016     | \$/kWh | (0.0014) |
| Rate Rider for Disposition of Global Adjustment Account (2014) - effective until April 30, 2016      |        |          |
| Applicable only for Non-RPP Customers  | \$/kWh | 0.0006   |
| Rate Rider for Application of CGAAP Accounting Changes (2013) - effective until April 30, 2016       | \$/kWh | (0.0008) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0075   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                           | \$/kWh | 0.0058   |

## MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electricity to general service customers whose monthly average peak demand during a calendar year is less than, or forecast by BHI to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge   | \$     | 24.77    |
| Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018                       | \$     | 0.79     |
| Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2016                    | \$     | 8.40     |
| Rate Rider for Refund of Smart Metering Entity Charge Over-Recovery - effective until April 30, 2015 | \$     | (0.61)   |
| Distribution Volumetric Rate   | \$/kWh | 0.0133   |
| Rate Rider for Deferral/Variance Accounts (2014) - effective until April 30, 2016                    | \$/kWh | (0.0012) |
| Rate Rider for Disposition of Global Adjustment Account (2014) - effective until April 30, 2016      |        |          |
| Applicable only for Non-RPP Customers  | \$/kWh | 0.0006   |
| Rate Rider for Application of CGAAP Accounting Changes (2013) - effective until April 30, 2016       | \$/kWh | (0.0008) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0071   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                           | \$/kWh | 0.0051   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to general service customers with a monthly average peak demand during a calendar year equal to or greater than, or is forecast by BHI to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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### MONTHLY RATES AND CHARGES - Delivery Component

|  |       |          |
|--|-------|----------|
| Service Charge   | \$    | 58.05    |
| Rate Rider for Recovery of Stranded Meter Assets - effective until April 30, 2016                    | \$    | 35.95    |
| Rate Rider for Refund of Smart Metering Entity Charge Over-Recovery - effective until April 30, 2015 | \$    | (0.39)   |
| Distribution Volumetric Rate   | \$/kW | 2.8577   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2014) - effective until April 30, 2016     | \$/kW | (0.5488) |
| Rate Rider for Disposition of Global Adjustment Account (2014) - effective until April 30, 2016      |       |          |
| Applicable only for Non-RPP Customers  | \$/kW | 0.2506   |
| Rate Rider for Application of CGAAP Accounting Changes (2013) - effective until April 30, 2016       | \$/kW | (0.2943) |
| Retail Transmission Rate - Network Service Rate  | \$/kW | 2.9008   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                           | \$/kW | 2.1384   |
| Retail Transmission Rate - Network Service Rate - Interval Metered                                   | \$/kW | 2.9427   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered        | \$/kW | 2.2573   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electricity to general service customers whose monthly average peak demand during a calendar year is less than, or forecast by BHI to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |        |          |
|--|--------|----------|
| Service Charge (per connection)  | \$     | 8.89     |
| Distribution Volumetric Rate   | \$/kWh | 0.0154   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2014) - effective until April 30, 2016 | \$/kWh | (0.0015) |
| Rate Rider for Disposition of Global Adjustment Account (2014) - effective until April 30, 2016  |        |          |
| Applicable only for Non-RPP Customers  | \$/kWh | 0.0006   |
| Rate Rider for Application of CGAAP Accounting Changes (2013) - effective until April 30, 2016   | \$/kWh | (0.0008) |
| Retail Transmission Rate - Network Service Rate  | \$/kWh | 0.0071   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                       | \$/kWh | 0.0051   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to roadway lighting customers such as the City of Burlington, the Regional Municipality of Halton, Ministry of Transportation and private roadway lighting, controlled by photo cells. The daily consumption for these customers will be based on the calculated connected load times the required night time or lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|  |       |          |
|--|-------|----------|
| Service Charge (per connection)  | \$    | 0.59     |
| Distribution Volumetric Rate   | \$/kW | 4.3040   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2014) - effective until April 30, 2016 | \$/kW | (0.5237) |
| Rate Rider for Disposition of Global Adjustment Account (2014) - effective until April 30, 2016  |       |          |
| Applicable only for Non-RPP Customers  | \$/kW | 0.2327   |
| Rate Rider for Application of CGAAP Accounting Changes (2013) - effective until April 30, 2016   | \$/kW | (0.2734) |
| Retail Transmission Rate - Network Service Rate  | \$/kW | 2.1505   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate                       | \$/kW | 1.6064   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|   |        |        |
|---|--------|--------|
| Wholesale Market Service Rate                                   | \$/kWh | 0.0044 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)       | \$/kWh | 0.0013 |
| Standard Supply Service - Administrative Charge (if applicable) | \$     | 0.25   |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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## MONTHLY RATES AND CHARGES - Delivery Component

|                |    |      |
|----------------|----|------|
| Service Charge | \$ | 5.40 |
|----------------|----|------|

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

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EB-2013-0115

## ALLOWANCES

|   |       |        |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month                      | \$/kW | (0.60) |
| Primary Metering Allowance for transformer losses – applied to measured demand and energy | %     | (1.00) |

## SPECIFIC SERVICE CHARGES

### APPLICATION

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### Customer Administration

|   |    |       |
|---|----|-------|
| Arrears certificate   | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs)                                  | \$ | 15.00 |
| Statement of account  | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque charge (plus bank charges)  | \$ | 15.00 |

### Non-Payment of Account

|  |    |        |
|--|----|--------|
| Late Payment – per month                             | %  | 1.50   |
| Late Payment – per annum                             | %  | 19.56  |
| Collection of account charge – no disconnection      | \$ | 30.00  |
| Disconnect/Reconnect at meter – during regular hours | \$ | 65.00  |
| Disconnect/Reconnect at meter – after regular hours  | \$ | 185.00 |

|  |    |        |
|--|----|--------|
| Temporary Service – install & remove – overhead – no transformer | \$ | 500.00 |
| Specific charge for access to the power poles - \$/pole/year     | \$ | 22.35  |

# Burlington Hydro Inc.

## TARIFF OF RATES AND CHARGES

### Effective and Implementation Date May 1, 2014

**This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors**

EB-2013-0115

## RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

|  |          |           |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer   | \$       | 100.00    |
| Monthly Fixed Charge, per retailer   | \$       | 20.00     |
| Monthly Variable Charge, per customer, per retailer  | \$/cust. | 0.50      |
| Distributor-consolidated billing monthly charge, per customer, per retailer  | \$/cust. | 0.30      |
| Retailer-consolidated billing monthly credit, per customer, per retailer   | \$/cust. | (0.30)    |
| Service Transaction Requests (STR)   |          |           |
| Request fee, per request, applied to the requesting party  | \$       | 0.25      |
| Processing fee, per request, applied to the requesting party   | \$       | 0.50      |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party |          |           |
| Up to twice a year   | \$       | no charge |
| More than twice a year, per request (plus incremental delivery costs)  | \$       | 2.00      |

## LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

|  |        |
|--|--------|
| Distribution Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0373 |
| Distribution Loss Factor - Primary Metered Customer < 5,000 kW   | 1.0270 |