

**Burlington Hydro Inc. (EB-2014-0059)
Board staff Interrogatories**

Interrogatory #1

Ref: IRM Rate Generator, Tab 4 – Current Tariff Schedule

Ref: EB-2013-0115 Decision and Rate Order, Appendix B

Board staff notes that Burlington Hydro has entered rate riders for its Unmetered Scattered Load rate class of \$0.0006 kWh for Disposition of Deferral/Variance Accounts (2014) and (\$0.0008) for Disposition of Global Adjustment Account (2014). Board staff notes that these rates as shown on Burlington Hydro's current approved Tariff of Rates and charges should be (\$0.0015) and \$0.0006, respectively.

- a) Please confirm the correct rate riders as approved in EB-2013-0115. If confirmed, Board staff will make the necessary correction.

Interrogatory #2

Ref: Application, page 4

Ref: IRM Rate Generator, Tab 5, Continuity Schedule

Ref: EB-2013-0115 Decision and Rate Order, Appendix A, pages 56-57

Ref: Accounting Procedures Handbook, Article 490, page 10

Board staff notes that Burlington Hydro has proposed a change to its accounting methodology for carrying charges on its deferral and variance account balances from the cash accounting methodology to the accrual method. To effect this transition, Burlington Hydro has recalculated the carrying charges from May 1, 2010 to January 1, 2013 and applied an adjusting entry of (\$268,242) to its 2013 Continuity Table. Burlington Hydro states that the adjusting entry was calculated by subtracting the carrying charges computed using the accrual method from the carrying charges previously computed using the cash method.

Board staff notes that a change to accrual accounting is contemplated in the Accounting Procedures Handbook (APH), as follows:

Effective January 1, 2012, where a distributor has to make a change to the accrual method from a previous method ("billed" method/cash accounting), such change is permitted only on a prospective basis. The change must not impact

any previous account balances filed for disposition as part of regulatory assets or other reviews for which recoveries (or refunds) have been approved in rates.

Board staff notes that Burlington Hydro's December 31, 2012 Deferral and Variance Account balances were disposed in its 2014 cost of service proceeding, EB-2013-0115, and the total principal and interest balance of (\$3,746,809) disposed in the 2014 continuity table is consistent with the amount approved.

- a) Please confirm that the deferral and variance account balances disposed in EB-2013-0115 consisted of principal balances as at December 31, 2012 and carrying charges on these balances until April 30, 2014.
- b) Please specify the accounting methodology applied to the calculation of carrying charges on the December 31, 2012 principal balances, as approved by the Board in EB-2013-0115.
- c) Please confirm that the accrual method has been applied to the calculation of all carrying charges, effective January 1, 2013.
- d) Please explain why Burlington Hydro has proposed to apply the adjustment to deferral and variance account balances that have been approved by the Board on a final basis. Provide any supporting references in the APH or Board policy for this approach.
- e) Please explain why Burlington Hydro has calculated the adjustment to effect its transition to accrual accounting by "subtracting the carrying charges computed using the accrual method from the carrying charges previously computed using the cash method", rather than by subtracting the cash method balances from the accrual method balances.
- f) Should the Board determine that an adjustment to previously-approved deferral and variance account balances is not appropriate, does Burlington Hydro believe that any further correction to its continuity tables would be required, other than removal of the (\$268,242) adjustment from its 2013 continuity table? If so, please explain the corrections that would be necessary and provide any applicable calculations. Board staff will make the necessary adjustments to the model.
- g) Board staff notes that the 2013 principal and interest balances, as adjusted for the accounting methodology change, appear to be consistent with the 2013 RRR filings submitted to the Board. Should the Board deny approval for the proposed adjustment, does Burlington Hydro believe that any correction to its 2013 RRR information is necessary? Please explain and provide calculations, if applicable.

Interrogatory #3

Ref: IRM Rate Generator, Sheet 8, Calculation of Deferral and Variance Account Rate Riders

Chapter 3 of the Filing Requirements notes that distributors must establish separate rate riders to recover the balances in the RSVAs from Wholesale Market Participants (“WMPs”) who must not be allocated the RSVA account balances related to charges for which the WMPs settle directly with the IESO (e.g. wholesale energy, wholesale market services).

Chapter 3 of the Filing Requirements also notes that “distributors who serve Class A customers per O.Reg 429/04 (i.e. customers greater than 5 MW) must propose an appropriate allocation for the recovery of the global adjustment variance balance based on their settlement process with the IESO.

In calculating Deferral and Variance Account rate riders for sub-groups of customers within a class (e.g. WMPs and non-WMPs), distributors have used two approaches

- Rate riders grouped by the nature of the deferral and variance accounts (i.e. one set of rate riders for accounts related to transmission (e.g. 1584 and 1586) and another set of rate riders for accounts related to power (e.g. 1580 and 1588). For an example, see the EnWin Utilities Ltd. Final 2014 Tariff of Rates and Charges (EB-2014-0156).
 - Sets of rate riders calculated on the basis of the customer group to which they would apply (i.e. one rate rider for WMPs and one rate rider for non-WMPs). For an example, see Bluewater Power Distribution Corp.’s 2014 IRM application (EB-2013-0112).
- a) Please confirm whether or not Burlington Hydro serves any consumers that are WMPs. If so:
- i. Have these consumers been WMPs throughout the entire time over which variances accumulated in the RSVA accounts proposed for disposition?
 - ii. Please confirm that RSVA account balances have not been allocated to WMP customers as they settle these charges directly with the IESO.
 - iii. If required, please provide an alternative calculation of 2015 Deferral and Variance Account Rate riders, eliminating the allocation of RSVA balances to WMPs, using either of the approaches outlined above.

- iv. Please explain your choice of calculation approach, identifying the benefits or limitations (i.e. billing system limitations) of the alternatives identified above.
- b) Please confirm whether or not Burlington Hydro serves any class A consumers that settle energy charges directly with Burlington Hydro. If so:
 - i. Please explain if and how balances in Account 1589 (Global Adjustment) have been allocated to these consumers.
 - ii. Please provide alternative calculations if required, using either of the approaches outlined above.

Interrogatory #4

Ref: IRM Rate Generator, Sheet 14 – RTSR RRR Data

Ref: Burlington Hydro 2013 RRR Data

Ref: Burlington Hydro Tariff of Rates and Charges EB-2013-0186

Board staff is unable to reconcile the billing determinants provided by Burlington Hydro at sheet 14 of the model with its 2013 data provided to the Board. The records available to Board staff indicate the following billing determinants:

Rate Class	kWh	kW
Residential	538,816,471	
GS <50kW	174,628,885	4,457
GS >50kW	897,449,336	2,441,655
Unmetered Scattered Load	3,068,232	
Street Lighting	9,864,524	27,512

- a) Please confirm that the numbers provided above are consistent with the RRR data provided in Burlington Hydro's 2013 RRR filing. If this is not the case, please provide corrected data.
- b) Please confirm that the data provided in Burlington Hydro's 2013 RRR filing was non-loss adjusted metered data. If not, please provide the appropriate data, as well as any calculation required to determine the appropriate data.
- c) Please separate the GS >50kW billing determinants to provide data for the interval metered subset of this rate class. Board staff will make any adjustments required to the RTSR model.

Interrogatory #5

Ref: IRM Rate Generator, Sheet 14 – RTSR RRR Data

Ref: Burlington Hydro Tariff of Rates and Charges EB-2013-0186

Board staff notes that Burlington Hydro has entered its 2014 approved loss factor on the billing determinant sheet of the model. Consistent with the 2013 data provided, the applicable loss factor should be 1.0301, as shown on Burlington's 2013 Tariff of Rates and Charges.

- a) Please confirm that 1.0301 is the applicable loss factor to develop billing determinants based on 2013 data. If this is not the case, please provide the corrected loss factor and any explanation that may be required. Board staff will make the necessary correction to the model.

Interrogatory #6

Ref: IRM Rate Generator, Sheet 15, RTSR – UTRs and Sub-Tx

Board staff notes that Burlington Hydro has entered amounts for the Hydro One Sub-Transmission Rate Rider 9A in the column for 2015 rates. Board staff notes that the Hydro One Sub-Transmission Rate Rider 9A expires on December 31, 2014 and that these amounts should be removed.

- a) Please confirm that Burlington Hydro is in agreement with this change. If so, Board staff will make the necessary adjustments to the model.

Interrogatory #7

Ref: IRM Rate Generator, Sheet 25 – Other Charges and LF

Ref: Burlington Hydro Tariff of Rates and Charges EB-2014-0115

Board staff notes that Burlington Hydro has entered descriptors for "Total Loss Factor" in the loss factor section of Sheet 25. Board staff notes that the descriptor on Burlington Hydro's current tariff of rates and charges refers to "Distribution Loss Factor".

- a) Please confirm that the loss factors contained on Burlington Hydro's tariff sheet are distribution loss factors. If not, please provide an explanation. Board staff will make any necessary adjustments to the model.