



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

DECISION AND RATE ORDER

EB-2016-0059

EB-2016-0384

BURLINGTON HYDRO INC.

Applications for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2017 and for a deferral account.

By Delegation, Before: Theodore Antonopoulos

[date]

1 INTRODUCTION AND SUMMARY

This is a combined Decision and Rate Order (Decision) for Burlington Hydro Inc.'s Incentive Regulation Mechanism (IRM) application for 2017 rates (EB-2016-0059) and Burlington Hydro's Inc.'s application for a deferral account related to the transition to monthly billing (EB-2016-0384).

Burlington Hydro Inc. (Burlington Hydro) serves about 66,000 mostly residential and commercial electricity customers in the City of Burlington. The company is seeking the Ontario Energy Board's approval for the rates it charges to distribute electricity to its customers, as is required of licenced and rate-regulated distributors in Ontario.

Distributors may choose one of three Ontario Energy Board (OEB) rate-setting methods. Burlington Hydro has selected the Price Cap Incentive Rate-setting (Price Cap IR) option that has a five-year term. Rates are set through a cost of service rebasing application for the first year and are adjusted mechanistically through an IRM application for each of the ensuing four years. The price cap adjustment is based on inflation and the OEB's assessment of a distributor's efficiency.

Burlington Hydro filed an IRM application with the OEB on September 26, 2016 to seek approval for changes to its distribution rates to be effective May 1, 2017. Burlington Hydro last appeared before the OEB with a cost of service rebasing application for 2014 rates in the EB-2013-0115 proceeding.

Burlington Hydro subsequently filed an application on December 23, 2016 (EB-2016-0384) requesting a deferral account to record incremental costs associated with the transition from bimonthly to monthly billing of its residential customers. The OEB decided to consider and dispose of these two applications together in this Decision. The OEB's analysis and findings relating to the EB-2016-0384 application is set out entirely in section 11 below.

The OEB addresses the following issues with respect to Burlington Hydro's IRM application in this Decision.

- Price Cap Adjustment
- Regulatory Charges
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Residential Rate Design

Burlington Hydro applied for a rate increase of 1.60% in accordance with the OEB-approved 2017 parameters for inflation and productivity. The 1.60% price cap adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

Burlington Hydro also applied to change the composition of its distribution service rates. Residential distribution service rates currently include a fixed monthly charge and a variable usage charge. In 2015, the OEB issued a policy to transition these rates to a fully fixed structure over a four-year period beginning in 2016.¹ Accordingly, the fixed monthly charge for 2017 has once again been adjusted upward in this Decision by more than the mechanistic adjustment alone. The variable usage rate is commensurately lower. This policy change does not affect the total revenue that distributors collect from residential customers.

This Decision on Burlington Hydro's IRM application will result in a monthly bill decrease of \$2.52 for a residential customer consuming 750 kWh.

The OEB approves the adjustments made to Burlington Hydro's application, and the associated rates calculated, as a result of this proceeding.

2 THE PROCESS

Burlington Hydro filed an application with the OEB on September 26, 2016 under section 78 of the OEB Act and under the OEB's Chapter 3 Filing Requirements for Incentive Rate-Setting Applications seeking approval for changes to its electricity distribution rates to be effective May 1, 2017.

Burlington Hydro also filed an application on December 23, 2016 seeking deferral account to be created which would record incremental costs associated with the transition from bimonthly to monthly billing of its residential customers.

The OEB follows a standard, streamlined process for IRM applications under Price Cap IR. This Decision is being issued by delegated authority under section 6 of the *Ontario Energy Board Act, 1998*.

¹ Board Policy: A New Distribution Rate Design for Residential Electricity Customers, EB-2012-0410, April 2, 2015

The OEB first prepares a rate model that includes information from past proceedings and annual reporting requirements. The distributor then reviews and updates the model and includes it with its application.

Burlington Hydro's IRM application and application for a deferral account were supported by written evidence and a completed rate model. Questions were asked and answers were provided by Burlington Hydro through emails and phone calls. Based on this information, a decision was drafted and provided to Burlington Hydro on April 13, 2017. Burlington Hydro was given the opportunity to provide its comments on the draft for consideration prior to the OEB issuing this Decision.

3 ORGANIZATION OF THE DECISION

The OEB has organized this Decision into sections to reflect the issues that were considered in making its findings.² Each section outlines the OEB's reasons for approving or denying the proposals included in the application and affecting 2017 rates. The penultimate section addresses Burlington Hydro's request for a new deferral account. The last section addresses the steps to implement the final rates that flow from this Decision.

4 PRICE CAP ADJUSTMENT

The price cap adjustment follows an OEB-approved formula that includes annually updated components for inflation and the OEB's expectations of efficiency and productivity gains.³ The formula is an *inflation minus X-factor* rate adjustment, which is intended to incent innovation and efficiency. The OEB has set the inflation factor for 2017 rates at 1.9% based on its established formula.⁴

The X-factors for individual distributors have two parts: a productivity element established from a historical analysis of industry cost performance; and a stretch factor based on a distributor's efficiency relative to its expected costs. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors an incentive to improve efficiency or else experience declining net income.

² See list of issues in the Introduction, p.1

³ Report on Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors (December 4, 2013)

⁴ As outlined in the Report cited at footnote 3 above

Based on industry conditions over the historical study period, the productivity factor has been set at 0.0%. A stretch factor is assigned to each distributor based on the individual distributor's total cost performance as benchmarked relative to other distributors in Ontario. For Price Cap IR applications, there are five stretch factor groupings that have each been assigned a stretch factor in the range from 0.0% to 0.6%.⁵ The most efficient distributor, based on the cost evaluation ranking, would be assigned the lowest stretch factor of 0.0%. Higher stretch factors are applied to distributors in accordance with their cost performance relative to expected levels, to reflect the incremental productivity gains that distributors are expected to achieve.

Findings

The OEB assigned Burlington Hydro a stretch factor of 0.30% based on the updated benchmarking study for use for rates effective in 2017.⁶ The resulting net price cap adjustment for Burlington Hydro is 1.60% (i.e. 1.9% - (0% + 0.30%)).

The 1.60% adjustment applies to distribution rates (fixed and variable charges) uniformly across all customer classes; it does not apply to the rates and charges listed in Schedule B.

5 REGULATORY CHARGES

Customers are charged a number of fees to cover the costs associated with various programs and wholesale market services.

The Rural or Remote Electricity Rate Protection (RRRP) program is designed to partially offset the relatively high cost of electricity distribution to eligible customers located in rural or remote areas of Ontario. The funding level is established by the government of Ontario and is recovered from all electricity customers in the province through a charge that is set annually by the OEB.

Wholesale market service (WMS) charges recover the cost of the services provided by the Independent Electricity System Operator (IESO) to operate the electricity system and administer the wholesale market. These charges may include costs associated with: operating reserve, system congestion and imports, and losses on the IESO-controlled grid. Distributors recover the WMS charges from their customers through the

⁵ Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2015 Benchmarking Update.” Pacific Economics Group LLC. July 2016

⁶ As outlined in the Report cited at footnote 5 above

WMS kWh rate.

In addition, the costs of the IESO WMS Capacity Based Recovery (CBR) initiative are recovered by distributors from Class B customers through a separate kWh charge, and from Class A customers through their share of the actual CBR charge based on their contribution to peak demand.

These regulatory charges are components of the Regulatory Charge on customers' bills and are established annually by the OEB through a separate order.

The OEB has set the RRRP charge for 2017 at \$0.0021 per kWh.

The WMS rate used by distributors to bill their Class A and B customers remains at \$0.0032 per kWh. An additional component is billed to Class B customers for the CBR of \$0.0004 per kWh.⁷

These changes are effective January 1, 2017 for all distributors as a result of the generic order that was part of a separate OEB decision.⁸

The Ontario Electricity Support Program (OESP) is a program to deliver on-bill rate assistance to low income electricity customers. This program was funded by all Ontario customers through the OESP Charge.

On March 23, 2017, the OEB issued a Decision and Order rescinding the OESP charge effective May 1, 2017⁹ until further notice.

The OEB has updated the Tariff of Rates and Charges flowing from the above, listed in Schedule A, to reflect these changes. Although the OEB has also, for administrative convenience, removed the OESP credits from the attached tariff, distributors must continue until further notice to apply the OESP credits on bills issued to eligible low-income customers, as set by the OEB's December 21, 2016 Order.¹⁰

6 SHARED TAX ADJUSTMENTS

The OEB approves an amount for taxes in a distributor's cost of service proceeding based on the tax rates in place at the time. The OEB has determined that a 50/50

⁷ Decision and Rate Order, EB-2016-0362, December 15, 2016

⁸ Ibid

⁹ EB-2017-0135

¹⁰ EB-2016-0376

sharing of the impact of legislated tax changes between shareholders and ratepayers is appropriate in the period between cost of service proceedings. The shared tax change amount will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from a distributor's last cost of service proceeding.

The application as originally filed included a total tax change of \$59,569, resulting in a shared amount of \$29,784.50 to be distributed to rate payers. Burlington Hydro requested that this amount be recorded in variance Account 1595 for disposition in a future application given the associated rate riders would be negligible.

Findings

The OEB agrees with Burlington Hydro's request to record this amount in the variance account for future disposition. Accordingly, the OEB directs Burlington Hydro to record the tax sharing of \$29,784.50 in variance Account 1595 by June 30, 2017 for disposition at a future date.

7 RETAIL TRANSMISSION SERVICE RATES

Electricity distributors use Retail Transmission Service Rates (RTSRs) to pass along the cost of transmission service to their distribution customers. The RTSRs are adjusted annually to reflect the revised costs as calculated by the application of the current Uniform Transmission Rates (UTRs) to historical transmission deliveries. The UTRs are established annually by a separate OEB order. Distributors may apply to the OEB annually to approve the RTSRs they propose to charge their customers, as Burlington Hydro has done in this application.

Findings

The OEB approves the RTSRs as adjusted in this Application to reflect current applicable rates. The RTSRs are based on the previous years' UTRs as the OEB has not yet approved the adjustment of UTRs for 2017. The differences between the previous and the new 2017 UTRs, once approved, will be captured in Accounts 1584 and 1586 for future disposition. The current applicable UTRs are shown in the following table:

Current Applicable Uniform Transmission Rates

Network Service Rate	\$3.66 per kW
<u>Connection Service Rates</u>	
Line Connection Service Rate	\$0.87 per kW
Transformation Connection Service Rate	\$2.02 per kW

8 GROUP 1 DEFERRAL AND VARIANCE ACCOUNT BALANCES

Group 1 deferral and variance accounts (Group 1 accounts) track the differences between the costs that a distributor is billed for certain IESO and host distributor services (including the cost of power) and the associated revenues that the distributor receives from its customers for these services. The total net difference between these costs and revenues is disposed to customers through a temporary charge or credit known as a rate rider.

The OEB's policy¹¹ is to review and dispose of the distributor's Group 1 accounts if they exceed (as a debit or credit) the pre-set disposition threshold of \$0.001 per kWh during the term of an incentive ratemaking plan. The distributor must justify why any account balance in excess of the threshold should not be disposed. The distributor may propose to dispose of balances below this threshold.

Burlington Hydro's 2015 actual year-end total balance for Group 1 accounts including interest projected to April 30, 2017 is a credit of \$2,726,558. This amount represents a total credit claim of \$0.0017 per kWh, which exceeds the preset disposition threshold. Burlington Hydro proposes to dispose of this credit amount over a one-year period.

The Group 1 balance includes a Global Adjustment (GA) account balance of \$2,494,014. Customers' costs for the commodity portion of their electricity service reflect the sum of two charges: the price of electricity established by the operation of the IESO administered wholesale market, and the GA. The GA charge consists of the difference

¹¹ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

between the market price and the sum of the rates paid to regulated and contracted generators and conservation and demand management (demand response) program costs. The GA is established monthly, by the IESO, and varies in accordance with market conditions.

Most customers pay the GA charge based on the amount of electricity they consume in a month (kWh); these customers are referred to as Class B. Customers who participate in the Industrial Conservation Initiative,¹² are referred to as Class A. The costs for the GA are recovered from Class A customers and Class B customers in different ways:

- Class A customers are assessed GA costs through a peak demand factor that is based on the percentage their demand contributes to the top five Ontario system peaks. This factor determines a Class A customer's allocation for a year-long billing period that starts in July every year. As distributors settle with Class A customers based on the actual GA costs there is no resulting variance.
- Class B customers are billed GA based on an IESO published GA price. For Class B customers, distributors track any difference between the billed amounts and actual costs in the GA Variance Account for disposal, once audited.

Under the general principle of cost causality, customer groups that cause variances should be responsible for paying (or receiving credits) for their disposal. The movement from one class to another should not prevent identifiable customers from paying down/receiving a debit/credit balance.

Burlington Hydro proposed the recovery of the GA variance account balance of \$2,494,014 as at December 31, 2015, including interest to April 30, 2017, as follows:

- \$2,435,636 from customers who were Class B customers for the entire period from January 2015 to December 2015, through a kWh rate rider,
- \$58,377 from customers formerly in Class B during the period January 2015 to June 30 2015 who were reclassified to Class A; to be disposed through 12 equal payments to customers

The balance for the Group 1 accounts also includes an amount for the recovery of CBR charges related to the IESO's wholesale energy market Demand Response 3 program contracted program providers.¹³ Distributors paid CBR charges to the IESO in 2015 and recorded these to a dedicated sub-account. The disposition of this sub-account is

¹² The initiative was introduced by the Government of Ontario in 2010.

¹³ The Demand Response 3 program was introduced by the then OPA in 2007 and is currently administered by the IESO

impacted by whether or not a distributor had any customers who were part of Class A during the period from January 2015 to December 2015.

Burlington Hydro had Class A customers during the period from January 2015 to December 2015 so it applied to have the balance of this account disposed through a separate kWh rate rider for Class B customers in order to ensure proper allocation between Class A and Class B customers.

As some customers were reclassified between Class A and Class B during the period from January 2015 to December 2015, Burlington Hydro requested 12 equal installments to recover a portion of CBR Class B costs from these customers.

The balances proposed for disposition are the same as the amounts reported as part of the OEB's *Reporting and Record-Keeping Requirements*. Burlington Hydro's proposal for a one-year disposition period is in accordance with the OEB's policy.¹⁴

Findings

The OEB approves the disposition of a credit balance of \$2,726,558 as of December 31, 2015, including interest projected to April 30, 2017 for Group 1 accounts.

The following table identifies the principal and interest amounts which the OEB approves for disposition.

¹⁴ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (July 31, 2009)

Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance (\$) A	Interest Balance (\$) B	Total Claim (\$) C=A+B
LV Variance Account	1550	0	(0)	(0)
Smart Meter Entity Variance Charge	1551	1,363	1,259	2,622
RSVA - Wholesale Market Service Charge	1580	(3,495,540)	(67,546)	(3,563,086)
Variance WMS - Sub-account CBR Class B	1580	457,292	8,217	465,509
RSVA - Retail Transmission Network Charge	1584	(486,052)	(10,131)	(496,183)
RSVA - Retail Transmission Connection Charge	1586	(242,607)	(6,238)	(248,846)
RSVA - Power	1588	(1,348,459)	(30,816)	(1,379,275)
RSVA - Global Adjustment	1589	2,448,630	45,384	2,494,014
Disposition and Recovery of Regulatory Balances (2010)	1595	(0)	(28,202)	(28,202)
Disposition and Recovery of Regulatory Balances (2012)	1595	24,616	2,273	26,889
Total Group 1 Accounts Excluding Global Adjustment - Account 1589		(5,089,388)	(131,184)	(5,220,572)
Total Group 1 Accounts Excluding Global Adjustment - Account 1589 and Sub-account CBR Class B		(5,546,680)	(139,401)	(5,686,080)
Total Group 1 Accounts		(2,640,757)	(85,800)	(2,726,558)

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and interest carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in Article 220, Account Descriptions, of the *Accounting Procedures Handbook for Electricity Distributors*, effective January 1, 2012. The date of the transfer must be the same as the effective date for the associated rates, which is, generally, the start of the rate year. Burlington Hydro should ensure these adjustments are included in the reporting period ending June 30, 2017 (Quarter 2).

The OEB approves these balances to be disposed through the following rate riders:

- Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018
- Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 - Applicable only for Non-RPP Customers
- Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers
- Reclassified Class A/B Global Adjustment Charge
- Reclassified Class A/B Capacity Based Recovery Adjustment Charge

The rate riders will be in effect over a one-year period from May 1, 2017 to April 30, 2018.

Implicit in this Decision, the OEB approves the proposed disposition of the GA debit balance of \$58,377 relating to the customers who were reclassified between Class A and Class B. This amount, as of December 31, 2015 and including interest projected to April 30, 2017, will be recovered as part of Group 1 account disposition through a separate charge.

In accordance with Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR), this balance is to be disposed over a one-year period from May 1, 2017 to April 30, 2018. Burlington Hydro has requested a 12-month disposition period: This is consistent with the general expectation that distributors settle the amount through 12 equal adjustments to bills. The OEB approves the principal and interest amount(s)¹⁵ requested by Burlington Hydro for the customers who were reclassified between Class A and B.

Implicit in this Decision, the OEB approves the proposed disposition of the CBR-Class B debit balance of \$10,580 relating to the customers who were reclassified between

¹⁵ Approved as per Burlington Hydro's 2017 IRM Rate Generator Model, tab 6a

Classes A and B. This amount, as of December 31, 2015 and including interest projected to April 30, 2017, will be recovered as part of Group 1 account disposition through a separate charge. In accordance with the accounting guidance on capacity based recovery,¹⁶ this balance is to be disposed over a one-year period from May 1, 2017 to April 30, 2018. Burlington Hydro has requested a 12-month disposition period.

9 THE LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

As part of the Ministry of Energy's conservation-first policy,¹⁷ the OEB requires distributors to engage in, and deliver, conservation and demand management (CDM) activities to reduce total energy consumption. The OEB policy¹⁸ established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture the distributor's revenue implications resulting from differences between actual demand and the last OEB-approved load forecast. These differences are to be recorded by distributors at the rate class level.

A distributor may apply for the disposition of the balance in the LRAMVA on an annual basis, as part of its IRM application, if the balance is deemed significant by the distributor. A request for the inclusion of lost revenues from demand response programs as part of the LRAMVA, must be addressed through a cost of service application.¹⁹

Burlington Hydro originally requested disposition of its LRAMVA debit balance of \$515,010. The LRAMVA balance consists of lost revenues in 2013, 2014 and 2015 from CDM programs delivered in 2013 to 2015, as well as carrying charges. In response to OEB staff interrogatories, Burlington Hydro updated its LRAMVA debit balance to \$514,763 using corrected distribution rates in the LRAMVA disposition. Actual conservation savings were compared against Burlington's forecasted conservation savings of 7,708,624 kWh included in the most recent load forecast, which was set out

¹⁶ OEB letter dated July 25, 2016 – Accounting Guidance on Capacity Based Recovery

¹⁷ Ministry of Energy Policy Conservation First: A Renewed Vision for Energy Conservation in Ontario in the government's 2013 Long-Term Energy Plan, Achieving Balance

¹⁸ Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003, dated April 26, 2012)

¹⁹ Report of the Ontario Energy Board; Updated Policy for the Lost Revenue Adjustment Mechanism Calculation: Lost Revenues and Peak Demand Savings from Conservation and Demand Management Programs (EB-2016-0182, dated May 19, 2016)

in Burlington's 2014 cost of service application²⁰. The conservation savings claimed by Burlington Hydro were determined by the IESO.²¹

Findings

Burlington Hydro's LRAMVA balance has been calculated in accordance with the CDM Guidelines and updated LRAMVA policy. The OEB approves the disposition of the LRAMVA debit balance of \$514,763.

LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM	Forecasted CDM	Carrying	Total Claim (\$) D=(A-B)+C
		Savings (\$)	Savings (\$)	Charges (\$)	
		A	B	C	
LRAMVA	1568	\$824,848	\$328,183	\$18,098	\$514,763

10 RESIDENTIAL RATE DESIGN

All residential distribution rates currently include a fixed monthly charge and a variable usage charge. The OEB residential rate design policy²² stipulates that electricity distributors will transition residential customers to a fully fixed monthly distribution service charge over a four-year period starting in 2016. The OEB requires that distributors filing IRM applications this year continue with this transition by once again adjusting their distribution rates to increase the fixed monthly service charge and decrease the variable charge consistent with the policy.

The OEB expects the applicant to apply two tests to evaluate whether mitigation (generally a lengthening of the transition period) for customers in the transition is required. The first test is to calculate the change in the monthly fixed charge, and to consider mitigation if it exceeds \$4. The second is to calculate the total bill impact of the proposals in the application for low volume residential customers (defined as those residential RPP customers whose consumption is at the 10th percentile for the class). Mitigation may be required if the bill impact related to the application exceeds 10% for these customers.

²⁰ EB-2013-0115

²¹ The Ontario Power Authority was responsible for CDM program evaluation prior to 2015.

²² Ibid page 2

Burlington Hydro's implementation of the transition results in an increase to the fixed charge prior to the price cap adjustment of \$3.21. The bill impacts arising from the proposals in this application, including the fixed rate change, are below 10% for low volume residential customers.

Findings

The OEB finds that the proposed 2017 increase to the monthly fixed charge is in accordance with the OEB's residential rate design policy. The results of the monthly fixed charge, and total bill impact for low consumption residential consumers show that no mitigation is required. The OEB approves the increase as proposed by the applicant and calculated in the final rate model.

11 REQUEST TO ESTABLISH A DEFERRAL ACCOUNT FOR INCREMENTAL COSTS ASSOCIATED WITH THE IMPLEMENTATION OF MONTHLY BILLING

This Section 11 relates to the application filed on December 23, 2016 for OEB approval of the establishment of a deferral account to record the net incremental costs associated with the transition to monthly billing. Burlington Hydro provided a draft accounting order for approval.

On April 15, 2015 the OEB announced that by the end of 2016, all electricity distributors in Ontario will be required to bill their customers on a monthly basis. The OEB noted that a distributor could apply for a deferral account for incremental administration costs. Prudently incurred capital expenditures would be included in rate base at the next cost of service application.²³

In its EB-2016-0384 application, Burlington Hydro indicated that transitioning to monthly billing for its Residential customers would result in incremental costs being incurred and an investment of capital. In response to OEB staff questions, Burlington Hydro filed an amended application on March 31, 2017.

As per section 2.9.6 of the OEB's Filing Requirements for Electricity Distribution Rate Applications,²⁴ an application seeking approval for a new deferral account must

²³ Notice of Amendment to a Code: Amendments to the Distribution System Code, EB-2014-0198

²⁴ Chapter 2; Filing Requirements for Electricity Distribution Rate Applications – 2016 Edition for 2017 Rate Applications, July 14, 2016

demonstrate that the account meets the eligibility tests of causation, materiality and prudence.

With respect to materiality, Burlington Hydro estimated that the annual incremental costs associated with the transition to monthly billing would be \$335,000. These estimated costs include incremental billing costs, incremental exceptions processing costs and incremental call centre costs. Burlington Hydro has also estimated that there would be potential benefits associated with transitioning to monthly billing as follows:

- reductions in bad debt expense of \$79,000,
- avoided costs of transition to e-billing of \$54,000, and
- avoided call centre costs of \$9,500

Burlington Hydro expects that the total offset to costs would be \$142,500 for a net increase in costs of \$192,500. The net incremental cost of \$192,500 is in excess of Burlington Hydro's materiality threshold of approximately \$145,000 as determined from its OEB-approved 2014 cost of service application. Burlington Hydro noted that it is actively monitoring its working capital position for impacts attributable to monthly billing its residential customers.

Burlington Hydro requested that the proposed deferral account be effective as of September 1, 2016. It acknowledges in its application that the disposition of the proposed account will be the subject of a future application that will, among other things, include a prudence review and is expected to be achieved through a rate rider applicable to residential customers.

Findings

The OEB approves Burlington Hydro's request to establish a deferral account to record the net incremental costs associated with the transition to monthly billing. Accordingly, the OEB directs Burlington Hydro to record the costs and savings incurred from the transition to monthly billing in a deferral sub-account of Account 1508. The OEB approved a similar deferral account in Toronto Hydro Electric System Limited's 2015 Custom IR application²⁵ and Oakville Hydro Electricity Distribution Inc.'s 2017 Price Cap IR application.²⁶

Costs recorded in the account must be outside of the base on which its rates have been set. Burlington Hydro's forecast indicates that net incremental costs are expected to be

²⁵ EB-2014-0116

²⁶ EB-2016-0097

material. The approval to establish and use the deferral account only provides a regulatory mechanism to track costs. Whether or not the costs recorded in the deferral account are valid incremental costs (in other words, solely related to the transition to monthly billing), have been prudently incurred and are recoverable will be determined by the OEB at the time that Burlington Hydro seeks disposition of the account balance.

Review of the account would be in Burlington Hydro's next cost – based rate application (cost of service or Custom IR), expected for 2019 rates.

The deferral account will be used to record the incremental costs directly attributable to the transition to monthly billing. The associated offsetting benefits shall include but not be limited to reduction in bad debt expense, working capital allowance, avoided costs of transition to e-billing and other avoided costs.

The OEB approves the Accounting Order attached to this Decision and Rate Order as Schedule C. The sub-account is established effective December 23, 2016; the date Burlington Hydro filed its application. Costs and savings will be recorded in the sub-account until the date of Burlington Hydro's next cost – based rate order. A new deferral account would normally be effective going forward unless interim rates are in place to allow the OEB the opportunity to go back to a prior period. However, in this instance the OEB is prepared to grant the deferral account as of the date of the original application filing. The OEB approves the Accounting Order attached to this Decision and Rate Order as Schedule C.

12 IMPLEMENTATION AND ORDER

Rate Model

This Decision and Rate Order is accompanied by a rate model, applicable supporting models and a Tariff of Rates and Charges (Schedule A). Entries in the models were reviewed to ensure that they are in accordance with Burlington Hydro's EB-2013-0115 cost of service decision, and that the 2016 OEB-approved Tariff of Rates and Charges as well as the cost, revenue and consumption results from 2015 are as reported by Burlington Hydro to the OEB. The rate model was adjusted, where applicable, to correct any discrepancies.

THE ONTARIO ENERGY BOARD ORDERS THAT

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved effective May 1, 2017 for electricity consumed or estimated to

have been consumed on and after such date. Burlington Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

2. Burlington Hydro Inc. shall establish Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers pursuant to the Accounting Order attached as Schedule C.

ADDRESS

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ONTARIO ENERGY BOARD

Kirsten Walli
Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2016-0059

DATED: [date]

Burlington Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2017
This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2016-0059

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. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	18.97
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0084
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0030
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kWh	0.0004
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	(0.0032)
Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0071
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0059

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Burlington Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2017
This schedule supersedes and replaces all previously
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EB-2016-0059

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. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	25.95
Rate Rider for Smart Metering Entity Charge - effective until October 31, 2018	\$	0.79
Distribution Volumetric Rate	\$/kWh	0.0139
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0030
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kWh	0.0013
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	(0.0032)
Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers - effective until April 30, 2018	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0053

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Burlington Hydro Inc.
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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 Burlington Hydro Inc. to be equal to or greater than, 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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The rate rider for the disposition of WMS – Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

The rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

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 Ontario Energy Board approval, such as the Debt Retirement Charge, the Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	60.82
Distribution Volumetric Rate	\$/kW	2.9942
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 - Applicable only for Non-RPP Customers	\$/kWh	0.0030
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kW	0.0452
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kW	(1.2236)
Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers	\$/kW	0.1091
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	2.8043
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	2.3118

MONTHLY RATES AND CHARGES - Regulatory Component

Draft April 13, 2017

Burlington Hydro Inc.
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Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

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Burlington Hydro Inc.
TARIFF OF RATES AND CHARGES
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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 Burlington Hydro Inc. 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. Class B consumers are defined in accordance with O. Reg. 429/04. 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	9.32
Distribution Volumetric Rate	\$/kWh	0.0162
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kWh	(0.0002)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kWh	(0.0032)
Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers	\$/kWh	0.0003
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0068
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0053

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Burlington Hydro Inc.
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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 Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	\$	0.62
Distribution Volumetric Rate	\$/kW	4.5095
Rate Rider for Disposition of Global Adjustment Account (2017) - effective until April 30, 2018 Applicable only for Non-RPP Customers	\$/kWh	0.0030
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2017) - effective until April 30, 2018	\$/kW	(0.0565)
Rate Rider for Disposition of Deferral/Variance Accounts (2017) - effective until April 30, 2018	\$/kW	(1.1650)
Rate Rider for Disposition of Capacity Based Recovery Account (2017) - effective until April 30, 2018 - Applicable only for Class B Customers	\$/kW	0.1038
Retail Transmission Rate - Network Service Rate	\$/kW	2.0494
Retail Transmission Rate - Line Connection Service Rate	\$/kW	1.6452

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	\$/kWh	0.0032
Capacity Based Recovery (CBR) - Applicable for Class B Customers	\$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	\$/kWh	0.0021
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Burlington Hydro Inc.
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microFIT SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator'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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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
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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

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

No 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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

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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 (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

Other

Temporary service - install & remove - overhead - no transformer	\$	500.00
Specific charge for wireline access to the power poles - \$/pole/year (with the exception of wireless attachments)	\$	22.35

Burlington Hydro Inc.
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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 Ontario Energy Board, and amendments thereto as approved by the Ontario Energy 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.

	\$	100.00
One-time charge, per retailer, to establish the service agreement between the distributor and the retailer		
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.

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

Schedule B

To Decision and Rate Order

List of Rates and Charges Not Affected by the Price Cap or Annual IR Index

OEB File No: EB-2016-0059

DATED: [date]

The following rates and charges are not affected by the Price Cap or Annual IR Index:

- Rate riders
- Rate adders
- Low voltage service charges
- Retail transmission service rates
- Wholesale market service rate
- Rural or remote electricity rate protection charge
- Standard supply service – administrative charge
- Transformation and primary metering allowances
- Loss factors
- Specific service charges
- microFIT charge
- Retail service charges

Schedule C

To Decision and Rate Order

Accounting Order

OEB File No: EB-2016-0384

DATED: [date]

Accounting Order

Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers

Burlington Hydro shall establish Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers. This sub-account shall have an effective date of December 23, 2016. The sub-account will be used to record the incremental costs, incremental savings and the impact to the Revenue Requirement associated with changes in working capital experienced upon the transition from bi-monthly billing to monthly billing for its residential customers. These items will be recorded in the sub-account until the date of Burlington Hydro's next cost based rate order. This account is eligible for carrying charges at the OEB prescribed rate.

Sample accounting entries are provided below.

- A. To record on a monthly basis the incremental period expenses incurred by transitioning to or providing monthly billing to residential customers

*DR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition
XXX
Costs for Residential Customers*

*CR XXXX Operations, Maintenance, Administration
XXX*

Records the incremental OM&A expenses related to the transition to or provision of monthly billing for Residential customers. Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers shall use appropriate sub-accounts to record the costs incurred (e.g. incremental billing costs, incremental Call Centre costs).

- B. B. To record on a monthly basis the incremental savings realized by transitioning to or providing monthly billing to residential customers

*DR XXXX Operations, Maintenance & Administration
XXX*

*CR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition
XXX
Costs for Residential Customers*

Records the realized savings related to the transition to or provision of monthly billing for Residential customers. Account 1508 Other Regulatory Assets, Sub-account

Monthly Billing Transition Costs for Residential Customers shall use appropriate sub-accounts to record the realized savings (e.g. avoided Call Centre costs, reductions to bad debt expense attributable to monthly billing of Residential customers).

- C. To record on a monthly basis the Revenue Requirement impact of changes in working capital experienced upon the transition to or providing monthly billing to residential customers

*DR 4080 Distribution Revenues
XXX*

*CR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs XXX
for Residential Customers*

Records the impact on the Revenue Requirement associated with changes in working capital experienced upon the transition to or providing monthly billing to residential customers. Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers shall use an appropriate sub-account to record the impact of changes to working capital.

- D. To record on a monthly basis the carrying charges associated with Account 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers

*DR 1508 Other Regulatory Assets, Sub-account Monthly Billing Transition
XXX
Costs for Residential Customers: Carrying Charges*

*CR 4405 Other Interest Income
XXX*

To record the carrying charges on the monthly opening balance recorded in Account 1508 Sub-account Other Regulatory Assets, Sub-account Monthly Billing Transition Costs for Residential Customers at the applicable OEB-approved prescribed accounting interest rate.

All records shall be maintained at an appropriate level to permit OEB review and verification of amounts recorded therein.