



Burlington **hydro** inc.

Board Secretary
Ontario Energy Board
27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

February 14, 2018

Dear Ms. Walli,

**Re: Electricity Distribution License ED-2003-0004
2018 IRM Application for Electricity Distribution Rates (EB-2017-0029)**

Burlington Hydro Inc. ("Burlington Hydro") is submitting its responses to OEB Staff Questions for its 2018 IRM Application for Electricity Distribution Rates (EB-2017-0029). The submission includes the responses and the following live excel file:

1. Attachment 1_GA Adjustment_BHI_20180214

The submission and supporting materials are being filed through the OEB's RESS system; two hard copies will follow by courier.

Yours truly,

Original Signed by

Sally Blackwell
Director, Regulatory Affairs
Email: sblackwell@burlingtonhydro.com
Tel: 905-336-4373

Attachments

OEB Staff Question – 1

Ref: Request for an Accounting Order to Establish a New Deferral Account, Exhibit 1, pages 14 – 16 and Burlington Hydro’s Amended Electricity Distribution Licence ED-2003-0004

Burlington Hydro is requesting an accounting order to establish a sub-account of Account 1508 – Other Regulatory Assets, sub-account Lost Revenue – Collection of Account Charges. In its Decision and Order¹, the OEB prohibited the disconnection of residential customers by reason of non-payment for the balance of the 2016/2017 winter period (i.e. from February 23, 2017 to April 30, 2017). In addition, distributors were required to waive any Collection of Account charge that could otherwise be charged in relation to an occupied residential property during that period.

Burlington Hydro noted that the inability to collect this revenue during a Winter Moratorium represents a revenue requirement shortfall which Burlington Hydro can only recoup through the establishment of a deferral account. Burlington Hydro referred to the Chapter 2 Filing Requirements which among other things, sets out the criteria for establishing an accounting order for new deferral and variance accounts in the context of a cost of service application. In its application Burlington Hydro stated that the criteria outlined in Section 2.9.6 are appropriate in the context of Burlington Hydro’s request for a “Lost Revenue – Collection of Account Charges” deferral account. Burlington Hydro noted that its base revenue requirement approved in its cost of service application² was reduced by the revenue associated with Collection of Account charges. Burlington Hydro noted that the costs incurred for the 2016/2017 winter period were approximately \$100,000.

- a) Please acknowledge that the establishment of a deferral and variance account is without prejudice and does not suggest that the OEB will necessarily approve these amounts.
- b) Please provide a detailed breakdown (i.e. capital, OM&A, etc.) by account and activity of how Burlington Hydro calculated approximately \$285,000 of lost revenue associated with issuing collection notices from November 1 to April 30.
- c) Please provide a detailed breakdown (i.e. capital, OM&A, etc.) by account and activity of how Burlington Hydro calculated and tracked \$100,000 of costs incurred for the 2016/2017 winter.
- d) Please provide the historical actual revenues by month associated with Collection of Account charges for 2014 to 2017. Please also provide the forecast of revenues by month associated with the Collection of Account charges for 2018 and 2019.
- e) Does Burlington Hydro continue to issue collection notices during the current 2017/2018 winter period? If not, please describe the activities associated with the headcount responsible for issuing collection notices and what they currently do.

¹ Decision and Order, Amending Electricity Distributor Licences to Prohibit the Disconnection of Residential Customers and Related Matters, EB-2017-0101, February 23, 2017.

² EB-2013-0015.

- f) Burlington Hydro indicates that its request for a deferral account is contingent on the OEB changing the period to prohibit disconnections and requiring LDC's to waive the collection of account charges for a longer period of time, potentially from November 1 or December 1 to April 30. Please explain why Burlington Hydro believes a request for a deferral account contingent on unknown future events is the appropriate approach to dealing with lost revenues rather than filing for a request for a deferral account if and when such prohibition of customer disconnects were to change?

Response:

- a) Burlington Hydro acknowledges that if the deferral account is approved, that the amounts recorded in the deferral account must be reasonably incurred and the final determination of prudence will be made by the OEB at the time of disposition, as identified in Section 2.9.6 of *the Chapter 2 Filing Requirements for Electricity Distribution Rate Applications 2017 Edition for 2018 Rate Applications* ("Chapter 2 Filing Requirements").
- b) The collection of account charge is an OEB-approved specific service charge of \$30 identified on Burlington Hydro's Tariff of Rates and Charges. It is a revenue item and therefore a breakdown of capital and OM&A is not applicable. The \$285,000 in lost revenue for the winter disconnection period was determined by multiplying the estimated number of collection notices issued to 9,498 residential customers from November 1, 2016 to April 30, 2017 by the specific service charge of \$30. Burlington Hydro does not currently track the number of residential vs. commercial collection of account charges - the 9,498 is an estimate. Total collection of account charges by fiscal year are provided in the response to d).
- c) The approximate \$100,000 in lost revenue for the 2016/2017 winter disconnection period was determined by multiplying the number of collection notices issued to 3,068 residential customers, in the period from February 23, 2016 to April 30, 2017, by the specific service charge of \$30.
- d) Burlington Hydro provides the historical actual revenues by month associated with collection of account charges for 2014 to 2017 and the forecast of revenues by month associated with the Collection of Account charges for 2018 and 2019 in Table 1 below. The decrease in revenue from 2016 to 2017 represents the lost revenue from residential collection notices issued to residential customers from February 23 to April 30, 2017 and November 1 to December 31, 2017. As identified in the response to OEB Staff Question 1b) Burlington Hydro does not have an historical breakdown of residential vs. commercial collection of account charges.

Table 1 – Collection of Account Charges – Total

\$000s	2019	2018	2017	2016	2015	2014
Jan	\$5	\$5	\$48	\$47	\$40	\$33
Feb	\$5	\$5	\$29	\$38	\$34	\$28
Mar	\$5	\$5	\$7	\$53	\$47	\$45
Apr	\$5	\$5	\$21	\$45	\$46	\$46
May	\$45	\$45	\$42	\$57	\$47	\$52
Jun	\$45	\$45	\$43	\$47	\$40	\$41
Jul	\$45	\$45	\$68	\$46	\$38	\$40
Aug	\$45	\$45	\$11	\$45	\$31	\$42
Sep	\$45	\$45	\$56	\$56	\$43	\$47
Oct	\$45	\$45	\$55	\$50	\$50	\$47
Nov	\$5	\$5	\$5	\$54	\$44	\$39
Dec	\$5	\$5	\$7	\$43	\$39	\$38
Total	\$300	\$300	\$393	\$582	\$499	\$499

- e) Yes. Burlington Hydro continues to issue collection notices during the current 2017/2018 winter period.
- f) Burlington Hydro indicated that its request for a deferral account was contingent on the OEB prohibiting disconnections and requiring LDC's to waive the collection of account charges in future winter periods. Burlington Hydro's request for a deferral account meets the eligibility criteria outlined in Section 2.9.6 of the Chapter 2 Filing Requirements which does not preclude Burlington Hydro from applying for a deferral account for future events.

In addition, Burlington Hydro filed its IRM Application EB-2017-0029 ("Application") on October 13, 2017. Burlington Hydro made the request for the deferral account in anticipation that the OEB would issue a ban on disconnections for the 2017/2018 winter period shortly after that and prior to rendering a decision on its Application. The OEB issued its Decision and Order banning disconnections on November 2, 2017. As far as Burlington Hydro is aware, the OEB does not specifically set out the filing requirements for establishing an accounting order for new deferral and variance accounts outside of a Cost of Service application but has accepted such requests in an IRM application. In the absence of definitive guidance from the OEB on when an LDC is permitted to apply for a new deferral account, Burlington Hydro included the request for the deferral account in its Application knowing that an OEB decision on disconnections would be issued shortly after filing its Application. The moratorium on winter disconnections is no longer an "unknown future event" and therefore Burlington Hydro confirms its request to be permitted to track the lost revenues associated with the Collection of Account charges for future recovery from rate payers in a deferral account.

OEB Staff Question – 2

Ref: Adjustments to 2016 RRR Year End Balances

Burlington Hydro has indicated that it has made an adjustment to its Group 1 RRR balances as at December 31, 2016 in the credit amount of \$84,953.

- a) When did Burlington Hydro initially discover an adjustment to its 2016 balances was required? Was a request made to the OEB to update/correct your 2016 balances? If not, is Burlington Hydro familiar with the OEB's process to update/correct RRR balances?
- b) Please confirm there are no other adjustments to be made to Burlington Hydro's Group 1 RRR balances as at December 31, 2016.

Response:

- a) Burlington Hydro initially discovered an adjustment to its 2016 balances was required when it was preparing its Application. No, Burlington Hydro did not make a request to correct its 2016 RRR balances at that time. As identified on page 21 and 22 of its Application, Burlington Hydro is seeking OEB approval to make the adjustments in its 2017 RRRs balances. The net amount is immaterial and the OEB's deadline for filing adjustments to 2016 RRR balances used in published information, including the annual Yearbook of Electricity Distributors, was June 15, 2017. Making the adjustment to the 2017 RRRs will maintain alignment between Burlington Hydro's 2016 audited financial statements, the RRRs and the yearbook while still facilitating the disposition of the correct amounts to customers.

Further, if a correction to the 2016 RRRs is deemed necessary, since the adjustment was discovered coincident with the filing of its Application, Burlington Hydro felt it prudent to wait until a decision on its Application had been rendered to ensure that only one RRR update was made, in the event there were changes to the adjustment.

Yes, Burlington Hydro is aware of the OEB's process to update/correct RRR balances.

- b) Burlington Hydro confirms that it is not aware of any other adjustments to be made to Burlington Hydro's Group 1 RRR balances as at December 31, 2016.

OEB Staff Question – 3

Ref: Sheet 4. Billing Det. For Def-Var, 2018 IRM Rate Generator Model is reproduced below

Rate Class	Unit	Total Metered kWh	Total Metered kW	Metered kWh for Non-RPP Customers (excluding WMP)	Metered kW for Non-RPP Customers (excluding WMP)	Metered kWh for Wholesale Market Participants (WMP)	Metered kW for Wholesale Market Participants (WMP)	Total Metered kWh consumption (if applicable)	Total Metered kW consumption (if applicable)	1595 Recovery Proportion (2014) ¹	1595 Recovery Proportion (2015)	1568 LRAM Variance Account Class Allocation (\$ amount)	Number of Customers for Residential and GS-50 classes ²
RESIDENTIAL SERVICE CLASSIFICATION	kWh	543,441,721	0	14,500,928	0	0	0	543,441,721	0	41%	108%		60,468
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION	kWh	168,159,643	4,879	24,656,459	1,050	0	0	168,159,643	4,879	11%	31%		5,323
GENERAL SERVICE 50 TO 4,999 kW SERVICE CLASSIFICATION	kWh	913,512,381	2,419,150	776,997,024	2,043,042	0	0	913,512,381	2,419,150	47%	38%		
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION	kWh	3,115,068	0	0	0	0	0	3,115,068	0	0%	1%		
STREET LIGHTING SERVICE CLASSIFICATION	kWh	9,945,983	27,658	9,898,689	27,527	0	0	9,945,983	27,658	0%	-1%		
Total		1,638,174,796	2,451,687	826,053,100	2,071,619	0	0	1,638,174,796	2,451,687	100%	100%	0	65,791

According to the EDDVAR Report, the default disposition of the residual account balance in Account 1595 is to be allocated to rate classes in proportion to the recovery share as established when the rate riders were implemented³.

- a) Please explain how the allocation of 1595 Recovery Proportion (2015) to the different rate classes was determined. Why is it different than the allocation from Burlington Hydro's 2015 IRM application⁴?

Response:

- a) The 1595 Recovery Proportion for 2015 and 2014 filed in its Application as identified in Table 3 below, included the Global Adjustment and LRAMVA recovery portion for each rate class in error. Burlington Hydro provides a revised 1595 Recovery Proportion for 2015 and 2014 in Table 4 below which excludes GA and LRAMVA in determining the Recovery Proportion. Table 2 identifies the OEB approved dispositions.

Table 2 – Deferral and Variance Account Approved Dispositions

OEB Decision & Order	(EB-2013-0115) 2014 Recovery	(EB-2014-0059) 2015 Recovery
Group 1 & 2 Balances excluding GA	(4,946,117)	(2,542,013)
Global Adjustment ("GA")	1,144,599	1,866,265
LRAM Variance	260,477	-
Total	(3,541,041)	(675,748)

³ Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative, EB-2008-0046, July 31, 2009, Table 1, page 21.

⁴ EB-2014-0059.

Table 3 – 1595 Recovery Proportions – as Filed

Customer Class	2014 Recovery Share Allocation \$	2014 Recovery Share Allocation %	2015 Recovery Share Allocation \$	2015 Recovery Share Allocation %
Residential	(1,452,819)	41.0%	(727,971)	107.7%
General Service < 50 kW	(403,361)	11.4%	(206,521)	30.6%
General Service 50 to 4,999 kW	(1,658,222)	46.8%	259,321	-38.4%
Unmetered Scattered Load	(11,345)	0.3%	(4,914)	0.7%
Street Lighting	(15,294)	0.4%	4,337	-0.6%
Total	(3,541,041)	100.0%	(675,748)	100.0%

Table 4 – 1595 Recovery Proportions - Revised

Customer Class	2014 Recovery Share Allocation \$	2014 Recovery Share Allocation %	2015 Recovery Share Allocation \$	2015 Recovery Share Allocation %
Residential	(1,614,362)	32.6%	(836,700)	32.9%
General Service Less Than 50 kW	(531,746)	10.8%	(270,586)	10.6%
General Service 50 to 4,999 kW	(2,761,273)	55.8%	(1,412,500)	55.6%
Unmetered Scattered Load	(11,378)	0.2%	(4,961)	0.2%
Street Lighting	(27,358)	0.6%	(17,266)	0.7%
Total	(4,946,117)	100.0%	(2,542,013)	100.0%

OEB Staff Question – 4

Ref: Reconciliation items 1a and 1b, GA Analysis Workform and Sheet 3. Continuity Schedule, 2018 IRM Rate Generator Model

In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:

- a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively⁵.
- b) Charge Type 1142 is booked into Account 1588. In relation to Charge Type 148, the non-RPP quantities multiplied by the GA rate is booked to account 1589 and the remainder of Charge Type 148 is booked to account 1588.
- c) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equalling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equalling GA RPP is credited into Account 1589.
- d) If another approach is used, please explain in detail.

Response:

In booking expense journal entries for Charge Type 1142 (RPP vs. Market Price Settlement Claim), and Charge Type 148 (Class B Global Adjustment Settlement Amount) from the IESO invoice, Burlington Hydro uses another approach as follows:

Charge Type 1142 is booked into Account 1588. For Charge Type 148, the entire amount is initially booked to Account 1589. The GA attributable to RPP customers (the RPP quantities multiplied by the GA rate on the IESO invoice) is subsequently credited to Account 1589 and booked to Account 1588. Burlington Hydro notes that this approach is a residual method similar to approach b).

⁵ Note, the following in all references in OEB Staff questions relating to amounts booked to accounts 1588 and 1589. Amounts are not booked directly to accounts USoA 1588 and 1589 relating to power purchase and sale transactions, but are rather booked to the cost of power USoA 4705 Power Purchased/4707 Charges - Global Adjustment and the respective Energy Sales USoA accounts, respectively. However, accounts 1588 and 1589 are impacted the same way as accounts 4705/4707 are for cost of power transactions, and the same way as the Energy Sales accounts are for revenue transactions.

OEB Staff Question – 5

Ref: Reconciliation items 1a and 1b, GA Analysis Workform and Sheet 3. Continuity Schedule, 2018 IRM Rate Generator Model

With regards to the amount being requested for disposition of USoA 1589 account balance as at December 31, 2016, all components that flow into Account 1589 (i to iv in table below) should be based on actuals in Sheet 3. Continuity Schedule of the 2018 IRM Rate Generator Model. Please complete the following table to:

- a) indicate whether each of the components are based on estimates or actuals at year end, and
- b) quantify the adjustment amount pertaining to each component that is trued-up from estimate to actual.

	Component	Estimate or Actual	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.			
iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 1c is used			

- a) For each item in the table above, please confirm that the GA Analysis Workform for 2016 and Sheet 3. Continuity Schedule of the 2018 IRM Rate Generator Model for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

Response:

Burlington Hydro provides the completed table as Table 5 below. Burlington Hydro notes that the reference to Staff Question 1c in iv. of the table above should be Staff Question 4c.

Table 5 – Components in Account 1589

	Component	Estimate or Actual	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actual	Burlington Hydro books revenue at year-end once all accounts have been billed. There is no unbilled revenue true-up adjustment.	n/a
ii	Expenses - GA non-RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	Expenses for GA Charge Type 148 are based on actuals as charged on the IESO invoice at year end (December consumption).	n/a
iii	Expenses - GA non-RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Estimate	Burlington Hydro's CIS does not collect actual RPP vs. non-RPP consumption for all customers (e.g. customers billed on a non-calendar month). An estimate is used where not available – there is no true-up.	n/a
iv	Credit of GA RPP: Charge Type 142 if the approach under Staff Question 4c is used	n/a	n/a	n/a

a) This is not applicable for Account 1589. There are no components where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

OEB Staff Question – 6

Ref: Sheet 3. Continuity Schedule, 2018 IRM Rate Generator Model

With regards to the amount being requested for disposition of USoA 1588 account balance as at December 31, 2016, all components that flow into Account 1588 (i to iv in table below) should be all based on actuals at year end. Please complete the following table to:

- a) indicate whether the component is based on estimates or actuals at year end, and
- b) quantify the adjustment pertaining to each component that is trued-up from estimate to actual.

	Component	Estimate or Actual?	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenues (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)			
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)			
ijj	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)			
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.			
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type			

- a) For each item in the table above, please confirm that Sheet 3. Continuity Schedule of the 2018 IRM Rate Generator Model for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals subsequent to 2016.

Response:

Burlington Hydro provides the completed table as Table 6 below.

Table 6 – Components in Account 1588

	Component	Estimate or Actual	Notes/Comments	Quantify True Up Adjustment \$ Amount
i	Revenue (i.e. is an unbilled revenue true-up adjustment reflected in the balances being requested for disposition?)	Actual	Burlington Hydro books revenue at year-end once all accounts have been billed. There is no unbilled revenue true-up adjustment.	n/a
ii	Expenses – Commodity: Charge Type 101 (i.e. is expense based on IESO invoice at year end)	Actual	Expenses for Commodity Charge Type 101 are based on actuals as charged on the IESO invoice at year end (December consumption).	n/a
iii	Expenses - GA RPP: Charge Type 148 with respect to the quantum dollar amount (i.e. is expense based on IESO invoice at year end)	Actual	Expenses for GA RPP Charge Type 148 are based on actuals as charged on the IESO invoice at year end (December consumption).	n/a
iv	Expenses - GA RPP: Charge Type 148 with respect to the RPP/non-RPP kWh volume proportions.	Estimate	Burlington Hydro's CIS does not collect actual RPP vs. non-RPP consumption for all customers (e.g. customers billed on a non-calendar month). An estimate is used where not available – there is no true-up.	n/a
v	RPP Settlement: Charge Type 142 including any data used for determining the RPP/HOEP/RPP GA components of the charge type	Actual	Burlington Hydro trues up the RPP Settlement Charge Type 142 to incorporate actual data.	\$613K receivable from the IESO

b) This is only applicable for Account 1588 for item v) in Table 6 above. In this case, Burlington Hydro confirms that the GA Analysis Workform for 2016 and Sheet 3. Continuity Schedule of the 2018 IRM Rate Generator Model for 2016 have been adjusted for settlement true-ups where settlement was originally based on estimate and trued up to actuals.

OEB Staff Question – 7

Ref: Reconciliation item 5, GA Analysis Workform

With respect to the amounts of \$136,927 (decrease to revenue) pertaining to 2015 and recorded in 2016 and \$121,151 (increase to revenue) pertaining to 2016 and recorded in 2017:

- b) For the 2016 billing adjustment (increase to revenue) made in 2017 of (\$121,151) please confirm whether or not the consumption data was reflected in notes 2 and 4 of the 2016 GA Analysis worksheet.
- c) For the 2015 billing adjustment (decrease to revenue) made in 2016 of \$136,927 please confirm whether or not the consumption data was reflected in notes 2 and 4 of the 2016 GA Analysis worksheet.

Response:

Burlington Hydro notes that there is no question 7a)

- b) Consumption data for the 2016 billing adjustment (increase to revenue) made in 2017 of (\$121,151) was not included in note 2 so that it agreed with the RRR data (non-loss adjusted) as directed. The 1,251,955 kWh associated with the 2016 billing adjustment was not included in Note 4. Addition of this consumption in note 4, column F "*non-RPP Class B Including Loss Factor Billed Consumption (kWh)*" results in a decrease in the expected GA variance of \$22K.
- c) Consumption data for the 2015 billing adjustment (decrease to revenue) made in 2016 of \$136,927 was included in note 2 so that it agreed with the RRR data (non-loss adjusted) as directed. The 2,146,938 kWh associated with the 2015 billing adjustment was also included in Note 4. Removal of this consumption in note 4, column F "*non-RPP Class B Including Loss Factor Billed Consumption (kWh)*" results in a decrease in the expected GA variance of \$34K.

The net change to the expected GA variance in note 4 as a result of including and excluding the consumption identified in the response to 7b) and 7c) respectively is approximately \$56k. The unresolved difference as a % of expected GA payments to the IESO is reduced from 0.7% to 0.6%.

OEB Staff Question – 8

Ref: Allocation of Consumption between RPP and non-RPP Consumers, Exhibit 1, page 21

Burlington Hydro noted that the consumption used to calculate the GA expense in 2016 was overstated for non-RPP customers and understated for RPP customers. As a result, the 2016 year end principal balance in Account 1589 of \$2,983,501 was overstated and the principal balance in Account 1588 of (\$2,298,829) was understated by \$681,404. This misallocation also affected the calculation of the RPP vs. Market Price Claim with the IESO.

- a) Please indicate what data was used to calculate the consumption totals for both RPP and Non-RPP consumption when filing settlements with the IESO and provide a detailed explanation of the cause of this error and how Burlington Hydro discovered that this data over-allocated consumption totals for Non-RPP customer?
- b) Please provide a detailed calculation of how adjustment totals were calculated for both the \$681,404 misallocated GA expense and the \$56,969 RPP vs. Market Price Claim with the IESO.
- c) Please provide a detailed description of how this misallocation affected Burlington Hydro's settlement process with the IESO. Are there any other ramifications with the IESO of this misallocation that Burlington Hydro has not mentioned?
- d) What changes has Burlington Hydro made to its settlement processes to ensure that allocations are done correctly going forward?

Response:

- a) Burlington Hydro identifies the data used to calculate RPP and non-RPP consumption below. The RPP consumption was understated in the RPP vs. Market Price Claim with the IESO. Non-RPP consumption is not used to file settlements with the IESO.

Burlington Hydro calculates RPP consumption as equal to total consumption less non-RPP consumption. The causes of the error were as follows:

1. The total consumption Burlington Hydro used to calculate RPP consumption excluded generation in error. Therefore RPP consumption was understated. When Burlington Hydro allocates GA to Accounts 1588 and 1589, it initially records 100% of the GA expense in Account 1589 and then transfers the RPP portion of the GA expense (cost/kWh X RPP consumption) to Account 1588. Since the RPP consumption was understated, the RPP GA expense was also understated. The non-RPP GA expense (the residual) was overstated.

2. Billed data instead of consumption data was used to determine consumption for non-RPP customers where consumption data for the month was available. This resulted in non-RPP consumption being overstated. Since RPP consumption is equal to total consumption less non-RPP consumption, RPP consumption was understated.

Burlington Hydro discovered the error when conducting a review of the amounts recorded to Accounts 1588 and 1589, coincident with the preparation of its Application.

b) \$681,404 Adjustment

RPP Consumption is equal to total Consumption less Class A consumption less non-RPP Class B consumption. Burlington Hydro updated total consumption to include generation and updated non-RPP Class B consumption to include consumption vs. billed data where available. Updating these amounts produced a revised consumption amounts for RPP customers. The difference between the original and revised consumption amounts for RPP customers was multiplied by the GA rate to determine the adjustment to RPP GA and the corresponding offset to non-RPP GA.

\$56,969 RPP vs. Market Price Claim Correction

Burlington Hydro determined the revised consumption for RPP customers to be used for the RPP vs. Market Price Claim by month as identified above. The revenue collected at RPP rates was compared to the cost (cost of power plus GA) paid to the IESO, using this revised consumption, to determine the revised claim with the IESO by month. The revised claim was compared to the original claim with the IESO to determine the amount receivable from the IESO of \$56,969.

Please see Burlington Hydro's response to OEB – Staff Question 9 for further information on the calculation of the adjustments.

- c) RPP consumption is used to determine the RPP vs. Market Price Claim settled with the IESO on a monthly basis. The RPP vs. Market Price Claim compares the revenue collected from RPP customers at RPP rates to the cost charged by the IESO for electricity and multiplies that difference in rates by the RPP consumption. As previously identified, RPP consumption was understated. An error in RPP consumption will change the dollar value of the claim with the IESO. The magnitude of the error and whether that error results in a payable to or receivable from the IESO depends on whether RPP rates are higher or lower than the cost of electricity charged by the IESO, in addition to RPP consumption.

Burlington Hydro confirms that there are no other ramifications with the IESO of the misallocation between RPP and non-RPP consumption for 2016. Burlington Hydro will make a similar correction and adjust its claim with the IESO for 2017.

- d) Burlington Hydro has made the following changes to its processes: i) include generation in the total consumption used to determine RPP consumption and (ii) use consumption vs. billing data for non-RPP customers where available.

OEB Staff Question – 9

Ref: Reconciliation item 8 GA Analysis Workform

Please provide Burlington's supporting calculations for reconciling item number 8.

Response:

Burlington Hydro provides its supporting calculations for reconciling item number 8 as Appendix A and as a live excel file "*Attachment 1_GA Adjustment_BHI_20180214*".

APPENDIX A
SUPPORTING CALCULATIONS – GA ADJUSTMENT

Calculation of \$681,404 Adjustment to Account 1588/1589

Original kWh	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Consumption	144,229,222	132,920,600	133,294,262	124,799,754	131,169,009	145,351,608	169,579,354	176,949,038	142,626,909	126,072,915	124,905,092	139,741,562	1,691,639,325
Less: Class A	(4,139,615)	(3,975,238)	(3,715,906)	(3,876,751)	(3,979,656)	(4,009,750)	(4,199,563)	(4,398,209)	(4,128,249)	(4,094,762)	(3,990,449)	(3,810,035)	(48,318,183)
Less: Class B Non-RPP	(64,250,700)	(66,979,723)	(65,574,230)	(67,237,761)	(64,213,790)	(64,859,045)	(69,041,270)	(73,555,217)	(76,355,522)	(69,686,187)	(64,235,598)	(62,554,950)	(808,543,993)
Class B RPP	75,838,907	61,965,639	64,004,126	53,685,242	62,975,563	76,482,813	96,338,521	98,995,612	62,143,138	52,291,966	56,679,045	73,376,577	834,777,149

Revised kWh	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Consumption	144,389,393	133,282,607	133,654,365	125,359,346	131,967,067	146,380,959	170,694,121	177,962,626	143,657,960	126,793,162	125,420,945	140,111,623	1,699,674,175
Less: Class A	(4,139,615)	(3,975,237)	(3,715,906)	(3,876,751)	(3,979,656)	(4,009,750)	(4,199,563)	(4,398,209)	(4,128,249)	(4,094,762)	(3,990,449)	(3,810,035)	(48,318,182)
Less: Class B Non-RPP	(65,309,582)	(68,611,409)	(66,245,076)	(65,277,217)	(65,076,457)	(66,280,250)	(71,033,482)	(75,343,864)	(72,420,084)	(67,984,183)	(64,316,481)	(62,567,387)	(810,465,472)
Class B RPP	74,940,196	60,695,961	63,693,383	56,205,378	62,910,954	76,090,959	95,461,076	98,220,552	67,109,627	54,714,217	57,114,015	73,734,201	840,890,521

Correction	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Class B RPP correction - kWh	(898,711)	(1,269,678)	(310,743)	2,520,136	(64,609)	(391,854)	(877,445)	(775,060)	4,966,489	2,422,251	434,970	357,624	6,113,372
GA Rate/kWh	\$0.0918	\$0.1101	\$0.0942	\$0.1113	\$0.1075	\$0.0954	\$0.0831	\$0.0710	\$0.0953	\$0.1123	\$0.1111	\$0.0871	\$0.1115
Class B Non-RPP correction - \$	(\$82,497)	(\$139,846)	(\$29,275)	\$280,559	(\$6,945)	(\$37,392)	(\$72,880)	(\$55,051)	\$473,339	\$271,927	\$48,323	\$31,141	\$681,404

Calculation of \$56,969 Correction to RPP vs. Market Price Claim

Original Claim	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Class B RPP kWh	75,838,907	61,965,639	64,004,125	53,685,243	62,975,562	76,482,813	96,338,521	98,995,613	62,143,137	52,291,966	56,679,045	73,376,577	834,777,149
Average Revenue/kWh	0.1069	0.1063	0.1068	0.1073	0.1074	0.1108	0.1118	0.1135	0.1143	0.1139	0.1127	0.1118	
Cost/kWh IESO	0.1057	0.1111	0.1120	0.1175	0.1215	0.1158	0.1074	0.1048	0.1136	0.1247	0.1273	0.1081	
Amount Receivable from/(Payable to) IESO	(\$92,843)	\$296,516	\$333,901	\$548,458	\$891,993	\$382,140	(\$422,116)	(\$868,320)	(\$42,163)	\$568,426	\$832,132	(\$269,198)	\$2,158,927

kWh Correction	(898,711)	(1,269,678)	(310,741)	2,520,135	(64,608)	(391,855)	(877,446)	(775,061)	4,966,490	2,422,252	434,970	357,624	6,113,371
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To be Revised Claim	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Class B RPP kWh	74,940,196	60,695,961	63,693,384	56,205,378	62,910,954	76,090,958	95,461,075	98,220,552	67,109,627	54,714,218	57,114,015	73,734,201	840,890,520
Average Revenue/kWh	0.1069	0.1063	0.1068	0.1073	0.1074	0.1108	0.1118	0.1135	0.1143	0.1139	0.1127	0.1118	
Cost/kWh IESo	0.1057	0.1111	0.1120	0.1175	0.1215	0.1158	0.1074	0.1048	0.1136	0.1247	0.1273	0.1081	
Amount Receivable from/(Payable to) IESO	(\$91,160)	\$291,071	\$332,280	\$574,204	\$891,078	\$380,774	(\$418,063)	(\$861,522)	(\$45,532)	\$594,757	\$838,518	(\$270,510)	\$2,215,895

Correction to RPP vs. Market Price Claim Amount Receivable from/(Payable to) IESO	\$1,683	(\$5,445)	(\$1,621)	\$25,746	(\$915)	(\$1,366)	\$4,053	\$6,798	(\$3,370)	\$26,330	\$6,386	(\$1,312)	\$56,968
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