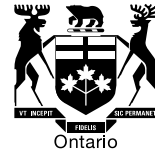


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

January 10, 2019

John Pickernell
Manager Applications Administration
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Mr. Pickernell:

**Re: Burlington Hydro Inc.
2019 IRM Distribution Rate Application
OEB Staff Interrogatories
OEB File No. EB-2018-0021**

In accordance with Procedural Order #1, please find attached OEB Staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Burlington Hydro's responses to interrogatories are due by January 24, 2019.

Yours truly,

Original Signed By

Kelli Benincasa
Incentive Rate Setting & Accounting

Encl.

Burlington Hydro Inc. (Burlington Hydro) EB-2018-0021

Staff IR-1

Ref: Validation of Data used in Class B GA and CBR Allocations Tab 6.1a GA Allocation and Tab 6.2a CBR_B Allocation

OEB staff has done a calculation for the kWh's entered in Tab 6.1a GA Allocation and Tab 6.2a CBR B_Allocation. Please review the calculation below and confirm Burlington Hydro agrees with OEB staff's calculation and OEB staff will update, if not please explain why.

	Validation of Data used in Class B GA and CBR Allocations			
4	Total metered volume Excl WMP	A	1,557,033,292	Source I26 of tab 4. Billing Det. for Def-Var
5	Non-RPP excl WMP	B	794,387,439	Source C26 of tab 6.1 GA
5	Class A Full year	C	43,882,577	Source E26 of tab 6.1 GA
7	Class A Full Part year:			
8	While Class A	D	82,633,352	=+F-E
9	While Class B	E	83,023,011	Source D21 of tab 6.1a GA Allocation
0		F	165,656,362	Source G26 of tab 6.1 GA
1	Total non-RPP excl WMP and full year volumes for class A customers who were class A for the full year, and the class A volumes who were class A part year	G= +B-C-D	667,871,510	Input in D20 of tab 6.1a GA Allocation
2				
3	Total Class B Customers excl WMP and Full year volumes for customers who were class A for full year, and the class A customers who were class A part year	H=+A-C-D	1,430,517,363	Input in D20 of tab 6.2a CBR_B Allocation
4				
5				

Staff IR-2

Ref: Tab 3 Continuity Schedule of the Rate Generator Model Column BF

Principal	
Adjustments ¹ during	
2017	
	266,524
	24,616
	(266,524)

- a) Burlington Hydro has made an adjustments to 1580 Variance WMS – Sub-account CBR Class B and to 1595 Disposition and Recovery/Refund of Regulatory Balances (2017), please explain the reason for the adjustments.
- b) Please confirm the adjustments were not made to previously approved balances.

Staff IR-3

Ref: Tab 2 (LRAMVA threshold) of LRAMVA workform

EB-2013-0115, Excel Workbook, Burlington Hydro PSA AttN 2014 CDM Adj Load Forecast 20140506, Tab LRAMVA

In the 2017 IRM application (EB-2016-0059), it was noted from tab 2 that the 2014 LRAMVA threshold was based on 2013 actuals *50% (embedded in forecast) + 2 * manual adjustment for 2014. This has resulted in a LRAMVA threshold of 7,708,624 kWh used for comparison against actuals in the current LRAMVA application.

a. Please provide the reference source of the LRAMVA threshold in row 21 of Tab 2.

b. Please explain each component of the methodology, as referenced above, to calculate the LRAMVA threshold.

2013 actuals *50% (embedded in forecast) + 2 * manual adjustment for 2014

c. Please reconcile the LRAMVA threshold of 7,708,624 kWh against the LRAMVA threshold of 34,216,509 kWh established in EB-2013-0115 and explain why 7,708,624 kWh is used in the LRAMVA calculation.

d. Please discuss the appropriateness of including 2013 persisting savings in 2016, as shown in Tab 5, row 384, of the LRAMVA workform.

e. Please revise Table 2-a and Table 2-b to show 2014 as the year in which the LRAMVA was last established and approved by the OEB, as opposed to 2015 and 2016. Please revise Table 2-c to show 2014 as the threshold applied against actuals (i.e., removing entries in cells C47 and C48).

Staff IR-4

Ref: Tab 5 (2015-2020) of LRAMVA workform

Actual savings are allocated across customer classes and are compared against forecast savings by customer class to determine lost revenue amounts.

Please confirm the accuracy of the 0.44% allocation of savings (cell Y304) from the 2016 retrofit program to residential customers.

Staff IR-5 LRAMVA workform

- a. If Burlington Hydro is making any changes to the LRAMVA work form as a result of its responses to these questions, please file an updated LRAMVA work form.
- b. Please confirm any changes to the LRAMVA workform in response to these LRAMVA questions by completing "Table A-2. Updates to LRAMVA Disposition (Tab 2)".

Staff IR-6

Ref: Appendix H, page 1.

In the project summary of Project #1 under Appendix H, Burlington Hydro noted that a true-up is required due to a shortfall in load at Tremaine TS.

- a. Burlington Hydro noted that Tremaine TS was required to off-load Palermo TS which was exceeding capacity. Please indicate how much load was transferred from Palermo TS to Tremaine TS and whether or not additional load could have been off-loaded to Tremaine TS.
- b. In the load that has materialized in Burlington Hydro's service territory in the five years following the in-service of Tremaine TS, please indicate the amount of new load that has been connected to each of the five transformer stations serving Burlington Hydro.
- c. Please indicate how much new load has been connected compared to the original forecasted loads.
- d. Please provide, in table format: the station capacity, current station loading and forecasted station loading for the next five years for Burlington TS.
- e. Please provide a distribution operating map for Burlington TS.

Staff IR-7

Ref: Appendix J, page 1 and Appendix L, page 1.

In the project summary for Project #2 under Appendix J, it was noted that one justification for additional breakers at Tremaine TS is the off-loading of Bronte TS.

- a. Please provide, in table format: the station capacity, current station loading and forecasted station loading for the next five years for Bronte TS.
- b. Is the need to off-load Bronte TS triggered by Burlington Hydro or another LDC?
- c. Was Burlington Hydro compensated in the form of a credit for the Tremaine TS breakers as a result of off-loading Bronte TS?
- d. With the additional load being transferred to Tremaine TS, does Burlington Hydro anticipate a credit for the Tremaine TS CCRA in year 10? If so, what is the expected quantum?

Burlington Hydro also stated that the additional breakers were required for load growth in the Burlington area, which is served by Tremaine TS and Palermo TS.

- e. Please provide, in table format: the station capacity, current station loading and feeder loading, and forecasted station and feeder loading for the next five years at Tremaine TS and Palermo TS.
- f. Please provide a distribution operating map for these two stations and where the expected load growth is anticipated.
- g. Please provide the forecasted load growth for the North-East area of Burlington in the next 5 years and provide evidence to support the growth.

Burlington Hydro also stated that another driver for this project was to off-load Cumberland TS for future growth in the downtown core.

- h. Please provide, in table format: the station capacity, current station loading and forecasted station loading for the next five years for Cumberland TS.
- i. Please provide a distribution operating map for Cumberland TS and where the expected load growth is anticipated.
- j. Please provide the forecasted load growth for the next five years for the downtown core and provide evidence to support the growth.
- k. Please indicate how much load is expected to be off-loaded from Cumberland TS and when this is expected to occur.
- l. Please indicate the anticipated impact of transferring load from Cumberland TS to Tremaine TS on the next CCRA true-up for Tremaine TS.

Staff IR-8

Ref: Appendix J

In the project summary for Project #2, Burlington Hydro has noted that the remaining capacity at Tremaine TS could be allocated to other load customers if the two new breakers were not purchased as per Section 6.2.10 of the Transmission System Code (TSC). However, Hydro One has performed an economic evaluation for Burlington Hydro on the basis of a load forecast as part of the CCRA. Burlington Hydro's allocated capacity specified in Schedule B of the CCRA is therefore a contracted capacity as per the definition provided in Section 6.2.3 of the TSC. Under Section 6.2.5 of the TSC, Burlington Hydro is guaranteed a capacity entitlement from Hydro One due to its contracted capacity determined in accordance with Section 6.2.4 of the TSC. As such, Burlington Hydro is guaranteed sufficient capacity based on load forecasts for the duration of its economic evaluation of 25 years. Furthermore, Burlington Hydro's capital contribution for the two breakers does not preclude Hydro One from allocating capacity to other load customers provided that excess capacity can be demonstrated as per Section 6.3.17 of the TSC. Taking into consideration the above, please explain the justification of using the two additional breakers at Tremaine TS to secure load capacity.

Staff IR-9

Ref: Application and Evidence, page 42, Table 27.

The OEB has adopted a project-specific materiality threshold, as identified in a decision for Toronto Hydro Electric System Limited.¹ The project-specific materiality threshold is as follows:

Minor expenditures in comparison to the overall capital budget should be considered ineligible for ACM or ICM treatment. A certain degree of project expenditure over and above the Board-defined threshold calculation is expected to be absorbed within the total capital budget.²

Burlington Hydro was approved \$420,290 in the 2014 cost of service application for Bronte Feeder Double CCT Egress, which appears to be a one-time project. It is also noted that Burlington Hydro's 2019 total net capital is \$12,726,287. In this application, Burlington Hydro has requested \$350,000 for a CCRA true-up.

¹ Toronto Hydro-Electric System Limited, "Partial Decision and Order," EB-2012-0064, April 2, 2013.

² Report of the Board – New Policy Options for the Funding of capital Investments: The Advanced Capital Module, EB-2014-0219, p.17.

- a. Although the purpose of the funding are not the same, please explain why Burlington Hydro has difficulty absorbing the \$350,000 into the total capital budget when there should be funds available from the Bronte Feeder Egress.
- b. Burlington Hydro has indicated it intends to use excess capacity at Tremaine TS to off-load Bronte TS. Please explain if Burlington Hydro has explored the alternative of off-loading overloaded feeders at Bronte TS onto the two feeders at Bronte TS as part of Project #3 to reduce the amount of shortfall in the CCRA true-up.
- c. Please provide the forecasted loading for the next five years in the Bronte TS Breaker CCRA and the current station loading, if load was not transferred to Tremaine TS.

Staff IR-10

**Ref: Capital Module Applicable to ACM and ICM
Exhibit 1/pp. 48-49**

In its application, Burlington Hydro has applied for incremental capital funding related to capital contributions owed to Hydro One Networks Inc.

On sheet 10b of the Capital Module spreadsheet, the details of the proposed ICM projects are detailed. Depreciation is calculated as 1/60 of the Gross Book Value of each project, and CCA is calculated at a rate of 0.07 (7%). Burlington Hydro documents that:

A full year of depreciation has been recovered which is consistent with the OEB's policy in ACM Report, and PILs have been calculated using a full year of Capital Cost Allowance ("CCA"). The detailed calculation of incremental revenue requirement is provided in the ICM Module filed as Attachment 7.³

Immediately prior to that, Burlington Hydro states that: "[t]he useful lives are consistent with those filed Burlington Hydro's 2014 Cost of Service application (EB-2013-0115)."

- a) The assets for which the contributions in aid of construction are being paid by Burlington Hydro to Hydro One Networks are for assets of Hydro One's transmission network, while Burlington Hydro is a distributor. How are the 60 year useful lives and 7% CCA rate "consistent with those filed in Burlington Hydro's 2014 ... application" for distribution assets?
- b) Burlington Hydro's 2019 application is for the fifth year of Price Cap IR adjustments following rebasing of its rates in 2014. After requesting deferment of

³ Exhibit 1/pp. 48-49

its rebasing for 2019 through a letter sent to the OEB on [February 1, 2018](#), deferment was granted on [August 14, 2018](#). Per the OEB's letter, Burlington is scheduled to apply to rebase rates through a cost of service or similar approach for 2020.

The OEB's policy per the September 18, 2014 ACM Report and the January 22, 2016 ACM/ICM Supplemental Report is that a full-year depreciation, CCA and return on capital is allowed for all years of the price cap plan except for the final year prior to rebasing, in which case the standard half-year rule is used for calculation of the return of (depreciation) and return on capital and associated taxes/PILs for the first year that an asset enters service.⁴ Since 2019 is the last year before Burlington Hydro's scheduled rebasing, please explain why it has not used the "half-year" rule for the 2019 ICM-qualifying projects.

- c) Please refile the Capital Module spreadsheet based on applying the "half-year" rule for the 2019 ICM-qualifying projects.

Staff IR-11

Ref: Appendix N Page 4

- a) Confirm the costs included in the Z-Factor amount are incremental costs (outside of the base upon which rates were derived).
- b) Confirm that the amounts are directly related to the Z-Factor event and if the wind storm event had not occurred, Burlington Hydro would not have incurred any of the costs.

Staff IR-12

Ref: Appendix N

- a) Indicate the cost categories and dollar amounts that have not been audited in relation to the restoration of power after the wind storm.
- b) Indicate when all costs will be audited.

Staff IR-13

Ref: Appendix N Page 6

- a) Provide a copy of Burlington Hydro's Emergency Operations Plan.

⁴ EB-2014-0218, [Report of the Board - New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014](#), pp. 3, 23
[Supplemental Report: New Policy Options for the Funding of Capital Investments, January 22, 2016](#), pp. 9-11

- b) Discuss any deviations from Burlington Hydro's Emergency Operations Plan.
- c) Explain who Burlington Hydro's alliances were that they relied on.
- d) Clarify whether Burlington Hydro paid any premium amounts to its third-party contractors.
- e) Provide a separate schedule (breakdown) of each Third Party Contractor invoice based on labour, materials, accommodations, meals, truck, other (provide explanation).
- f) Quantify the costs that would have been avoided from third party contractors had the support been available under the mutual aid agreement and from alliances.

Staff IR-14

Ref: Appendix N

Provide Burlington Hydro's annual Emergency Maintenance amounts (budgeted and included in rates, compared to actual expenditures), for the period 2014 and to-date.

Staff IR-15

Ref: Appendix N

- a) Provide a breakdown of all Burlington Hydro's internal labour costs applicable for the affected period using the following format.

Department	Number of Eligible Employees	Regular Hours Worked	Total Regular Time Payments	Overtime Hours Worked	Total Overtime Payments
Management					
Other Non-Union Employees					
Subtotal Non-Union					
Union Employees:					
Operations					
Other					
Subtotal Union					
Total Internal Labour for Affected Period					
Total Z-factor Labour Costs					

- b) Provide Burlington Hydro's policy with respect to overtime for its non-union employees and management.
- c) Describe whether the z-factor labour costs included payments made to union employees at regular rates of pay for work on pre-scheduled vacation days.

Staff IR-16

Ref: Appendix N

Burlington Hydro did not indicate it assisted neighboring communities once power was restored to its customers.

- a) Please confirm Burlington Hydro did not assist other LDCs.
- b) If Burlington Hydro did assist neighboring communities, did it charge a premium to assist other LDCs

Staff IR-17

Ref: GA Analysis Workform Appendix A

In response to question 1, Burlington Hydro has indicated that for CT 148, it initially records the entire CT 148 to Account 1589 and then moves the portion of the invoice related to RPP customers to Account 1588. The portion of the invoice related to RPP customers is calculated by multiplying RPP quantities by the GA rate on the IESO invoice.

- a) A GA rate is not actually provided on the IESO invoice. As such, please explain how the Applicant calculates the actual GA Rate for a particular month from the information provided on the IESO invoice.
- b) Does the approach used by Burlington Hydro leave the difference between the approved and actual loss factors entirely in Account 1589? If not, then please explain how.
- c) If Burlington Hydro's approach does ultimately leave the difference between the approved and actual loss factors entirely in Account 1589, then doesn't a portion of that balance also relate to RPP consumption and therefore should be allocated for disposition to Non-RPP customers? Please explain.
- d) Please quantify the impact of b) above (i.e. how much of the total difference in loss factor should have been allocated to Account 1588 for the period but is currently included in Account 1589).
- e) With respect to the calculation performed to transfer a portion of CT148 from Account 1589 to Account 1588:
 - a. Please explain how the RPP quantities used in the above calculation are determined. Are the RPP quantities an estimate or are they based on the actual RPP quantities for the particular month? Please explain.

- b. If they are actual RPP quantities for the month, then please explain how that information is known at the time of recording the monthly CT 148 charge from the IESO.
- c. If the RPP quantities that are used in the allocation calculation above are based on an estimate, then why does the utility indicate (in Appendix A Responses) that a true-up to that allocation is not required. Wouldn't an adjustment be required based on the actual RPP quantities for the month once they become available? Please explain.

Staff IR-18

Ref: Application and Evidence, page 25, Table 15.

At the above reference, Burlington Hydro presents a table that describes how its initial monthly settlement with the IESO is calculated, and how that settlement is subsequently trued up to actual in the following month.

- a) Please confirm that the initial estimate of embedded generation that is used for settlement purposes is not trued up to actual for the particular settlement month being settled but rather, the trued up is to the actual embedded generation volume of the previous month (meaning that there is a one month lag). If so, please explain why?
- b) Does this not mean that a true-up for the December 2017 embedded generation (or the actual embedded generation for December 2017) is not accounted for in the 2017 balances per the DVA continuity schedule? Please explain
- c) Please quantify the related dollar impact.

Staff IR-19

Ref: GA Analysis Workform

Cell C 62 of the GA Analysis Workform must represent the actual transactions recorded in Account 1589 during the period. Burlington Hydro has recorded an amount in this cell that does not correspond to the "Transactions Debit / (Credit) during 2017" column of the DVA Continuity schedule.

- a) If the balance in the GA Analysis Workform (Cell C 62) represents the actual transactions for the year as recorded in the G/L, then this is the amount that

should be presented in the column “Transactions Debit/(Credit) during 2017” per the DVA continuity schedule. Please adjust accordingly.

- b) If the balance that is currently in the “Transactions Debit/(Credit) during 2017” column for Account 1589 also includes the reversal of the principal adjustments of \$681,404 that was included in the 2016 balance of Account 1589 and approved for disposition by the OEB in EB-2017-0029, then the reversal of this amount must instead be presented in the “Principal Adjustments during 2017” column for Account 1589.

Staff IR-20

Ref: DVA Continuity Schedule, Account 1588

Burlington Hydro is seeking disposition of approximately \$3.2 million in account 1588 (recovery from ratepayers).

Given that any variance between the RPP revenue and the cost of energy and GA attributable to RPP customers should get settled directly with the IESO on a monthly basis, the expectation is that any remaining amounts in account 1588 would be relatively small and close to zero (primarily comprised of the difference between amounts billed at the approved total loss factor versus actual system losses for the year).

- a) Based on the above expectation, Burlington Hydro’s balance in account 1588 of debit \$3.2 million appears to be unusually large. Please explain what comprises the balance in account 1588 as at December 31, 2017.
- b) With respect to its monthly settlements with the IESO, the Applicant has indicated that they true-up to actual consumption in the month following settlement with the exception of its non-RPP non Interval Metered and Retailer Customers, for which it uses billed data as a proxy for actual consumption. For purposes of determining how material this class of customer is, please provide a table for 2017 that shows the actual monthly consumption by customer class compared to the total utility purchases from the IESO for each month.

Staff IR-21

Ref: DVA Continuity Schedule, Account 1588

In its EB-2017-0029 IRM Application, the OEB approved principal adjustments to Account 1588 of debit \$624,435 (as recorded in the “Principal Adjustments during 2016” column of the DVA continuity schedule approved in that proceeding). Accordingly, a

reversing entry of credit \$624,435 would need to be recorded in the 2017 DVA continuity schedule in the column "Principal Adjustments during 2017". Based on the DVA continuity schedule submitted as part of this application, no reversing adjustment was recorded to account 1588.

- a) Please update the DVA continuity schedule to present the reversal of this balance as a principal adjustment to Account 1588 as at December 31, 2017.
- b) If the applicant has already recorded the reversal of this balance in the "Transactions debit / (credit) during 2017" column of the DVA continuity schedule, then please remove from that column and present as a "Principal Adjustment during 2017".

Staff IR-22

Ref: GA Analysis Workform, Note 5

Burlington Hydro presented a number of reconciling adjustments in Note 5 of the GA Analysis Workform:

- a) Please explain why adjustments 2a and 2b in Note 5 of the GA Analysis Workform would be zero? Burlington Hydro records an unbilled revenue accrual each month and it is expected there would be a difference between what was accrued and what was billed subsequently? Please explain.
- b) Please explain the nature of the billing adjustment of \$121K that was recorded as adjustment 5 in the GA Analysis Workform.
- c) How is the applicant certain that this billing adjustment is related entirely to Non-RPP customers and therefore should be entirely allocated to account 1589? Please explain.
- d) Please provide the calculation used to quantify adjustment 7 of the GA Analysis Workform related to the impact of the difference between actual system losses and billed TLFs.
- e) Please explain the cause of the difference between the IESO posted rate and the actual invoice received from the IESO. Please provide the supporting calculations for how the reconciling adjustment amount was quantified (adj 6).