

**Burlington Hydro Inc.
Accounting Order Application
EB-2019-0179
OEB Staff Questions**

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Burlington Hydro indicated that it requests the deferral account be effective January 1, 2019 as it had previously applied for the same account on October 13 2017.

- a) Burlington Hydro previously requested the establishment of the same deferral account in its 2018 IRM rate application for rates effective May 1, 2018. Please explain how this correlates to the January 1, 2019 effective date Burlington Hydro is currently requesting.
- b) Burlington Hydro's 2019 rates effective May 1, 2019 were set on a final basis in its 2019 IRM rate application. Burlington Hydro submitted this application to request the deferral account on July 2, 2019. Please explain Burlington Hydro views on rate retroactivity if this account were approved effective January 1, 2019.

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Burlington Hydro indicated that it will continue to incur costs associated with the collection activities.

- a) Please describe the types of activities from July 1, 2019 onwards that pertain to the costs incurred for collection of accounts.
- b) Please describe any cost savings resulting from collection activities that may now be avoided (e.g. related to winter disconnection/reconnection ban)..
 - i. Please quantify the annual cost savings by activity.

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Burlington Hydro indicated that it included the revenues associated with the Collection of Account charges as a revenue offset in its 2014 cost of service application and that the inability to recover these revenues from customers resulted in a shortfall in revenue requirement. Please provide the following information on Burlington Hydro's ROE.

	2017	2018
Deemed ROE		
ROE reported in RRR		
ROE recalculated to include lost revenues*		

*ROE recalculated in a scenario where Burlington Hydro was able to continue to charge the Collection of Account charge

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Burlington Hydro stated that its approach was not to charge the revenue through base distribution rates. Please confirm that the cost of collection was not included in OM&A in the revenue requirement but only as a revenue offset. If not, please indicate all the areas these costs/revenues were included in revenue requirement and quantify the amount by area.

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Ref: Page 9 – Table 2

In table 2, there is a row for “Calendar Year Adj”. Please explain what this row is for and how it was calculated.

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Ref: Page 10 – Table 3

In Table 3, lost revenue for recovery is the difference between actual revenues and that approved in Burlington Hydro’s 2014 cost of service application.

- a) Please confirm that Burlington Hydro is proposing to record the difference in the account, so that total net recovery from actual Collection of Account revenue and lost revenues recorded in the account will equal the approved revenue offset.
- b) If not, please clarify the lost revenue calculation that Burlington Hydro proposes to be recorded in the account.
- c) Please explain why Burlington Hydro is not proposing to base the lost revenue recorded in the account on the number of collection notices issued and capping it at approved revenue offsets of \$512,305.
- d) Please explain Burlington Hydro’s rationale for the lost revenue calculation proposed to be recorded in the account.
- e) Please revise the draft accounting order to include clarification on how lost revenues will be calculated.