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

BY EMAIL

December 20, 2019

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

Re: EB-2019-0023 Burlington Hydro Inc. – Application for 2020 Rates
OEB Staff Interrogatories

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

Burlington Hydro Inc.'s responses to interrogatories are due by January 17, 2020.

Any questions relating to this letter should be directed to Jerry Wang at Jerry.Wang@oeb.ca or at 416-440-7637. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Jerry Wang
Electricity Distribution – Major Rate Applications & Consolidations

Encl.

OEB Staff Interrogatories
2020 Electricity Distribution Rates Application
Burlington Hydro Inc. (Burlington Hydro)
EB-2019-0023
December 20, 2019

Staff-1
Ref 1: 2020 IRM Model, Tab 3 – Continuity Schedule
Ref 2: EB-2018-0021, 2019 IRM Model, Tab 3 – Continuity Schedule

OEB staff notes that the Closing Interest Amounts as of Dec. 31, 2016 for Burlington Hydro's Group 1 DVAs in the 2020 IRM model differ from the balances in the 2019 IRM model. OEB staff further notes that the difference between the two models is captured in 2018 interest adjustments in the 2020 IRM model. The amounts are reproduced below:

Account	2019 IRM Model - 2016 Closing Interest Balances	2020 IRM Model - 2016 Closing Interest Balances	2020 IRM Model - Interest Adjustments in 2018
1551	$2,094	$2,066	$28
1580 (RSVA – WMS)	-$68,345	-$92,217	$23,870
1580 (WMS – CBR Class B)	$2,005	$3,260	-$319
1584	-$4,435	-$5,251	$816
1586	-$1,727	-$3,358	$1,631
1588	-$4,940	-$10,462	$5,522
1589	$59,238	$56,756	$2,482

a) Please explain the difference between the interest balances in the two models and why it is captured in interest adjustments in 2018.
b) OEB staff notes that the interest adjustment in 2018 for Account 1580 (WMS – CBR Class B) does not fully account for the difference between last years model and this years model. Please clarify the reason for the discrepancy.

Staff-2
Ref: 2020 IRM Model, Tab 6 – Class A Consumption Data

The kWh consumption and kW demand data for Customer 24 in 2018 is missing.

a) Please explain why there is no 2018 data provided for Customer 24. If this is an oversight, please provide the data in an updated IRM model.

Staff-3
Ref: 2020 IRM Model, Tab 20 – Bill Impacts

OEB staff notes that the % change in the impact of RTSRs rates on every rate class exceeds 5%.

a) Please discuss the reasoning for the change in RTSR rates.

Staff-4
Ref: 1595 Analysis workform, Tab "1595 2017"

Under the analysis for the GA rate rider, OEB staff notes large variances between the forecasted vs. actual billing determinants. The data is reproduced below:

Rate Class	Unit	Denominator Used in Rider Calculation as Approved by OEB (annualized)	Billed Consumption (kWh/kW) that the rider was applied against**	Forecasted versus billed Consumption Variance (kWh/kW)
Residential	kWh	16,766,066	9,369,182	7,396,884
GS < 50 kW	kWh	26,549,019	22,749,846	3,799,173
GS 50 to 4,999 kW	kWh	764,597,904	703,222,973	61,374,931
Unmetered Scattered Load				
Street Lighting	kWh	9,872,218	8,914,151	958,067
microFIT				

a) Please explain the reason for the large variances.

Staff-5
Ref: Exhibit 1, pp. 13-14

On pages 13-14, Burlington Hydro states:

> - kWh were allocated to "pre" Fair Hydro Plan Time-of-Use and Tiered buckets for the purposes of calculating the RPP vs. Market Price Claim in error, instead of to Fair Hydro Plan Time-of-Use and Tiered buckets; this overstated the revenue collected from customers for the purposes of calculating the RPP vs. Market Price Claim and incorrectly (i) understated the amount recoverable from the IESO and (ii) overstated the amount recoverable from customers by $2.1M. Burlington Hydro recovered this amount from the IESO in 2019, the transaction was recorded in 2019 in Burlington Hydro's financial statements (i.e. the debit balance in Account 1588 was reduced by $2.1M) and Burlington Hydro has adjusted Tab 3. Continuity Schedule in the IRM Model by this amount.

a) Please clarify the nature of the error, e.g. were incorrect kWh values and prices used for RPP settlement with the IESO resulting in under-recovery from the IESO?
b) Please provide further details of the error in RPP settlements and how it was corrected. Please include an example of the error made, the calculation and the correction.
c) How many months of settlement claims were impacted by this error?
d) The evidence indicates that the recovery was made from the IESO in 2019. Please indicate where has Burlington Hydro shown these principal adjustments on its DVA Continuity Schedule.

Staff-6
Ref: Exhibit 1, pp. 27-28

Burlington Hydro provides a description of the data used for the RPP vs. Market Price claim in Table 16 on page 27, and in the excerpt below:

> 2. *True-up of prior month claim using (based on actual consumption where available and actual energy prices)*
>
> In the month after the RPP vs. Market Price claim is submitted, more accurate information is available to determine the claim. The prior month's claim is recalculated using updated values for purchases and energy prices. The difference between the current month's claim and the re-estimated claim is submitted in the subsequent month (e.g. re-estimated claim for April is submitted as part of the May RPP vs. Market Price Claim on Day 4 of June). All consumption data is based on actual consumption, with the exception of kWh consumption for non-RPP non-Interval Metered and Retailer Customers. Burlington Hydro uses billed data as a proxy for consumption for these customers. Daffron does not store consumption by calendar month for customers billed on a non-calendar month basis. RPP kWh are allocated to TOU periods and Tiered blocks using billing data from Daffron, similar to the current month claim described above. Cost is determined using actual COP and GA (both available on Business Day 10 of the following month).

a) Please confirm that some of the data used for RPP settlement true-ups with the IESO are estimates because the data is not currently available.
    i. Does Burlington Hydro true-up the estimates for the above-mentioned settlement claims? If not, why not?
b) Please discuss the controls in place that provide assurance to the utility that the settlement claims are reasonably accurate.

Staff-7
Ref 1: 2020 IRM Model, Tab 3 – Continuity Schedule
Ref 2: EB-2018-0021, 2019 IRM Model, Tab 3 – Continuity Schedule

The amount under principal adjustments in 2017 in the 2020 IRM Model does not match the amount that was shown in the 2019 IRM Model. OEB staff notes that the difference is due to the settlement error correction for $2,173,966 credit that has been explained in the Manager's Summary.

a) Please confirm that this amount related to 2017.

b) Please confirm that this amount was recovered from the IESO in 2019.
c) Please confirm that this amount is not included in the “transactions” columns of Tab 3 of the 2020 IRM Model in 2017 or 2018.
d) Please confirm that this amount would be shown as a reversal in the 2021 IRM Model under “principal adjustments for year 2019” as it would be embedded in Burlington Hydro’s transactions for 2019 when the amount recovered would have been recorded in the books.

Staff-8
Ref: Exhibit 1, pp. 40-41

Burlington Hydro states that it did not receive funding from the IESO for the street light projects. However, it has also confirmed that its street light upgrade projects were undertaken as part of the retrofit program.

Based on the above statements, it is unclear why the street light retrofits did not receive funding through the IESO, given that the city participated in the IESO’s CDM program.

a) Please clarify the source of funding for Burlington Hydro’s street light upgrade projects.
b) If street light retrofits were not funded through the IESO, please discuss the eligibility of the lost revenue claim from street light upgrades.

Staff-9
Ref: Exhibit 1, p. 40

Burlington Hydro confirms that the kWh savings attributable to street light upgrades have been removed from the retrofit program.

a) Please explain how the energy savings from street light upgrades of 4,382,684 kWh (in 2017) and 1,761,395 kWh (in 2018) from the retrofit program were determined.
b) Please confirm that the 4,382,684 kWh reduction for street light upgrades in 2017 corresponds with the demand savings realized from October to December 2017 (553 kW of demand savings claimed).
c) Please confirm that the 1,761,395 kWh reduction for street light upgrades in 2018 corresponds with the demand savings realized from January to December 2018 (3,380 kW of demand savings claimed).

Staff-10
Ref: LRAMVA workform, Tab 5

Burlington Hydro is claiming the persistence of the savings adjustments from 2016 and 2017 programs in 2018, but the persistence savings for these adjustments are not reflected in the 2019 Participation and Cost Report.

a) Please explain how the persistence of the unverified savings adjustments in 2018 was calculated, and the rationale behind the methodology used. Please discuss by program and year.

Staff-11
Ref: LRAMVA workform, Tab 5

Small Business Lighting

In 2017, there was a 66% / 34% allocation of savings from the Small Business Lighting program to the GS<50 kW and GS>50 kW classes respectively.

In 2018, an allocation of 89% / 38% was used for the GS<50 kW and GS>50 kW classes respectively (the sum of which exceeds 100%).

Retrofit Program

In 2016, there was a 0.44% / 28.62% / 75.75% allocation of the net incremental savings from the SaveOnEnergy Retrofit program to the residential, GS<50 kW and GS>50 kW classes respectively. However, there was also a change in allocation of 13.48% / 95.08% to the GS<50 and GS>50 classes for 2016 adjustments for the same program.

a) For the Small Business Lighting Program and the Retrofit Program, please confirm whether the allocation of savings for 2018 are correct, as the allocations exceed 100%. If no, please revise the allocations.
b) For the Retrofit Program, please explain why the allocation used for the incremental savings is different from the allocation used for the adjustment across the rate classes. Has the customer base changed?

Staff-12

a) If Burlington Hydro made any changes to the LRAMVA workform as a result of its responses to the above interrogatories, please file an updated LRAMVA

workform, the revised LRAMVA balance being requested for disposition, and a table summarizing the revised the rate riders.

b) Please confirm any changes to the LRAMVA workform in response to these LRAMVA interrogatories in "Table A-2. Updates to LRAMVA Disposition (Tab 1-a)."

Staff-13
Ref 1: Exhibit 1, p. 53, Table 33 – Incremental Revenue Requirement
Ref 2: ACM/ICM Model, Tab 9b

The OEB issued a letter on July 25, 2019 providing accounting direction regarding Bill C-97 and changes to the Accelerated Investment Incentive program. The letter stated:

> The OEB expects Utilities to record the impacts of CCA rule changes in the appropriate account (Account 1592 – PILs and Tax Variances…) for the period November 21, 2018 until the effective date of the Utility's next cost-based rate order.

a) Please confirm that Burlington Hydro has not implemented accelerated CCA in its calculation of the CCA in the ICM model.
b) Please confirm that Burlington Hydro will record the impact from the change to accelerated CCA in Account 1592 – PILs and Tax Variances – CCA Changes. If not, please explain how Burlington Hydro plans to treat the impact from the change in CCA.
c) If no to part a), and Burlington Hydro has implemented accelerated CCA in its calculation of the CCA in the ICM model, please provide an ICM model calculating the CCA before the rule change to accelerated CCA.

Staff-14
Ref: Exhibit 1, p. 46

Burlington Hydro's ICM request includes two projects, a Customer Information System (CIS) and Geographical Information System (GIS), both of which are expected to be in-service in 2020.

a) Please provide the progress of the two projects to date and the expected in-service dates of the two projects.
b) Please provide the most recent available cost estimates for the two projects. If there are any changes to the capital budgets of the projects, please provide an updated ICM model.

Staff-15
Ref: Exhibit 1, Appendix I, p. 2

Burlington Hydro states that it considered three options for replacing its CIS:

1. Upgrade the current Daffron CIS
2. Replace with new Tier 2 CIS (selected option)
3. Replace with new Tier 1 CIS

a) What are the estimated costs of implementing options 1 and 3?
b) What is the impact on OM&A expenses of each of the three options?
c) What is the difference between a Tier 1 and Tier 2 CIS?
    i. Burlington Hydro provides a list of benefits of a new CIS on page 2 of Appendix I. It is not clear to OEB staff whether these benefits pertain to a Tier 1 CIS, a Tier 2 CIS, or both. Please clarify.
d) Please describe Burlington Hydro's process for selecting a vendor for its new CIS.
    i. If Burlington Hydro considered multiple vendors, please elaborate on how Burlington Hydro chose its "Tier 2 Vendor of choice."
    ii. If Burlington Hydro sole-sourced its Tier 2 CIS vendor and did not consider other potential vendors, please explain the rationale for doing so.

Staff-16
Ref: Exhibit 1, Appendix I, p. 2

Burlington Hydro states that its "…customers have expressed their dissatisfaction and frustration with its current system and have been asking for more functionality for many years," and that the new CIS will allow it to address these concerns.

a) How did Burlington Hydro collect this feedback from customers? Please discuss the functionalities customers have requested and provide examples.
b) Will the Tier 2 CIS be sufficient to provide customers with the requested functionalities, as discussed in part a), or are there functionalities that only a Tier 1 CIS can provide?

Staff-17
Ref 1: Exhibit 1, Appendix I, p. 3
Ref 2: Exhibit 1, Appendix J, p. 2

Burlington Hydro expects the new CIS to meet "… the existing and future requirements for an Ontario-based, advanced technology CIS…"

a) How long does Burlington Hydro expect its vendor to provide it with support for the new CIS?

For the new GIS, Burlington Hydro discussed the possibility of "forced upgrades" in the future.

b) By "forced," does Burlington Hydro mean this is an update mandated by the software provider?
c) Will there be any similar "forced upgrades" to the CIS in the future?
    i. If upgrades need to be made to the CIS, is Burlington Hydro responsible for the cost, or will the vendor provide it free of cost as part of ongoing support?

Staff-18
Ref: Exhibit 1, Appendix J, p. 2

For the new GIS, Burlington Hydro considered two vendors: Vendor A (the selected option) and Vendor B.

a) Please explain how Burlington Hydro arrived at Vendor A and Vendor B for its shortlist of vendors (i.e. did Burlington Hydro consider other vendors?).
b) What is the estimated cost of proceeding with Vendor B?
c) What is the impact on OM&A expenses of both vendors?
d) How long will Vendor A provide support for the new GIS?
e) How long would Vendor B provide support for the new GIS, if Burlington Hydro chose to proceed with Vendor B?
f) For Vendor B, Burlington Hydro mentioned that it expects a "forced upgrade in the next few years." Will there be similar "forced upgrades" in the future to the GIS provided by Vendor A?

Staff-19
Ref: Exhibit 1, p. 51

Burlington Hydro provides the following table summarizing its general plant capital expenditures from 2014-2020:

General Plant Projects	2014 CoS	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast	2020 Budget
Buildings	$392,000	$210,877	$396,433	$269,940	$80,846	$518,025	$890,000	$420,000
Vehicles	$50,000	$75,000	$419,587	$96,312	$633,245	$571,509	$667,000	$364,000
Tools	$12,000	$106,711	$18,470	$26,951	$13,820	$10,099	$12,000	$12,000
Office Equipment	$38,000	$50,890	$23,366	$53,959	$85,117	$57,670	$100,000	$58,500
SCADA / GIS / AMI / OMS	$150,000	$592,914	$366,032	$199,346	$122,623	$88,740	$50,000	$575,000
Field Force Automation Enhancements	$20,000	$5,287	$0	$0	$0	$72,432	$41,000	$5,000
Customer Information System and G/L	$20,000	$280,707	$203,545	$57,154	$69,972	$24,431	$25,000	$15,000
Customer Information System (Replacement)	$0	$0	$0	$0	$0	$0	$0	$1,445,000
IBM Lease	$0	$0	$0	$265,958	$0	$0	$0	$0
Other Computer Hardware & Software	$125,000	$94,442	$95,838	$144,741	$87,734	$287,416	$254,000	$318,000
Total Gross General Plant	**$807,000**	**$1,416,828**	**$1,523,271**	**$1,114,361**	**$1,093,357**	**$1,630,322**	**$2,039,000**	**$3,212,500**
Contributed Capital	$0	$0	$0	($8,633)	$0	$0	$0	$0
Total Net General Plant	**$807,000**	**$1,416,828**	**$1,523,271**	**$1,105,728**	**$1,093,357**	**$1,630,322**	**$2,039,000**	**$3,212,500**

a) Please explain how the current ICM request of $575,000 for the GIS system differs from the capital spending in past years under the "SCADA / GIS / AMI / OMS," and in particular the amount spent in 2014 of $592,914.
b) What is Burlington Hydro's annual budget for "SCADA / GIS / AMI / GIS" and for "Customer Information System and G/L?"
    i. Please explain why Burlington Hydro has not proposed to reduce its ICM capital expenditures by the amounts identified in part b).
c) Please discuss the materiality of the $575,000 GIS project in comparison to Burlington Hydro's overall 2020 budget of $11,765,000, especially given that the application of the half-year rule will reduce the incremental revenue requirement of the project.

Staff-20
Ref: Exhibit 1, p. 56

Burlington Hydro requested ICM funding in its 2019 IRM application[1] for $3.567 million for the Tremaine TS CCRA True-up and $1.031 million for the Bronte TS CCRA True-up.

Hydro One Networks Inc. revisited the Tremaine TS CCRA and Bronte TS CCRA true-up calculations at Burlington Hydro's request and finalized the amounts to $568.7k and $204.1krespectively.

[1] EB-2018-0021

a) OEB staff notes that as a result of the revised calculations, the true-up amount owed to Hydro One Networks Inc. from Burlington Hydro decreased by $3.83 million. Please explain why the original calculations were off by $3.83 million.
b) Please discuss what confidence Burlington Hydro has that the new amounts calculated by Hydro One Networks Inc. are correct.