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

DECISION AND RATE ORDER

EB-2019-0023

BURLINGTON HYDRO INC.

Application for rates and other charges to be effective May 1, 2020

BEFORE: Lynne Anderson
Presiding Member

Michael Janigan
Member

April 16, 2020

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1. INTRODUCTION AND SUMMARY

Through this Decision and Rate Order (Decision), the Ontario Energy Board (OEB) approves elements of the incentive rate-setting mechanism (IRM) application filed by Burlington Hydro Inc. (Burlington Hydro) for new rates effective May 1, 2020.

Burlington Hydro serves approximately 67,000 mostly residential and commercial electricity customers in the City of Burlington. The company is seeking the OEB's approval for the rates it charges to distribute electricity to its customers, as is required of licensed and rate-regulated distributors in Ontario.

A distributor may choose one of three rate-setting methodologies approved by the OEB. Each of these is explained in the *Handbook for Utility Rate Applications*.

Burlington Hydro's application is based on a Price Cap Incentive Rate-setting option (Price Cap IR), with a five-year term. The Price Cap IR option involves the setting of rates through a cost of service application in the first year. Mechanistic price cap adjustments, based on inflation and the OEB's assessment of the distributor's efficiency, are typically then approved through IRM applications in each of the ensuing four (adjustment) years. Based on the five-year term, Burlington Hydro was scheduled to file its next cost of service application for 2019 rates. Burlington Hydro requested approval to defer this application first to 2020, then to 2021, which the OEB granted.

The OEB approves the proposed Price Cap IR adjustment but denies Burlington Hydro's request for incremental funding through the incremental capital module (ICM). There is insufficient information for the OEB to assess the extent to which Burlington Hydro could have readjusted its capital planning to accommodate the ICM projects. Furthermore, there are tax implications that reduce the need for incremental capital funding. As a result of the OEB's findings in this Decision, there will be a monthly total bill increase of $0.62 before taxes and the Ontario Electricity Rebate[1] for a residential customer consuming 750 kWh, effective May 1, 2020.

[1] O. Reg 363/16, s. 3, effective November 1, 2019.

2. THE PROCESS

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements.[2] A distributor will then review and complete the Rate Generator Model, and include it with its application.

Burlington Hydro filed its application on October 10, 2019 under section 78 of the *Ontario Energy Board Act, 1998* (OEB Act) and in accordance with Chapter 3 of the OEB's *Filing Requirements for Incentive Rate-Setting Applications* (Chapter 3 Filing Requirements) and *Addendum to Filing Requirements for Electricity Distribution Rate Applications*. Notice of Burlington Hydro's application was issued on November 4, 2019. Energy Probe Research Foundation (Energy Probe), the School Energy Coalition (SEC) and the Vulnerable Energy Consumers Coalition (VECC) requested intervenor status and cost eligibility. The OEB approved Energy Probe, SEC and VECC as intervenors and found that each of them is eligible to apply for an award of costs.

The application was supported by pre-filed written evidence and a completed Rate Generator Model. During the course of the proceeding, Burlington Hydro responded to interrogatories and, where required, updated and clarified the evidence. Final submissions on the application were filed by Burlington Hydro, OEB staff, Energy Probe, SEC and VECC.

[2] The Rate Generator Model is a Microsoft Excel workbook that is used to update base rates, retail transmission service rates and, if applicable, shared tax saving adjustments. It also calculates rate riders for the disposition of deferral and variance account balances. During the course of an IRM proceeding, the Rate Generator Model may be updated in order to make any necessary corrections, or to incorporate new rate-setting parameters as they become available.

3. ORGANIZATION OF THE DECISION

In this Decision, the OEB addresses the following issues, and provides reasons for approving or denying Burlington Hydro's proposals relating to each of them:

- Price Cap Adjustment
- Shared Tax Adjustments
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account Balance
- Incremental Capital Module
- Revision to 2019 ICM Rate Rider

In the final section, the OEB addresses the steps to implement the final rates that flow from this Decision.

This Decision does not address rates and charges approved by the OEB in previous proceedings, which are not part of the scope of an IRM proceeding (such as specific service charges[3] and loss factors). No further approvals are required to continue to include these items on a distributor's Tariff of Rates and Charges.

[3] Specific service charges have been amended by the OEB through: the Report of the OEB – "Wireline Pole Attachment Charges", EB-2015-0304, Issued March 22, 2018; and, the Decision and Order on Energy Retail Service Charges EB-2015-0304, Issued on February 14, 2019. Certain Service Charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. The Decision and Order EB-2019-0280 issued November 28, 2019 for energy retailer service charges, and the cover letter dated November 28, 2019 "Inflation Adjustment for Energy Retailer Service Charges (EB-2019-0280) and Wireline Pole Attachment Charge (EB-2015-0304) for Electricity Distributors", established the adjustments effective January 1, 2020.

4. PRICE CAP ADJUSTMENT

Burlington Hydro seeks to increase its rates, effective May 1, 2020, based on a mechanistic rate adjustment using the OEB-approved ***inflation minus X-factor*** formula applicable to Price Cap IR applications.

The components of the Price Cap IR adjustment formula applicable to Burlington Hydro are set out in Table 4.1, below. Inserting these components into the formula results in a 1.85% increase to Burlington Hydro's rates: ***1.85% = 2.00% - (0.00% + 0.15%)***.

Table 4.1: Price Cap IR Adjustment Formula

Components		Amount
Inflation Factor[4]		2.00%
X-Factor	Productivity[5]	0.00%
	Stretch (0.00% – 0.60%)[6]	0.15%

The inflation factor of 2.00% applies to all Price Cap IR applications for the 2020 rate year.

The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that will vary among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income.

The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all Price Cap IR and Annual IR Index applications for the 2020 rate year.

The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, each within a range from 0.00% to 0.60%. The stretch factor assigned to any particular distributor is based on the distributor's total cost

[4] For the 2020 Inflation Factor, see Ontario Energy Board 2020 Electricity Distribution Rate applications webpage - October 31, 2019.
[5] Report of the OEB – "Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors" EB-2010-0379, Issued November 21, 2013, corrected December 4, 2013.
[6] The stretch factor groupings are based on the Report to the Ontario Energy Board – "Empirical Research in Support of Incentive Rate-Setting: 2018 Benchmarking Update", prepared by Pacific Economics Group LLC., August 15, 2019.

performance as benchmarked against other distributors in Ontario. The most efficient distributor would be assigned the lowest stretch factor of 0.00%. Conversely, a higher stretch factor would be applied to a less efficient distributor (in accordance with its cost performance relative to expected levels) to reflect the incremental productivity gains that the distributor is expected to achieve. The stretch factor assigned to Burlington Hydro is 0.15%.

Findings

The OEB finds that Burlington Hydro's request for a 1.85% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Burlington Hydro's new rates shall be effective May 1, 2020.

The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.[7]

[7] Price Cap IR and Annual IR Index adjustments do not apply to the following rates and charges: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

5. SHARED TAX ADJUSTMENTS

In any adjustment year of a Price Cap IR term, a change in legislation may result in a change to the amount of taxes payable by a distributor. With regard to IRM applications, the OEB has long held that the impact of such legislated tax changes be shared 50/50 between shareholders and ratepayers. The shared tax change amount, whether in the form of a credit or a debit, will be assigned to customer rate classes in the same proportions as the OEB-approved distribution revenue by rate class from the distributor's last cost of service proceeding.

On July 25, 2019, the OEB issued a letter[8] (accounting direction) providing accounting guidance with respect to recent changes in capital cost allowance (CCA) rules. The guidance provides that impacts from changes in CCA rules will not be assessed in IRM applications, and that any request for disposition of amounts related to CCA changes is to be deferred to the distributor's next cost-based rate application. A distributor's request for disposition of shared tax adjustment amounts in an IRM application should, therefore, be comprised only of impacts for tax changes unrelated to CCA (such as changes in corporate income tax rates).

The application identifies a total tax increase of $59,573. Consistent with the OEB's previous approach to legislated tax changes, Burlington Hydro seeks to recover 50% of this amount, which is $29,787, from ratepayers. In its submission, OEB staff noted that Burlington Hydro's request is aligned with the OEB's Chapter 3 Filing requirements as well as Burlington Hydro's shared tax savings request in its 2019 IRM application. OEB staff took no issue with Burlington Hydro's request.

Findings

The allocated tax sharing debit amount of $29,787 does not produce a rate rider in one or more rate classes. The OEB therefore directs Burlington Hydro to record the OEB-approved tax sharing debit amount of $29,787 into Account 1595 "Sub-account Principal Balances Approved for Disposition in 2020", by June 30, 2020, for disposition at a later date.

[8] OEB Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019.

6. RETAIL TRANSMISSION SERVICE RATES

Distributors charge retail transmission service rates (RTSRs) to their customers in order to recover the amounts they pay to a transmitter, a host distributor, or both, for transmission services. All transmitters charge Uniform Transmission Rates (UTRs) to distributors connected to the transmission system. Host distributors charge host-RTSRs to distributors embedded within the host's distribution system. Each of these rates are OEB-approved.

Burlington Hydro is transmission connected and is requesting approval to adjust the RTSRs that it charges its customers to reflect the currently approved rates that it pays for transmission services included in Table 6.1.

Table 6.1: UTRs[9]

UTRs (2020)	per kW
Network Service Rate	$3.92
Connection Service Rates	
Line Connection Service Rate	$0.97
Transformation Connection Service Rate	$2.33

OEB staff supported Burlington Hydro's adjustment to its RTSRs. OEB staff submitted that the increase to UTRs, which contributes to the increase in RTSRs, are not within Burlington Hydro's control. OEB staff also agreed with Burlington Hydro that an increase in its historical wholesale demand contributed to the increase in RTSRs.

Burlington Hydro agreed with OEB staff's submission on this issue.

Findings

Burlington Hydro's proposed adjustment to its RTSRs is approved. The RTSRs were adjusted based on the interim 2020 UTRs, which were incorporated into the rate model to adjust the RTSRs that Burlington Hydro will charge its customers.

Any differences resulting from the approval of final 2020 UTRs will be captured in Accounts RSVA – Retail Transmission Network charge 1584 and Retail Transmission Connection charge 1586.

[9] EB-2019-0296, Decision and Interim Rate Order, December 19, 2019.

7. GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts in order to determine whether their total balance should be disposed.[10] OEB policy requires that Group 1 accounts be disposed if they exceed (as a debit or credit) a pre-set disposition threshold of $0.001 per kWh, unless a distributor justifies why balances should not be disposed.[11] If the balance does not exceed the threshold, a distributor may elect to request disposition.

The 2018 actual year-end total balance for Burlington Hydro's Group 1 accounts including interest projected to April 30, 2020 is a credit of $371,076. This amount represents a total credit claim of $0.0002 per kWh, which does not exceed the disposition threshold. However, Burlington Hydro requested final disposition in its pre-filed evidence over a one-year period for the following reasons:

- The balances reflect two years of activity (2017 and 2018).
- The overall balance is a refund to customers.
- The disposition of the Group 1 balances would be, on average, 3.5 years after the variance occurred, if Burlington Hydro were to dispose of the balances in its 2021 application.
- It is administratively difficult to track three years of DVA balances.
- Rate riders are generated for all classes.

In its reply, Burlington Hydro requested that its Group 1 DVAs be cleared on an interim basis, revising its earlier position that disposition should be on a final basis.

a) Global Adjustment Variance Account

One of the components of the commodity costs billed by the Independent Electricity System Operator (IESO), which is included in Group 1 accounts, is the Global Adjustment (GA).[12]

[10] 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.
[11] Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.
[12] The GA is established monthly by the IESO to reflect the difference between the wholesale market price for electricity and regulated rates for:
- Ontario Power Generation's nuclear and hydroelectric generating stations
- payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear
- contracted rates paid to a number of generators across the province
- the cost of delivering conservation programs.

Different customer groups pay the GA in different ways:

- For Regulated Price Plan (RPP) customers, the GA is incorporated into the standard commodity rates customers pay. Therefore, there is no separate variance account for the GA.

- "Class A" customers are allocated GA costs based on the percentage their demand contributes to the top five Ontario system peaks. As distributors settle with Class A customers based on actual GA costs, there is no resulting variance.

- "Class B" non-RPP customers are billed GA based on the electricity they consume in a month at the IESO published GA price. Distributors track any difference between the billed amounts and actual costs for these customers in the GA Variance Account for disposal, once audited.

Under the general principle of cost causality, customer groups that cause variances which are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. A customer's movement from one group to another should not prevent that customer from paying/receiving a debit/credit balance.

Burlington Hydro proposes the recovery of its GA variance account balance of $870,555 as at December 31, 2018, including interest to April 30, 2020, in accordance with the following table.

Table 7.1: Recovery of GA Variance

Proposed Amounts	Proposed Method for Recovery
$787,876 recovered from customers who were Class B for the entire period from January 2017 to December 2018	per kWh rate rider
$75,687 recovered from customers who were ultimately reclassified to Class A during the period January 2017 to December 2018	12 equal installments[13]
$6,992 recovered from customers who were ultimately reclassified to Class B during the period January 2017 to December 2018	12 equal installments[14]

[13] 2020 IRM Rate Generator Model, Tab 6.1a "GA Allocation".
[14] Ibid.

b) Capacity Based Recovery Class B Sub-account

The balance of the Group 1 accounts includes the Capacity Based Recovery (CBR) sub-account for Class B customers of a credit of $119,584, relating to the IESO's wholesale energy market for the CBR program. Burlington Hydro had Class A customers during the period from January 2017 to December 2018 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 2017 to December 2018, Burlington Hydro requested refund of a portion of CBR Class B costs by way of 12 equal installments.[15]

c) Group 1 Accounts

The Group 1 accounts being sought for disposition (excluding global adjustment) include the following flow through variance accounts: Smart Meter Entity Charges, Wholesale Market Service Charges, Retail Transmission Service Charges, Commodity Power Charges, and Account 1595 residual balances. These Group 1 accounts have a total credit balance of $1,241,631, which results in a refund to customers. This balance combined with the balance for the global adjustment account results in the total credit balance for Group 1 accounts of $371,076.

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements.*[16] Burlington Hydro's proposal for a one-year disposition period is in accordance with the OEB's policy.[17]

OEB staff supported Burlington Hydro's request to dispose of its Group 1 DVAs but submitted that disposition should be on an interim basis. OEB staff also submitted that Burlington Hydro's Account 1595 residual balances are reasonable and should be disposed along with Burlington Hydro's other Group 1 DVAs, given Burlington Hydro's explanations.

Accounts 1588 and 1589 Balances and Interim Disposition

In 2018, the OEB suspended its approvals of Group 1 rate riders on a final basis pending the development of further accounting guidance on commodity pass-through

[15] 2020 IRM Rate Generator Model Tab 6.2a "CBR B_Allocation".
[16] Electricity Reporting and Record Keeping Requirements, Version dated May 3, 2016.
[17] Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

variance accounts.[18] The OEB issued accounting guidance on the commodity accounts on February 21, 2019.[19] In this letter, the OEB indicated that it expects distributors to consider the accounting guidance in the context of historical balances that have not yet been disposed on a final basis. Distributors are expected to make any adjustments needed prior to filing for final disposition.

Due to an unusually large balance in Account 1588 and the distributor's inability to provide adequate evidence to support this balance, Burlington Hydro withdrew its request to dispose of its Group 1 balances in its 2019 proceeding.[20] Burlington Hydro requested additional time to provide evidence to support the balances and agreed to undertake a full review of Accounts 1588 and 1589. The OEB approved Burlington Hydro's request to defer the disposition of its Group 1 balances as of December 31, 2017 until its next rate application.

Subsequent to the OEB's decision in the 2019 proceeding, Burlington Hydro stated that it undertook a full review of Accounts 1588 and 1589 and identified the source of the large balance in Account 1588. Burlington Hydro also confirmed that it did consider the accounting guidance in the context of historical balances that have yet to be disposed on a final basis. Burlington Hydro stated that it implemented the accounting guidance effective January 1, 2019, by August 31, 2019.

Burlington Hydro noted that it reviewed its historical balances and made corrections. As a result of conducting a full review of the 2017 and 2018 balances of Accounts 1588 and 1589, Burlington Hydro stated that it identified and explained the sources of the large 2017 balance in Account 1588. This amount was originally $3.1 million, but has been reduced in this proceeding by a credit adjustment of $2.2 million, and normalized to reflect an "over-accrued" unbilled revenue credit adjustment of approximately $0.9 million. Burlington Hydro indicated that after considering these adjustments, the adjusted 2017 Account 1588 amount was small (approximately $37k).

OEB staff submitted the following:

1. The adjusted 2017 Account 1588 amount of $37k is reasonable. However, OEB staff encouraged Burlington Hydro to review its unbilled revenue procedures before its next rate proceeding for 2021 rates to clarify whether there are any systemic issues with its unbilled revenue procedures given an over-accrual amount of $0.9 million, and the size of the over-accrual.

[18] OEB letter to all rate-regulated licensed electricity distributors – "Re: OEB's Plan to Standardize Processes to Improve Accuracy of Commodity Pass-Through Variance Accounts." July 20, 2018.
[19] Accounting Procedures Handbook Update – Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589, February 21, 2019.
[20] EB-2018-0021, Decision and Rate Order, March 28, 2019, p. 7.

2. The Account 1588 and Account 1589 balances requested for disposition are reasonable but should be disposed of on an interim basis given other issues raised in OEB staff's submission.

3. Burlington Hydro has the following four deviations from the accounting guidance: (i) not recording different rates for RPP and non-RPP cost of power; (ii) not re-estimating unbilled revenue at the end of each month; (iii) some of Burlington Hydro's data used for RPP settlement true-ups with the IESO (i.e. non-interval metered and retailer customers) are estimates; and (iv) in booking expense journal entries for Charge Type (CT) 1142 and CT 148 from the IESO invoice, Burlington Hydro uses a different approach than that required by the OEB, which is approach "a".[21]

   OEB staff submitted that it is appropriate for Burlington Hydro to address all four of the deviations, relating to its accounting and settlement processes versus the accounting guidance, at the time when the new Customer Information System (CIS) is implemented. OEB staff further noted that at its next rate proceeding for 2021 rates, Burlington Hydro should be prepared to confirm that these changes were made and to provide more detail regarding the timing of making these changes.

In its reply, Burlington Hydro submitted:

1. The $0.9 million over-accrual amount was a one-time error and that it has implemented additional controls since this error to prevent reoccurrence.

2. It has provided adequate clarification on all matters identified by OEB staff. Burlington Hydro indicated that it is in the process of implementing a new CIS with a different methodology for calculating unbilled revenue as compared to its current CIS. Therefore, Burlington Hydro supported the disposition of its 2017 and 2018 Group 1 DVA balances on an interim basis in the event that it uncovers any issues with its unbilled revenue process.

3. In response to the four deviations from the accounting guidance raised by OEB staff, Burlington Hydro indicated that it did not support all of the four deviations listed by OEB staff. In Burlington Hydro's view, it is unable to, and inefficient to, develop a program to address the first two deviations in a legacy system that will be obsolete in 2020 (since it is replacing its CIS). Burlington Hydro stated that it

[21] This requirement from the OEB is outlined in the OEB's *Instructions for Completing GA Analysis Workform*, July 15, 2019, p. 16, as well as the OEB's *Accounting Procedures Handbook Update, Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589*, February 21, 2019.

> plans to address these issues in its new CIS by (i) differentiating rates for RPP and non-RPP cost of power and (ii) changing the timing of its unbilled revenue re-estimate if necessary.
>
> Burlington Hydro further submitted that the third and fourth issues raised by OEB staff are not deviations from the accounting guidance, explaining that it took steps in 2019 to address both of these issues.[22]

Burlington Hydro stated that it will confirm if changes were made to address the first two deviations and provide more detail regarding the timing of making these changes at its next rate application (if possible). Burlington Hydro noted that its new CIS is scheduled to go live in August 2020, but that it also plans to file its next rate application in August 2020. If the requested information is available, Burlington Hydro stated that it will confirm if these changes were made, in its 2021 application. If the information is not available at the time of filing, Burlington Hydro noted that it should be able to provide a status update and subsequently confirm these changes during the course of its next rate proceeding for 2021 rates.

Findings

The OEB approves the disposition of a credit balance of $371,076 as of December 31, 2018, including interest projected to April 30, 2020 for Group 1 accounts on an interim basis. The OEB agrees with Burlington Hydro's proposal to dispose of balances on an interim basis given that it is implementing new processes with its new CIS. The OEB accepts Burlington Hydro's commitment to address the first two issues identified by OEB staff (rates to use for RPP and non-RPP and timing of unbilled revenue re-estimate) when the new CIS is implemented. Burlington Hydro has stated that it addressed the third and fourth issues in 2019. This can be reviewed when the 2019 balances are filed for disposition.

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

[22] Reply Submission, February 14, 2020, page 9

Table 7.2: Group 1 Deferral and Variance Account Balances

Account Name	Account Number	Principal Balance ($) A	Interest Balance ($) B	Total Claim ($) C=A+B
Smart Meter Entity Variance Charge	1551	(66,730)	(1,165)	(67,894)
RSVA - Wholesale Market Service Charge	1580	(1,778,085)	(116,236)	(1,894,321)
Variance WMS - Sub-account CBR Class B	1580	(117,084)	(2,500)	(119,584)
RSVA - Retail Transmission Network Charge	1584	122,764	5,776	128,539
RSVA - Retail Transmission Connection Charge	1586	390,521	16,418	406,939
RSVA - Power	1588	601,170	78,626	679,796
RSVA - Global Adjustment	1589	777,450	93,105	870,555
Disposition and Recovery of Regulatory Balances (2016)	1595	(686,803)	675,323	(11,480)
Disposition and Recovery of Regulatory Balances (2017)	1595	(283,259)	(80,369)	(363,627)
Totals for all Group 1 accounts		(1,040,056)	668,979	(371,076)

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.*[23] 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 shall ensure these adjustments are included in the reporting period ending June 30, 2020 (Quarter 2).

[23] Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012.

The OEB approves these balances to be disposed through interim rate riders, charges/payments as calculated in the Rate Generator Model. The interim rate riders, charges/payments will be in effect over a one-year period from May 1, 2020 to April 30, 2021.[24]

[24] 2020 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B_Allocation and Tab 7 Calculation of Def-Var RR.

8. LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT BALANCE

In recent years, distributors have delivered conservation and demand management (CDM) programs to their customers through the Conservation First Framework (CFF), which began on January 1, 2015. These programs result in reduced total energy consumption. To address the impact of the reduced consumption, the OEB established a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual savings and forecast conservation savings included in the last OEB-approved load forecast.[25] These differences are recorded by distributors at the rate class level.

On March 20, 2019, the CFF was revoked.[26] However, the OEB indicated that electricity distributors will continue to have access to a lost revenue adjustment mechanism for conservation program activities undertaken under the CFF.[27]

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.

Burlington Hydro has applied to dispose its LRAMVA debit balance of $1,180,000. The balance consists of lost revenues in 2017 and 2018 from CDM programs delivered during the period from 2013 to 2018 and carrying charges. The actual conservation savings claimed by Burlington Hydro were determined by the IESO.[28] Actual conservation savings were compared against Burlington Hydro's forecasted conservation savings of 18,835,586 kWh included in the load forecast, which was set out in Burlington Hydro's 2014 cost of service proceeding.[29]

OEB staff submitted that Burlington Hydro's LRAMVA balance is calculated in accordance with the OEB's CDM Guidelines and LRAMVA policy and supported the disposition of the balance.

[25] Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014.
[26] On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.
[27] Ontario Energy Board letter dated June 20, 2019.
[28] For CDM programs delivered from 2015 to 2017, the IESO provided distributors with a Final Results Report that summarized all savings results. For 2018, distributors accessed the Participant and Cost Reports and detailed project level data from the IESO to support LRAMVA applications.
[29] EB-2013-0115, Decision and Rate Order, May 15, 2014.

Findings

The OEB finds that Burlington Hydro's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy.[30] The OEB approves the disposition of Burlington Hydro's LRAMVA debit balance of $1,180,000, as set out in Table 8.1 below.

Table 8.1 LRAMVA Balance for Disposition

Account Name	Account Number	Actual CDM Savings ($) A	Forecasted CDM Savings ($) B	Carrying Charges ($) C	Total Claim ($) D=(A-B)+C
LRAMVA	1568	$1,354,813	$227,594	$52,781	$1,180,000

[30] Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, April 26, 2012; and Requirement Guidelines for Electricity Distributors Conservation and Demand Management, EB-2014-0278, December 19, 2014.

9. INCREMENTAL CAPITAL MODULE

The OEB's ICM policy[31] was established to address the treatment of a distributor's capital investment needs that arise during a Price Cap IR rate-setting plan and which are incremental to a calculated materiality threshold. An ICM is a means by which a distributor can collect additional revenue from customers to fund capital expenditures in the years between cost of service applications. The ICM is available for discretionary or non-discretionary projects, and is not limited to extraordinary or unanticipated investments. However, ICM funding is not available for typical annual capital programs, nor is it available for projects that do not have a significant influence on the operations of the distributor.

In order to qualify for ICM funding, a distributor must satisfy the OEB's well-established eligibility criteria of materiality, need and prudence.[32]

The ICM addresses the question of materiality in two steps. The first is by applying the ICM "materiality threshold formula",[33] which serves to define the level of capital expenditures that a distributor should be able to manage within current rates. This test provides that any incremental capital amounts approved for recovery must fit within the total eligible incremental capital amount and must clearly have a significant influence on the operation of the distributor.[34] A second, project-specific, materiality test provides that minor expenditures, in comparison to the overall capital budget, should be considered ineligible for ICM treatment. Moreover, a certain degree of project expenditure over and above the OEB-defined threshold calculation is expected to be absorbed within the total capital budget.[35]

With regard to need, a distributor must satisfy the OEB that any incremental capital amount being requested is (i) based on one or more discrete project(s), (ii) directly related to the claimed driver, and (iii) clearly outside of the base upon which the distributor's rates were derived.[36] Additionally, a distributor must also pass the "means test". Under the means test, if a distributor's most recently available regulated return on

[31] The OEB's policy for the funding of incremental capital is set out in the *Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module*, September 18, 2014 (Funding of Capital Report) and the subsequent *Report of the OEB New Policy Options for the Funding of Capital Investments: Supplemental Report* (Supplemental Report) (collectively referred to as the Funding of Capital policy).
[32] Funding of Capital Report, p. 16.
[33] The ICM materiality threshold formula refers to the updated multi-year materiality threshold formula as defined on p. 19 of the Supplemental Report.
[34] Funding of Capital Report, p. 17.
[35] Ibid.
[36] Ibid.

equity (ROE) exceeds 300 basis points above the deemed ROE embedded in the distributor's rates, then funding for any incremental capital project would not be allowed.

Finally, a distributor needs to establish that the incremental capital amount it proposes to incur is prudent. To satisfy the "prudence test", a distributor must demonstrate that its decision to incur the incremental capital represents the most cost-effective option for its customers (though, not necessarily the least initial cost option).

The Half-Year Rule

The OEB's policy allows for a full-year's depreciation and return on capital for all years of a Price Cap IR plan *except* the final year prior to rebasing.[37] In the final year prior to rebasing, the standard half-year rule is used for calculation of the depreciation and return on capital.[38]

The ICM Projects

Burlington Hydro is seeking a total of $2.68 million in ICM funding for the following projects:

- CIS replacement project - $2.09 million
- Geographical Information System (GIS) replacement project - $0.59 million

Currently, Burlington Hydro uses the Daffron CIS solution (Daffron) and the SpatialNET Power GIS (SpatialNET). Burlington Hydro stated both systems are functionally obsolete. In particular, Burlington Hydro noted that the Daffron system is 24 years old and unable to support customer service functionalities that its customers have requested.[39] For SpatialNET, Burlington Hydro indicated that the vendor is no longer providing support for the software and that the SpatialNET system is only compatible with Microsoft Windows 7, for which Microsoft is no longer providing updates. To address the technological limitations of its CIS and GIS systems, Burlington Hydro undertook the proposed two ICM projects to implement new CIS and GIS systems.

Burlington Hydro stated that its most recently available ROE (for 2018) was 7.03%, which is within 300 basis points of its deemed ROE of 9.36%. Burlington Hydro submitted that it has satisfied the means test.

[37] Supplemental Report pp. 7-11. When the half-year rule is applied, only half of the annual depreciation is allowed for depreciation purposes. This ensures that the distributor recovers only a half-year of return on depreciation and capital as per the intent of the half-year rule.
[38] See note 37.
[39] IRR Staff-16; Burlington Hydro collected customer feedback informally through email and telephone. Requested functionalities included: single login for integrated customer portal, ability to add and maintain multiple accounts within the customer portal, more information within bill notifications for e-Billing, chat capability and more online 24/7 customer facing applications.

Burlington Hydro calculated its maximum eligible incremental capital amount to be $4,033,158 using its materiality threshold, which means that its proposal to recover $2,682,275 through the ICM is within the OEB's acceptable range.

OEB staff submitted that Burlington Hydro's materiality threshold should be revised to reflect the OEB's 2020 inflation factor of 2%. Using a 2% inflation factor, OEB staff calculated Burlington Hydro's materiality threshold to be $7,758,701 and maximum eligible incremental capital amount to be $3,255,907. OEB staff submitted that Burlington Hydro's ICM request of $2,682,275 remains within the OEB's acceptable range. OEB staff also noted that Burlington Hydro's 2020 capital expenditures is consistent with historical levels of capital spending. As Burlington Hydro is expected to rebase in 2021, OEB staff submitted that Burlington Hydro has correctly applied the half-year rule.

OEB staff supported Burlington Hydro's ICM requests and submitted that the ICM requests meet the project-specific materiality threshold, pass the means test, and are not funded through base rates. While OEB staff noted that Burlington Hydro does have ongoing budgets related to GIS and CIS systems, OEB staff accepted Burlington Hydro's explanation that these amounts are unrelated to the ICM projects at hand. In terms of prudence, OEB staff agreed with Burlington Hydro that its existing systems are old, obsolete and should be replaced. OEB staff noted that Burlington Hydro evaluated a number of potential options and submitted that Burlington Hydro proceeded with the most prudent option.

All intervenors opposed Burlington Hydro's request for ICM funding and submitted that Burlington Hydro has not demonstrated a need for incremental funding. Intervenors noted that this is the second year that Burlington Hydro has requested to defer its cost of service rebasing application. Given the timing of the proposed ICM projects, intervenors submitted that Burlington Hydro would have been aware of its intent to file an application for ICM funding well in advance of this 2020 rate application. Therefore, intervenors submitted that Burlington Hydro should have disclosed this information when it filed a letter with the OEB requesting deferral of its 2020 cost of service application.[40] Intervenors argued that, in light of this information, the OEB might not have granted Burlington Hydro's request to defer its cost of service application. Additionally, Energy Probe argued that Burlington Hydro's two consecutive cost of service deferrals have effectively moved it onto the Annual IR Index method, under which Burlington Hydro would not be eligible to apply for ICM funding.

[40] Letter to the OEB Board Secretary, Burlington Hydro Inc. 2020 Cost of Service Application and Distribution System Plan Deferral Request, February 20, 2019.

VECC noted that Burlington Hydro's distribution system plan (DSP) covered only the period 2014-2018 and does not provide any information for 2020. In the absence of a DSP that covers 2020, VECC questioned whether Burlington Hydro has appropriately prioritized, paced and optimized its overall capital plan to accommodate its ICM projects, and submitted that it is not possible to assess the reasonableness of the ICM requests.

SEC suggested that the new accelerated CCA rules under Bill C-97, the *Budget Implementation Act, 2019, No. 1*, should be applied to Burlington Hydro's ICM request. As originally filed, Burlington Hydro did not apply the new accelerated CCA rules under Bill C-97, and instead indicated that it will record any impact of the new accelerated CCA rules in Account 1592 – PILs and Tax Variances – CCA Changes in accordance with the OEB's accounting direction issued on July 25, 2019.[41] SEC argued that Burlington Hydro should apply the new accelerated CCA rules to its ICM requests because the accounting direction directed utilities to include the impact of the CCA rule changes in cost-based applications, and in SEC's view, the ICM is a cost-based application. SEC provided its own calculation of Burlington Hydro's ICM revenue requirement to be $60,490, taking into account the new accelerated CCA rules. SEC submitted that a revenue requirement of $60,490 does not meet Burlington Hydro's materiality threshold and therefore should not be eligible for ICM treatment.[42]

SEC also raised its concern that, since Burlington Hydro has not rebased since 2014, its base rates include a working capital allowance of 13%. SEC noted that the OEB's current default value for the working capital allowance is 7.5%. Based on a value of 7.5%, SEC calculated that Burlington Hydro's rate base should be less by at least $11 million, and revenue requirement less by at least $751,984. SEC noted that these calculated amounts are many times greater than what Burlington Hydro has requested through the ICM.

Despite the general consensus amongst intervenors that Burlington Hydro should not be approved for ICM funding for the reasons detailed above, some intervenors provided detailed submissions on the ICM criteria, if the OEB were to consider approving some ICM funding.

SEC agreed that both the CIS and GIS needed to be replaced and that the ICM materiality threshold had been satisfied. However, SEC submitted that Burlington Hydro

[41] OEB Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019.
[42] SEC used the materiality threshold set out in Chapter 2 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications*, which stipulates a materiality threshold of 0.5% of distribution revenue requirement for a distributor with a distribution revenue requirement greater than $10 million and less than or equal to $200 million. On this basis, Burlington Hydro's materiality threshold is $144,178 (see IRR Staff-19).

did not fully justify the cost of the CIS. Burlington Hydro provided an updated cost estimate for the ICM projects in response to an interrogatory, which increased the cost of the CIS from $1.445 million to $2.093 million. SEC submitted that Burlington Hydro did not provide sufficient information to justify this increase. For the GIS, SEC agreed that the costs are prudent.

Energy Probe submitted that the proposed ICM projects should be viewed as part of Burlington Hydro's annual spending on software replacements or upgrades and therefore should not be eligible for ICM funding. With regard to need, Energy Probe submitted that Burlington Hydro has not passed the means test because it has not demonstrated that it would not be able to finance the two ICM projects in 2020 through existing rates. With regard to prudence, Energy Probe submitted that Burlington Hydro has not demonstrated that the projects are prudent because it did not explore further options, such as outsourcing the CIS or further exploring a shared CIS solution. Energy Probe also submitted that there should be operations, maintenance & administration (OM&A) savings associated with the GIS upgrade.

Most intervenors and OEB staff did not take issue with Burlington Hydro's ICM projects with respect to the project-specific materiality threshold. However, these parties disagreed with Burlington Hydro's argument of using 1% of its annual capital budget as the project-specific materiality threshold. Parties noted that the 1% was taken from a proceeding involving Alectra Utilities Corporation and that the threshold can differ greatly between different utilities.[43]

In response to intervenors, Burlington Hydro submitted that its ICM request is consistent with the OEB's ICM policy, Chapter 3 Filing Requirements and Chapter 5 of the OEB's *Filing Requirements for Electricity Distribution Rate Applications* (Chapter 5 Filing Requirements). With regard to these documents, Burlington Hydro submitted that there are no requirements for a distributor to disclose its intentions to apply for ICM funding as part of any request to defer a cost of service rebasing. Burlington Hydro acknowledged a recent OEB decision in Oakville Hydro Electricity Distribution Inc.'s 2020 rate proceeding concluded that distributors should disclose any intentions to apply ICM funding in any cost of service deferral request;[44] however, Burlington Hydro pointed out this decision was issued subsequent to its letter requesting cost of service deferral for the 2020 rate year.

With regard to SEC's concerns over Burlington Hydro's working capital allowance, Burlington Hydro submitted that SEC's analysis is not appropriate because it only takes into account the change to the working capital allowance in isolation. Burlington Hydro

[43] EB-2017-0024.
[44] EB-2019-0059, Decision and Order, November 14, 2019.

submitted that, when it adjusts for increases in all other cost categories in addition to the working capital allowance, its rate base and revenue requirement are expected to increase, not decrease as suggested by SEC.

With regard to SEC's submission that accelerated CCA rules should be applied, Burlington Hydro submitted that its current proposal to record any impact of the CCA rule changes in Account 1592 is consistent with the OEB's accounting direction and ICM policy. Burlington Hydro noted that this is an IRM application, which is not cost-based, and may not fully capture all tax implications. Burlington Hydro further noted that the OEB's ICM model requires distributors to complete the model using the cost of capital parameters, capital structure and tax/CCA rates approved in their last rebasing application.

Burlington Hydro submitted that neither the OEB's Funding of Capital Policy nor the OEB's Filing Requirements required it to file a DSP to support its ICM request.[45] Burlington Hydro also pointed out that the OEB's letter in response to Burlington Hydro's request to defer its 2020 cost of service rebasing did not specify a requirement for a new DSP in this 2020 rate proceeding.[46] The letter stated, "If Burlington Hydro subsequently seeks a further deferral […] the OEB will also consider whether the filing of a distribution system plan would be required at that time."[47] As well, Burlington Hydro noted that the absence of a new DSP did not preclude the OEB from approving Burlington Hydro's ICM projects in its 2019 rate proceeding.[48]

Burlington Hydro reiterated that the proposed ICM projects are material and constitute a significant portion of its 2020 budget, contrary to the submissions of some intervenors. Burlington Hydro submitted that the budget in its base rates for IT projects are unrelated to the proposed ICM projects. In particular, Burlington Hydro submitted that it does not replace large systems such as its CIS or GIS on an annual basis, and noted that its current CIS has been in service for 24 years. Burlington Hydro submitted that the proposed ICM projects represent the most cost-effective option for customers and that Energy Probe's suggested alternative options were not considered to be in the best interest of Burlington Hydro's customers. Burlington Hydro submitted that it provided the best cost estimates available for the ICM projects, and that it has provided justifications for any change to the cost estimates made in the course of this proceeding.

[45] The Filing Requirements here refer to both the OEB's Chapter 3 Filing Requirements and the OEB's Chapter 5 – Filing Requirements For Electricity Distribution Rate Applications (Chapter 5 Filing Requirements).
[46] OEB Response to Burlington Hydro's request to defer rebasing of rates beyond the 2020 rate year, July 5, 2019.
[47] Ibid.
[48] EB-2017-0029, Decision and Order, March 22, 2018.

Findings

The request for ICM funding is denied. The OEB does not have any policies for an extended Price Cap IR term, unless it is associated with a distributor consolidation. The OEB therefore plans to assess requests in these situations on a case by case basis. The OEB concludes that providing Burlington Hydro incremental funding for capital does not result in just and reasonable rates. There is insufficient information for the OEB to assess the extent to which Burlington Hydro could have readjusted its plans to accommodate the projects. Furthermore, there are tax implications that reduce the need for incremental funding. These issues are discussed in more detail in the paragraphs that follow.

The OEB has three rate-setting options, as initially defined in the OEB's *Renewed Regulatory Framework for Electricity* (RRFE),[49] with further guidance provided in the Handbook for Utility Rate Applications. Burlington Hydro opted for Price Cap IR rate-setting.[50] Under Price Cap IR, a distributor's rates are set through a cost of service rate application in the first year (also called rebasing), with mechanistic price cap adjustments for the ensuing four years. The term established for a Price Cap IR plan is therefore five years. The RRFE contemplated a distributor seeking an early termination of its Price Cap IR term (i.e. sooner than five years) but did not set out policies for extending that term. The OEB did establish another rate-setting option, the Annual IR Index, with no fixed term. Distributors on Annual IR Index are allowed a lower price cap adjustment and are not eligible for an ICM.

Nevertheless, each year the OEB considers requests from distributors to defer their scheduled cost of service rate application. The OEB reviews the financial and non-financial performance of the distributor. Two such requests were considered and approved for Burlington Hydro (for 2019 and 2020 rates). In approving the first deferral the OEB stated that:

> If Burlington Hydro intends to seek a rate adjustment for 2019 rates, the OEB expects Burlington Hydro to adhere to the process for Price Cap Incentive Rate-setting applications for the 2019 rate year.
>
> If Burlington Hydro subsequently seeks a further deferral the OEB will consider whether the Annual Incentive Rate-setting Index method that was developed for distributors intending longer periods without rebasing should be applied. The

[49] *Report of the Board: Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012.
[50] Originally called 4th Generation IR in the Renewed Regulatory Framework Report, the name was changed to Price Cap IR in subsequent documents.

> OEB will also consider whether the filing of a distribution system plan would be required at that time.[51]

In neither of the requests to defer did Burlington Hydro indicate that it might need incremental funding beyond that provided by the mechanistic price cap adjustment. Given that, in the response to the first deferral request, the OEB had stated it would consider whether a DSP would be required if a further deferral application was made, it should have been evident that a disclosure of potential incremental capital needs should have been made at the time of the second deferral request. It is not an adequate reason for not providing information clearly germane to the OEB's determinations that the OEB had not explicitly ordered this disclosure of the information. As noted by the OEB in other proceedings, there is an information asymmetry between regulated utilities and ratepayers, and a regulated utility has affirmative disclosure obligations.[52]

A DSP is important in considering whether the projects identified for ICM funding can be accommodated by readjusting the pacing and priorities of investments within the plan. While a DSP may not always be required to support an ICM during an extended Price Cap IR term, in the absence of a DSP the OEB still needs sufficient information to assess the proposed projects in the context of Burlington Hydro's overall planning. The timing of general plant information systems, such as a new CIS and GIS in particular, is best considered in the context of a utility's overall investment plan because there is often discretion in the timing. While the OEB previously approved an ICM for Burlington Hydro during its extended Price Cap IR term,[53] it has also denied approval for an ICM for another distributor in the absence of a DSP.[54] This supports a conclusion that the OEB must assess each situation on its own merits. In Burlington Hydro's situation, the last OEB-approved capital expenditures were for 2014 and the last DSP was for the period from 2014 to 2018 and was filed more than six years ago. There is insufficient information, such as could have been provided through a DSP, for the OEB to assess the pacing and priorities of Burlington Hydro's capital planning. Burlington Hydro is forecasting capital expenditures for 2020 that are $3.3 million higher than the last OEB-approved expenditures. The OEB did not have the information necessary to conclude that the projects needed to be incremental, or whether they could have been accommodated through adjustments to the capital plans for 2020.

[51] Letter August 14, 2018
[52] See EB-2011-0210, Decision and Order, October 24, 2012, p. 38; EB-2012-0087, Decision and Order on Preliminary Issue, November 19, 2012, p. 30 (EB-2012-0087 decision upheld by *Union Gas Limited v. Ontario Energy Board,* 2015 ONCA 453)
[53] EB-2018-0021 (Burlington Hydro Inc.), Decision and Rate Order, March 28, 2019.
[54] EB-2015-0065 (Enersource Hydro Mississauga Inc.), Decision and Rate Order, April 7, 2016.

It may be noted that Burlington Hydro's last request for ICM funding in the absence of a DSP was approved by the OEB.[55] However, the previous case for ICM funding was substantially different than that presented in this proceeding. In Burlington Hydro's 2019 proceeding, the ICMs were for a mandatory true-up payment to Hydro One Networks Inc. (Hydro One), and to secure two breakers for future capacity needs from Hydro One at the Tremaine transformer station. The OEB approval involved the recognition of Burlington Hydro's payments that had already been made to Hydro One where there had been a limited window of opportunity to ensure the allocation of these breaker positions to the utility. The OEB also took into consideration the additional costs that would have been incurred if the breakers had been assigned to another utility.

Furthermore, it is not clear the incremental funding for 2020 is required. Burlington Hydro has stated that it intends to file a cost of service rate application for 2021 rates. The proposed ICM projects are both information systems that would typically have a CCA rate of 55%. Furthermore, under the Accelerated Investment Incentive (AII)[56] program under federal Bill C-97, as Burlington Hydro plans to put its proposed ICM projects in service in 2020, the utility will be eligible to apply the prescribed CCA rate to up to one-and-a-half times the net addition for the year.[57] While the OEB has provided general guidance to electricity distributors to record the effects from the AII program during an IRM term in Account 1592 for future consideration, this approach is for regulatory simplicity and efficiency. Burlington Hydro will actually be able to take this higher deduction in 2020 to reduce its taxes paid. This deduction is essentially an additional source of funding for Burlington Hydro. The OEB concludes that the need for additional funding for the CIS and GIS projects is not significant for 2020 when the AII is considered. However, on this basis, the OEB has determined that Burlington Hydro does not have to record the effect of the AII for the CIS and GIS projects in Account 1592.

After balancing all of the above-noted factors, the OEB concludes that providing incremental funding to Burlington Hydro for the proposed ICM projects would not result in just and reasonable rates for 2020. Burlington Hydro can seek inclusion of these projects in rate base when it rebases for 2021 rates.

[55] EB-2018-0021
[56] Also referred to as accelerated CCA.
[57] https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/claiming-capital-cost-allowance/accelerated-investment-incentive.html

10. REVISION TO 2019 ICM RATE RIDER

Burlington Hydro requested that the OEB change the expiry date of one of its existing ICM rate riders to April 30, 2020. The rate rider is identified as "Rate Rider for Recovery of Incremental Capital Project 1 (2019)" (Project 1 rate rider) and was approved in Burlington Hydro's 2019 IRM application to recover ICM funding in relation to the Tremaine TS Connection Cost Recovery Agreement (CCRA) True-up project.[58] Per Burlington Hydro's current Tariff of Rates and Charges, this rate rider is "effective until the next cost of service based rate order."[59] As Burlington Hydro is currently scheduled to rebase for May 1, 2021 rates, changing the expiry date to April 30, 2020 would effectively terminate the ICM rate rider one year early.

The Tremaine TS CCRA True-up ICM project was to provide Burlington Hydro with funding for a true-up payment Burlington Hydro needed to make to Hydro One for the construction of Tremaine TS. In its 2019 IRM proceeding, Burlington Hydro requested $3.567 million in ICM funding for the project based on calculations provided by Hydro One and as adjusted for CDM and distributed generation.[60] Burlington Hydro noted that, for the purpose of setting May 1, 2019 rates, these were the best estimates available from Hydro One.

Subsequent to the 2019 IRM proceeding, Burlington Hydro requested Hydro One to revisit the calculation of the true-up payments because it was not in agreement with Hydro One's allocation of load between transformer stations in the true-up calculations. Hydro One revisited the calculation and finalized the true-up amounts payable by Burlington Hydro to be $0.5687 million for Tremaine TS.

The Project 1 rate rider was calculated based on a total capital expenditure of $3.567 million and an associated annual revenue requirement of $267,733. Burlington Hydro estimated that it will recover approximately $535,466 from this rate rider for the two year period between May 1, 2019 and April 30, 2021.[61] The revenue requirement of the actual true-up amount of $0.5687 million, as calculated by Burlington Hydro, is $42,632. Based on the actual true-up amount, Burlington Hydro calculated the associated revenue requirement over the same two year period to be $85,264.

Based on these calculations, Burlington Hydro stated that the actual revenue requirement for Project 1 for the two-year period before rebasing (i.e. May 1, 2019 to April 30, 2021) will have been fully recovered through its current Project 1 rate rider by

[58] EB-2018-0021, Decision and Rate Order, March 28, 2019.
[59] Ibid.
[60] EB-2018-0021, Reply Submission, February 21, 2019, p. 13.
[61] April 30, 2021 is chosen as the end date because Burlington Hydro expects to rebase in 2021, and so the ICM rate rider would end on April 30, 2021.

April 30, 2020. To avoid overcharging customers in the 2020 rate year, and to avoid increasing the amount of ICM true-up that would be necessary upon rebasing, Burlington Hydro has requested the OEB to revise the Project 1 rate rider to end on April 30, 2020.

SEC and Energy Probe did not submit on this issue.

OEB staff and VECC supported Burlington Hydro's request to revise the expiry date of the Project 1 rate rider to end on April 30, 2020 to avoid overcharging customers. OEB staff noted that any approved ICM recovery is subject to a final review before the OEB with possible true-up. In OEB staff's view, since the amounts associated with the Project 1 rate rider are not final, there are no issues with changing the rate rider. OEB staff further noted that this would have the additional benefit of mitigating the rate impact of any new ICM rate riders, if approved by the OEB as part of this application.

Findings

The OEB agrees it is appropriate to end the current ICM rate rider effective April 30, 2020. Given that the actual payment to Hydro One was lower than expected, it is appropriate to minimize the difference between the revenue requirement based on the forecast and the one based on the actual amount. The difference is being recorded in a variance account and will be considered in Burlington Hydro's 2021 cost of service application.

11. IMPLEMENTATION AND ORDER

This Decision is accompanied by a Rate Generator Model and applicable supporting models.

The OEB has reviewed the model entries in order to ensure that they are in accordance with Burlington Hydro's last cost of service decision, and to ensure that the 2019 OEB-approved Tariff of Rates and Charges, as well as the cost, revenue and consumption results from 2018, are as reported by Burlington Hydro to the OEB.

The Rate Generator Model was adjusted, where applicable, to correct any discrepancies. The Rate Generator Model incorporates the rates set out in the following table.

Table 11.1: Regulatory Charges

Rate	per kWh
Rural or Remote Electricity Rate Protection (RRRP)	$0.0005
Wholesale Market Service (WMS) billed to Class A and B Customers	$0.0030
Capacity Based Recovery (CBR) billed to Class B Customers	$0.0004

Each of these rates is a component of the "Regulatory Charge" on a customer's bill, established annually by the OEB through a separate, generic order. The RRRP, WMS and CBR rates were set by the OEB on December 17, 2019.[62]

The Smart Metering Entity Charge is a component of the "Distribution Charge" on a customer's bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB on March 1, 2018.[63]

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,[64] the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs. In accordance with the established methodology, the OEB has calculated an updated value of $4.55 per month[65] for the 2020 rate year. The Tariff of Rates and Charges attached as Schedule A reflect this updated charge.

[62] EB-2019-0278, Decision and Order, December 17, 2019.
[63] EB-2017-0290, Decision and Order, March 1, 2018.
[64] EB-2010-0219, Report of the Board: "Review of Electricity Distribution cost Allocation Policy, March 31, 2011.
[65] OEB letter, issued February 24, 2020.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order shall be deemed *draft* until the procedural steps in paragraphs 2 and 3 have been completed.

2. Burlington Hydro Inc. may review the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order and file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, within **7 days** of the date of issuance of this Decision and Rate Order.

3. If the OEB receives a submission from Burlington Hydro Inc. to the effect that inaccuracies were found or information was missing pursuant to paragraph 2, the OEB will consider the submission prior to revising and issuing a final Tariff of Rates and Charges.

4. The Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order will be considered final if Burlington Hydro Inc. does not provide a submission to the OEB establishing that inaccuracies were found or information was missing pursuant to paragraph 2.

5. Subject to paragraph 6, the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order will be considered approved effective May 1, 2020 for electricity consumed or estimated to have been consumed on and after such date.

6. In light of the COVID-19 emergency, the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order is approved to be implemented November 1, 2020 if Burlington Hydro Inc. notifies the OEB under paragraph 8 that it is electing to postpone the implementation of its new rates until November 1, 2020.

7. Any temporarily forgone distribution revenue associated with the postponement referred to in paragraph 6 may be tracked in Account 1509 - Impacts Arising from the COVID-19 Emergency, Sub-account Lost Revenues.

8. Burlington Hydro Inc. shall, on or before April 23, 2020, file a letter with the OEB indicating whether it intends to postpone the implementation of the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order.

9. If Burlington Hydro Inc. elects not to postpone the implementation of the Tariff of Rates and Charges set out in Schedule A of this Decision and Rate Order, and if Burlington Hydro Inc. did not provide a submission to the OEB that inaccuracies

were found, the Tariff of Rates and Charges is considered final effective May 1, 2020.

10. Burlington Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new final and interim rates.

COST AWARDS

The OEB will issue a separate decision on cost awards once the following steps are completed:

1. Energy Probe, SEC and VECC shall file with the OEB and forward to Burlington Hydro Inc. their cost claims within **7 days** of the date of issuance of this Decision and Rate Order.

2. Burlington Hydro Inc. shall file with the OEB and forward to the party against whose claim the objection is being made an objection to the claimed costs within **17 days** from the date of issuance of this Decision and Rate Order.

3. An intervenor whose cost claim was objected to may file with the OEB and forward to Burlington Hydro Inc. a reply submission as to why its cost claim should be allowed within **24 days** from the date of issuance of this Decision and Rate Order.

Burlington Hydro Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All filings to the OEB must quote the file number, EB-2019-0023 and be made in searchable / unrestricted PDF format and filed electronically through the OEB's web portal at http://www.pes.ontarioenergyboard.ca/eservice/ in searchable/unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at https://www.oeb.ca/oeb/_Documents/e-Filing/RESS_Document_Guidelines_final.pdf. If the web portal is not available parties may email their documents to boardsec@oeb.ca.

NOTE: The OEB is temporarily waiving the paper copy filing requirement until further notice. All communications should be directed to the attention of the Board Secretary and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, April 16, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar and Board Secretary

Schedule A

To Decision and Rate Order

Tariff of Rates and Charges

OEB File No: EB-2019-0023

DATED: April 16, 2020

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0023

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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	26.51
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$	0.12
Smart Metering Entity Charge - effective until December 31, 2022	$	0.57
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	$/kWh	0.0014
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until April 30, 2021	$/kWh	0.0009
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	$/kWh	(0.0008)
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until April 30, 2021 Applicable only for Class B Customers - Approved on an Interim Basis	$/kWh	(0.0001)
Retail Transmission Rate - Network Service Rate	$/kWh	0.0077
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0069

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0023

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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	27.06
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$	0.13
Smart Metering Entity Charge - effective until December 31, 2022	$	0.57
Distribution Volumetric Rate	$/kWh	0.0145
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	$/kWh	0.0014
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until April 30, 2021	$/kWh	0.0015
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	$/kWh	(0.0007)
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until April 30, 2021 Applicable only for Class B Customers - Approved on an Interim Basis	$/kWh	(0.0001)
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	$/kWh	0.0074
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0062

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0023

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.

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.

If included in the following listing of monthly rates and charges, 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.

If included in the following listing of monthly rates and charges, 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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	63.44
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$	0.30
Distribution Volumetric Rate	$/kW	3.1231
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	$/kWh	0.0014
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until April 30, 2021	$/kW	0.1703
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	$/kW	(0.2452)
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until April 30, 2021 Applicable only for Class B Customers - Approved on an Interim Basis	$/kW	(0.0300)

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

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		EB-2019-0023
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$/kW	0.0148
Retail Transmission Rate - Network Service Rate - Interval Metered	$/kW	3.0608
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	$/kW	2.7032

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0023

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.

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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	9.73
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$	0.05
Distribution Volumetric Rate	$/kWh	0.0169
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until April 30, 2021 Applicable only for Class B Customers - Approved on an Interim Basis	$/kWh	(0.0001)
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until April 30, 2021	$/kWh	(0.0004)
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	$/kWh	(0.0007)
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$/kWh	0.0001
Retail Transmission Rate - Network Service Rate	$/kWh	0.0074
Retail Transmission Rate - Line and Transformation Connection Service Rate	$/kWh	0.0062

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2019-0023

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

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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	0.65
Distribution Volumetric Rate	$/kW	4.7037
Rate Rider for Disposition of Global Adjustment Account (2020) - effective until April 30, 2021 Applicable only for Non-RPP Customers - Approved on an Interim Basis	$/kWh	0.0014
Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2020) - effective until April 30, 2021	$/kW	1.7199
Rate Rider for Disposition of Deferral/Variance Accounts (2020) - effective until April 30, 2021 - Approved on an Interim Basis	$/kW	(0.2623)
Rate Rider for Disposition of Capacity Based Recovery Account (2020) - effective until April 30, 2021 Applicable only for Class B Customers - Approved on an Interim Basis	$/kW	(0.0300)
Rate Rider for Recovery of Incremental Capital Project 2 (2019) - effective until the next cost of service based rate order - Implemented December 1, 2019	$/kW	0.0222
Retail Transmission Rate - Network Service Rate	$/kW	2.2369
Retail Transmission Rate - Line Connection Service Rate	$/kW	1.9238

MONTHLY RATES AND CHARGES - Regulatory Component

Wholesale Market Service Rate (WMS) - not including CBR	$/kWh	0.0030
Capacity Based Recovery (CBR) - Applicable for Class B Customers	$/kWh	0.0004
Rural or Remote Electricity Rate Protection Charge (RRRP)	$/kWh	0.0005
Standard Supply Service - Administrative Charge (if applicable)	$	0.25

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2020

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EB-2019-0023

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.

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.

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 Global Adjustment and the HST.

MONTHLY RATES AND CHARGES - Delivery Component

Service Charge	$	4.55

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

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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 & 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.

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 Global Adjustment and the HST.

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 (effective annual rate 19.56% per annum or 0.04896% compounded daily rate)	%	1.50
Reconnection at meter - during regular hours	$	65.00
Reconnection 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)	$	44.50

Burlington Hydro Inc.

TARIFF OF RATES AND CHARGES

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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.

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.

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 Global Adjustment and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity.

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	$	102.00
Monthly fixed charge, per retailer	$	40.80
Monthly variable charge, per customer, per retailer	$/cust.	1.02
Distributor-consolidated billing monthly charge, per customer, per retailer	$/cust.	0.61
Retailer-consolidated billing monthly credit, per customer, per retailer	$/cust.	(0.61)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	$	0.51
Processing fee, per request, applied to the requesting party	$	1.02
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)	$	4.08
Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)	$	2.04

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