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

BY EMAIL

January 14, 2021

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

Dear Ms. Long:

Re: Burlington Hydro Inc.
2021 Cost of Service Rate Application
Ontario Energy Board (OEB) File Number: EB-2020-0007
OEB Staff Interrogatories

In accordance with Procedural Order No.1, please find attached OEB staff's interrogatories in the above noted proceeding.

Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Yours truly,

Original Signed By Shuo Zhang Digitally signed by Shuo Zhang Date: 2021.01.14 15:37:27 -05'00'

Shuo Zhang
Project Advisor – Electricity Distribution: Major Rate Applications & Consolidations

Attach.

*Responses to interrogatories, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Exhibit 1- Administration

1-Staff-1
Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2021 Electricity Distributor Rate Applications webpage.

1-Staff-2
Letters of Comment

Following publication of the Notice of Application, the OEB received seven letters of comment. Section 2.1.7 of the Filing Requirements states that distributors will be expected to file with the OEB their response to the matters raised within any letters of comment sent to the OEB related to the distributor's application. If the applicant has not received a copy of the letters or comments, they may be accessed from the public record for this proceeding.

Please file a response to the matters raised in the letters of comment referenced above. Going forward, please ensure that responses to any matters raised in subsequent comments or letter are filed in this proceeding. All responses must be filed before the argument (submission) phase of this proceeding.

1-Staff-3
Ref: Exhibit 1, page 27

Question(s):

a) Please explain BHI's roles and responsibilities in support of the City's "Climate Action Plan" and "Climate Change Adaption Plan".

b) Please identify any capital and/or OM&A programs associated with these activities in support of the City's "Climate Action Plan" and "Climate Change Adaption Plan".

1-Staff-4
Ref: Exhibit 1, page 47

Preamble:

BHI stated in the settlement agreement in its 2014 Cost of Service proceeding that "Burlington Hydro further agrees that it will, address the savings and/or other beneficial impacts resulting from these or other operational effectiveness initiatives, and the sustainability of savings and/or other beneficial impacts from those initiatives in its next Cost of Service or Custom IR application."[1]

In this Application, BHI identified productivity initiatives and improvements to its business process. OEB staff would like to understand how these identified initiatives were reflected in BHI's proposed OM&A and capital budget for the 2021 test year.

Question(s):

a) Please provide a list of existing productivity initiatives that are currently in place for the 2014-2020 period.

b) Please identify any new productivity initiatives that are planned to be implemented for the 2021-2025 rate period.

c) Is there any quantified information associated with existing and planned productivity initiatives? If so, please provide savings for each of the identified initiatives. Please explain:

   i. Whether it's one-time saving or persistent saving.
   ii. Whether its capital related or OM&A related initiative.
   iii. How savings for each initiative were calculated/estimated.

1-Staff-5
Ref: Exhibit 1, page 78

Question(s):

[1] EB-2013-0115, Proposed Settlement Agreement, May 6, 2014. Issue 6.2.

a) Please explain any changes made to the 2021 test year OM&A budget and 2021-2025 capital expenditures after BHI's Board of Directors' review in September 2020.

1-Staff-6
Ref: Exhibit 1, page 81

Question(s):

a) Please clarify whether BHI has included any impacts of the COVID emergency in its proposed 2021 OM&A. If so, please specify the impacts.

b) Please clarify whether BHI has included any impacts of the COVID emergency in its proposed 2021 capital expenditures. If so, please specify the impacts.

c) Please provide entries BHI has recorded in each of the COVID-19 sub-accounts established by the OEB.

   i. Please explain the types of costs/lost revenues associated with the amounts that BHI has recorded in each sub-account.
   ii. Please discuss any other types of costs/lost revenues/savings that BHI anticipates recording in the sub-accounts.

1-Staff-7
Ref: Exhibit 1, page 113

Question(s):

a) Please explain reasons for the lower total cost per customer in 2017 compared to other years over the 2015-2019 period.

b) Please explain reasons for the higher total cost per customer in 2019 compared to other years over the 2015-2019 period.

1-Staff-8
Treatment of Leases
Ref 1: Exhibit 1/Appendix F
Ref 2: Exhibit 1/Appendix G

Preamble:

Note 10 Lease Liabilities of BHI's 2019 Audited Financial Statements (AFSs) in Exhibit 1 Appendix F provides the following table:

	Vehicles	Computer software	Total
Right-of-use assets			
Cost			
Balance at January 1, 2019	$ 533,418	$ 265,958	$ 799,376
Transitional adjustment	146,266	131,545	277,811
Balance at December 31, 2019	$ 679,684	$ 397,503	$ 1,077,187
Accumulated depreciation			
Balance at January 1, 2019	$ 195,586	$ 166,233	$ 361,819
Transitional adjustment	48,223	83,965	132,188
Additions	66,729	99,375	166,104
Balance at December 31, 2019	$ 310,538	$ 349,573	$ 660,111
Carrying amounts			
At December 31, 2019	$ 369,146	$ 47,930	417,076
At December 31, 2018	337,832	99,725	437,557

It also states that "Effective January 1, 2019, the Corporation adopted IFRS 16 and transitioned its operating leases to finance leases. The leased assets secure lease liabilities (see note 10). At December 31, 2019, the net carrying amount of the lease liabilities related to the leased assets was $215,210 (2018 – $270,356)".

From the review of Exhibit 1, Appendix G Reconciliation AFSs with Regulatory Financial Results, OEB staff notes that the current portion of lease liabilities of $113,638 is not recognized in the regulatory financial results for 2019.

Question(s):

a) Please confirm OEB staff's observation.

b) If confirmed, please explain where the current portion of lease liabilities is recorded in regulatory financial results for 2019?

c) Please explain how the leased assets (vehicles and computer software) are recognized in the revenue requirement of this rate application and how the treatment of these assets is different than the one in BHI's last cost of service application?

Exhibit 2 – Rate Base and Distribution System Plan

2-Staff-9
Ref: Exhibit 2/Section 2.2 Capital Expenditures

Question(s):

a) Please provide breakdown of forecasted capital expenditures by capital projects in Appendix 2-AA format for each year over the 2022-2025 period in Excel.

b) Using Appendix 2-AA format, please provide the list of capital projects and associated capital expenditures resulting from each step (step 1. Needs Assessment to step 4. Management and Board Review & Approval) of the capital expenditure planning process (as illustrated in Figure 5.4-1 on page 120 of the DSP) for the 2021 test year in Excel.

c) The proposed net capital expenditures for 2021 is about 32% higher than the average level of forecasted capital expenditures for 2022-2025. Has BHI considered a more balanced pacing of its capital plan during the DSP period? If so, please explain what has been done.

d) Please provide BHI's forecasted in-service additions by investment categories (System Access, System Renewal, System Service, General Plant) for the 2021 test year.

e) Please explain BHI's approach to forecasting capital expenditures and related in-service additions.

f) Please provide the updated year to date actual capital expenditures for 2020 by investment categories. Please specify how many months are actual vs. forecast.

2-Staff-10
Ref: Exhibit 2/Section 2.2.3 Policy Options for the Funding of Capital

Preamble:

BHI proposed ACM funding of $2.0 million for the implementation of a new ERP system. The forecasted cost is $1.0 million in both 2022 and 2023.

Question(s):

a) Please provide a breakdown of the forecasted project cost of $2.0 million.

b) Please explain the basis of assuming a useful life of five years for this asset.

c) BHI expects this ERP replacement project to commence in 2022 and be in service in 2023. Please explain in which year BHI plans to start collecting ACM funding for this project (i.e. 2022 rate year or 2023 rate year).

d) In the Material Investment Summary Document for this ERP replacement project, BHI stated that "A thorough analysis of each project alternative will be completed as part of the business case." Please explain why it's a prudent request of ACM funding without a thorough analysis of each project alternative completed in this Application.

e) In the Material Investment Summary Document for this ERP replacement project, BHI stated that "A business case will be developed prior to the start of the RFP process." Please explain why it's a prudent request of ACM funding without a business case developed in this Application.

f) When does BHI plan to start the RFP process?

2-Staff-11
Ref: Exhibit 2 – page 78 of 94

Question(s):

a) Has Burlington Hydro estimated any future true-up payments to Hydro One in relation to Tremaine TS within the rebasing period?

2-Staff-12
Ref: Exhibit 2 – Rate Base, DSP page 34

Question(s):

a) Please identify measures that are not tracked in the OEB's generic scorecard.

b) For DSP Performance Measures with a target of "Monitor" or "Improve", please explain how BHI plans to evaluate its performance on these measures.

c) In light of the OEB's Activity and Program Based Benchmarking Initiative,[2] has BHI considered including cost efficiency and effectiveness measures to track unit cost information for its main OM&A and capital programs/projects?

[2] EB-2018-0278

d) The DSP implementation progress metric will measure BHI's DSP implementation of planned total capital expenditures vs. actuals, has BHI considered a metric to measure the completeness of planned units vs. actuals for its major asset classes?

2-Staff-13
Ref: Exhibit 2 – Appendix 10: 2019 Asset Condition Assessment Report

Question(s):

a) For each of the recommendations identified in section 5 of the report, please specify:

   i. Whether BHI plans to implement the recommendation.
   ii. If yes to part i), please specify the action plan of implementing each recommendation.
   iii. If yes to part i), please specify when BHI plans to start and complete the implementation of each recommendation.

2-Staff-14
Ref: Exhibit 2 – Rate Base, DSP p.45

Question(s):

a) Regarding working capital allowance, please reconcile Table 33 in Exhibit 2, Section 2.1.3, with Appendix 2-JA for the following OM&A items:

   i. Operations
   ii. Administrative and General

2-Staff-15
Ref: Exhibit 2 – Rate Base, DSP pp. 49, 135-140

Preamble:

Table 5.2-13 shows that the capital expenditures over historical period were on average 20% higher than planned.

Question(s):

a) Please provide a breakdown by capital projects for the System Renewal category to show the budgeted amount, the actual spending and the variance for each of the historical years (2014-2019). Please explain any material variance.

b) Please provide a breakdown by capital projects for the General Plant category to show the budgeted amount, the actual spending and the variance for each of the historical years (2014-2019). Please explain any material variance.

c) There is a consistent overspending in the System Renewal category during 2014-2019. Please explain what actions BHI has taken to ensure the actual spending is as close to the forecasted costs as possible.

d) There is a consistent overspending in the General Plant category during 2014-2019. Please explain what actions BHI has taken to ensure the actual spending is as close to the forecasted costs as possible.

e) Please explain what practices are in place, or BHI plans to do, for the 2021-2025 rate period, to ensure the actual capital expenditures are in line with the forecasted costs.

f) Please provide BHI's actual capital expenditures on the implementation of a new Geographic Information System (GIS) over 2019 and 2020.

g) Please provide BHI's actual capital expenditures on the implementation of a new Customer Information System (CIS) over 2019 and 2020.

2-Staff-16
Ref: Exhibit 2 – Rate Base, DSP pp. 44-45

Preamble:

Table 5.2-11 shows reliability performance by cause over the historical period.

Question(s):

a) Do the values in Table 5.2-11 include Major Event Days (MED) or not? If so, please explain which row MED is included.

b) Please discuss if defective equipment was by far the major cause of customer interruptions and what is the basis for the target in Table 5.2-12 on page 48 as

this target is higher than the number of customer hours for all years of the historical period (with the exception of 2015).

c) BHI stated that "Outages caused by defective equipment are trending upwards over the past five years…". Please provide a further breakdown by year and equipment type (same equipment types as the ACA) to identify assets that are driving the increase in outages.

2-Staff-17
Ref: Exhibit 2 – Rate Base, DSP pp.69, 101, 115, 118, 126

Preamble:

BHI uses its Evaluation Tool to perform an economic evaluation of alternatives for its non-mandatory capital programs over $120k. The outcome of this evaluation step is a recommended alternative for each investment need.

Question(s):

a) Please explain the basis of selecting $120k as the threshold of conducting an economic evaluation analysis for non-mandatory capital programs.

b) Please provide BHI's definitions of a capital program vs. a capital project and explain if any difference between these two terms in the Evaluation Tool.

c) Using the Pole Replacement program as an example, please provide supporting calculations performed by the Evaluation Tool. Please specify the cost and benefit assumptions and data used for each alternative, and the calculated net present value for each alternative.

d) On page 68 of the DSP, it was stated that "BHI planners developed alternatives to eight non-mandatory investments in the draft plan and asked customers for feedback on which alternative they preferred as part of customer engagement Phase II." Please provide NPV for each alternative calculated for each capital program as listed in Table 5.4-8 (page 125 of DSP). Please provide detailed Evaluation tool results for reliability, safety and cost benefits for each of the alternatives.

2-Staff-18
Ref: Exhibit 2 – Rate Base, DSP pp. 69-70, 101, 115, 118, 126

Preamble:

BHI uses its Prioritization Tool to standardize risk assessment across a range of projects, providing an objectives-based ranking of each project's contribution to BHI's asset management (AM) objectives.

Question(s):

a) Please explain how this tool relates to the Evaluation Tool.

b) Please explain how capital projects and capital programs are defined in the Prioritization Tool. Are there any difference between capital projects/programs in Prioritization Tool and capital projects/programs in the Evaluation Tool? If so, please provide examples to explain the difference.

c) Please provide details/supporting calculations of the Prioritization Tool with examples.

d) Please explain if any changes in the 2021 total net capital expenditures (as shown in Table 5.4-9 on page 128 of the DSP) before and after the project prioritization process.

e) Are all AM objectives treated as equal or there is a weighting element? If there is a weighting element, please provide the weighting factors used for each objective.

f) Please confirm BHI defines all System Access projects as mandatory projects. Please also confirm BHI defines all System Renewal, System Service and General Plant projects as non-mandatory projects. If not confirmed, please explain how BHI defines mandatory and non-mandatory projects.

2-Staff-19
Ref: Exhibit 2 – Rate Base, DSP p.107

Preamble:

Table 5.4-1 shows prioritized general and reliability outcomes from Phase I of the customer engagement.

Question(s):

a) In terms of reliability outcomes, residential customers believe that "restoration time during extreme weather" is the top priority. Did BHI include any investments over the DSP period related to this customer preference versus the second

ranked preference of overall length of outages? If so, please specify the project, the budgeted amount and the year.

2-Staff-20
Ref: Exhibit 2 – Rate Base, DSP p.117, 118

Preamble:

Table 5.4-6 shows corporate risks and their corresponding probability of occurrence and severity impact and Table 5.4-7 shows tools and analysis for identifying risk.

Question(s):

a) Please explain how corporate risks (listed in Table 5.4-6 on page 117 of the DSP) are related to AM objectives (listed in Table 5.4-7 on page 118 of the DSP) used in the Evaluation Tool and the Prioritization Tool?

b) Do the probability of occurrence and severity potential represent the current system status?

c) How does BHI measure the extent of mitigation of these risks by programs and projects?

2-Staff-21
Ref: Exhibit 2 – Rate Base, DSP p.123-124

Preamble:

In the Program Alternative Evaluation and Pacing subsection on page 123 of the DSP, BHI presented steps used in the Evaluation Tool. Step 3 involves assigning monetary values to the outcomes defined in Step 2.

Question(s):

a) Please explain how monetary value is assigned to each of the following factors:

   i. Safety, e.g. potential fatality or injury
   ii. Environmental protection, e.g. spilling transformer oil in drinking water source
   iii. Regulatory compliance, e.g. non-compliance with the DSC requirements
   iv. Asset performance and operational efficiency
   v. Reliability

b) Was the monetary value assigned benchmarked? If so, please provide the benchmarking study or report.

2-Staff-22
Ref: Exhibit 2 – Rate Bas, DSP pp. 125, 128

Preamble:

Tables 5.4-8 and 5.4-9 shows 2021 prioritized capital expenditures.

Question(s):

a) Since all System Access projects are assigned as priority 1, how are they prioritized among themselves? Can BHI provide scores for each of the mandatory projects resulting from the prioritization process?

b) How does BHI ensure that each project is rated correctly by the project planners and uniformly between planners?

c) BHI mentioned there was “an unplanned, emergency transformer replacement in 2020”. What was the rating of this transformer in the ACA report?

2-Staff-23
Ref: Exhibit 2 – Rate Base, DSP pp. 134

Preamble:

Table 5.4-10 and 5.4-11 show historical and forecasted capital and system O&M costs.

Question(s):

a) The proposed 2021 net capital expenditure is about 39% higher than the historical average (2014-2019). The proposed 2021 system O&M is about 13% higher than the historical average (2014-2019). Please discuss how BHI has considered the integration of capital vs. OM&A trade-off when preparing its 2021 budget.

2-Staff-24
Ref: Exhibit 2 – Rate Base, DSP p. 146

Question(s):

a) Regarding the Storm Damage project, please explain how BHI tracked spending on this project. Does BHI track spending in relation to MEDs or just a generic weather storm?

2-Staff-25
Ref: Exhibit 2 – Rate Base, DSP p. 144

Preamble:

Table 5.4-19 shows historical and test year expenditures for System Access.

Question(s):

a) Excluding forecasted spending on the Dundas St and Waterdown Rd Road Widening programs, the proposed 2021 budget for all other projects in the System Access category represents an increase of about 15% from the historical average spending level over the 2014-2018 period. Please explain drivers for the increase.

2-Staff-26
Ref: Exhibit 2 – Rate Base, DSP p.174

Preamble:

Table 5.4-24 lists capital programs exceeding $180k (material threshold) and then provides Material Investment Summary Documents for these capital programs.

Question(s):

a) Please provide Material Investment Summary Documents for each of the following capital programs, which appear to be missing in the DSP.

    i. Other Third Party Projects (System Access)
    ii. Metering Infrastructure and Systems (System Access)
    iii. Other Substation Renewal (System Renewal)

2-Staff-27
Ref: Exhibit 2 - Appendix 1: 2021 Test Year Material Investment Summary Documents

Question(s):

a) Regarding the Pole Replacement program, of the poles that failed since the completion of the 2019 ACA report, how many have failed and what condition were they rated in the report?

b) Regarding the Underground Rebuilds program, why are there only two alternatives being evaluated?

c) Regarding the Station Transformer Replacement program, BHI is proposing to replace six transformers over the DSP horizon. The ACA results show that there were no station transformers were assigned to the Poor and Very Poor conditions and there were five transformers were assigned to the Fair condition. Please provide the ACA results of the six station transformers that are planned to be replaced over the DSP horizon.

d) Regarding the Intelligent Switches program, what is the assumed SAIDI benefit from the replacement of five intelligent switches over the DSP horizon?

e) Please provide information requested in the attached Excel spreadsheet regarding material investments in the System Renewal category.

f) For each of the capital project in the System Renewal category, please provide supporting calculations and explain how BHI developed the 2021 budget (i.e. what's the relationship between 2021 forecasted number of replacement and the budget?).

2-Staff-28
Ref: Exhibit 2, page 126

Preamble:

BHI stated that "The number of projects identified for execution in a given year is constrained by the upper limit of the capital budget. This limit is determined by BHI Senior Management taking into account capital expenditure and depreciation levels, pacing of investments, customer engagement results, cash flow and borrowing requirements."

Question(s):

a) Regarding these statements noted above, please identify the timing of these activities in the capital expenditures planning process. Please also provide

presentation material to Senior Management, if available, and any approvals in relation to setting the upper limit of the capital budget.

2-Staff-29
Ref: Exhibit 2 - Appendix 10: 2019 Asset Condition Assessment Report

Question(s):

a) METSCO classified BHI's health index formulation as being commensurate with the stage 3 of ACA framework maturity. Was there any back testing of the ACA methodology on previous years' data to see if assets in very poor or poor condition did indeed fail, or required greater than average maintenance? If yes, please provide such analysis.

2-Staff-30
Ref: Exhibit 2 - Appendix 10: 2019 Asset Condition Assessment Report

Preamble:

OEB staff notes that age is a condition factor into the health index formulation for most assets in the ACA report.

Question(s):

a) For each of the following asset types, please provide rationale/explanation of the health index formulation.

- Underground Primary Conductor
- Overhead switches
- Reclosers
- Primary Switchgear
- Batteries and Chargers
- Protection Relays

2-Staff-31
Ref: Exhibit 2 – 2.1.3.1 Calculation of Cost of Power
Chapter 2 appendices – 2-ZA and 2-ZB

Preamble:

BHI used the commodity prices from the Regulated Price Plan Report – November 1, 2020 to October 31, 2021, issued on October 13, 2020 to complete appendix 2-ZA. The

OEB issued new Regulated Price Plan prices effective January 1, 2021 on December 15, 2020.[3]

Question(s):

a) Please update appendix 2-ZA with the new commodity prices.

b) Please use the updated Ontario Electricity Rebate value of 21.2% in appendix 2-ZB.

2-Staff-32
Asset Disposals
Ref: Exhibit 2, Page 43, Section 2.1.2.4

Preamble:

BHI states that:

> BHI has identified its asset disposals in its Fixed Asset Continuity Schedules for each of the historical, bridge and test years. Some of these amounts relate to gains and losses on disposals as a result of the transition to IFRS and have been included in USoA Account 1575, IFRS-CGAAP Transitional PP&E Amounts…The amounts that specifically relate to USoA Account 1575 are disposals associated with the retirement of a pool of like assets. These dispositions are recorded under MIFRS and not under CGAAP. BHI provides a reconciliation of the gains or losses on disposals in its Fixed Asset Continuity Schedules to the gains or losses on disposals attributable to the transition to IFRS, and recorded in USoA Account 1575, in Table 32 below.

OEB staff has reproduced Table 32 as below:

Table 32 – Gains or Losses on Disposals: Account 1575

Year	Total Fixed Asset Continuity Schedule			Recorded under MIFRS and not under Revised CGAAP (1575 Entry)			Recorded under MIFRS and Revised CGAAP		
	Gross Assets	Accum Deprn	Loss/(Gain) on Disposal	Gross Assets	Accum Deprn	Loss/(Gain) on Disposal	Gross Assets	Accum Deprn	Loss/(Gain) on Disposal
2014	($4,098)	$4,098	$0				($4,098)	$4,098	$0
2015 (2014 Disposals)[1]	($1,040,628)	$588,601	$452,027	($181,703)	$99,252	$82,451	($732,381)	$418,653	$313,728
2015				($126,544)	$70,697	$55,848			
2016	($450,984)	$417,963	$33,021	($61,953)	$28,932	$33,021	($389,031)	$389,031	$0
2017	($184,202)	$140,781	$43,421	($80,067)	$58,667	$21,400	($104,135)	$82,114	$22,021
2018	($1,201,456)	$859,038	$342,418	($751,471)	$419,336	$332,135	($449,985)	$439,702	$10,283
2019	($598,896)	$481,886	$117,010	($192,142)	$121,880	$70,262	($406,754)	$360,006	$46,748
2020 Bridge Year	($382,456)	$256,787	$125,669	($382,456)	$256,787	$125,669	$0	$0	$0
2021 Test Year	($382,456)	$256,787	$125,669	($84,207)	$56,538	$27,669	($298,249)	$200,249	$98,000

[3] https://www.oeb.ca/sites/default/files/letter-new-rpp-prices-20201215.pdf

Question(s):

a) Please provide the USoAs for the assets with disposals recorded in Account 1575.

b) Please reconcile the gross assets, accumulated depreciation and loss on disposal for the above assets on the fixed asset continuity schedule for all years to the summary figures provided in the Table 32 above and explain any discrepancies, if applicable.

c) Please provide the actual disposal figures for 2020.

d) Please confirm OEB staff's observation that 2021 disposals are forecasted to be the same as the 2020 disposals.

   i. If confirmed, please explain why the asset disposal figures in Account 1575 in 2021 are different than the ones in 2020.

2-Staff-33
Opening Net Book Values of the ICM Assets
Ref 1: Attachment 2 Chapter 2 Appendices, Tab Appendix 2-BA Fixed Assets Continuity Schedule
Ref 2: Exhibit 2, pages 81 and 83
Ref 3: BHI's 2019 IRM Decision and Order EB-2018-0021, Page 23

Preamble:

On the 2021 Fixed Asset Continuity Schedule, BHI includes the net book value of $2,461,000 (comprised of costs of $2,568,000 and accumulated depreciation of $(107,000)) for the two ICM assets that were approved in its 2019 IRM proceeding.[4]

In Exhibit 2, BHI proposes to incorporate $544,333 for the Tremaine TS CCRA project in 2021 opening rate base and the details of the cost and accumulated deprecation are provided in Table 81, reproduced below:

Table 81 – Actual/Expected Amounts Recorded - Tremaine TS CCRA true-up

Accounts	2019	2020	Cumulative 2020	2021	Total
1508 - Incremental Capital Expenditures	$568,000	$0	**$568,000**	$0	**$568,000**
1508 - Depreciation Expense	$4,733	$9,467	**$14,200**	$9,467	**$23,667**
1508 - Accumulated Depreciation	($4,733)	($14,200)	**($14,200)**	($23,667)	**($23,667)**
1508 - Incremental Capital Expenditures - Carrying Charges	$364	$1,043	**$1,407**	$160	**$1,567**
1508 - Rate Rider Revenues - Carrying Charges	($806)	($3,000)	**($3,806)**	($488)	**($4,295)**
Addition to Opening Rate Base - 2021 Test Year					**$544,333**

[4] EB-2018-0021.

BHI proposes to incorporate $1,916,667 for the Tremaine TS additional breakers in the 2021 opening rate base and the details of the cost and accumulated deprecation are provided in Table 84, reproduced below:

Table 84 – Actual/Expected Amounts recorded for Tremaine TS Additional Breakers CCRA

Accounts	2019	2020	Cumulative 2020	2021	Total
1508 - Incremental Capital Expenditures	$2,000,000	$0	**$2,000,000**	$0	**$2,000,000**
1508 - Depreciation Expense	$16,667	$33,333	**$50,000**	$33,333	**$83,333**
1508 - Accumulated Depreciation	($16,667)	($50,000)	**($50,000)**	($83,333)	**($83,333)**
1508 - Incremental Capital Expenditures - Carrying Charges	$0	$819	**$819**	$342	**$1,161**
1508 - Rate Rider Revenues - Carrying Charges	$0	($624)	**($624)**	($310)	**($933)**
Addition to Opening Rate Base - 2021 Test Year					**$1,916,667**

Page 23 of BHI's 2019 IRM Decision and Order states that:

> The OEB approves the use of full-year inputs in the ICM funding calculations for the two ICM projects approved in this Decision.
>
> The OEB relies upon the best information available, acknowledging that Burlington Hydro has applied to defer rebasing until 2021. Burlington Hydro's deferral request has yet to be decided. If the deferral request is approved, 2021 would be the rebasing year and the full-year rule would apply. If the request is not approved, 2020 would be the rebasing year and the half-year rule would apply.

OEB staff notes that BHI's request to defer rebasing from 2020 to 2021 was approved.

Question(s):

a) Please confirm that BHI has applied the half-year rule for depreciation in 2019 for both ICM projects in calculating the opening net book values of the ICM assets. If so, please provide rationale, given the OEB's findings in the 2019 IRM Decision and Order.

b) Please provide the opening net book values for the two ICM projects, when applying the full year depreciation amount in 2019.

c) Please calculate the rate impact between the half-year depreciation approach used by BHI and the full-year depreciation approach.

2-Staff-34
Amortization of Deferred Revenues USoA 2440
Ref 1: Accounting Procedures Handbook (APH), page 102
Ref 2: Attachment 2 Chapter 2 Appendices, Tab 2-BA Fixed Assets Continuity schedule and Tab 2-H Other Revenues
Ref 3: Attachment 3_2C Depreciation Expenses

Preamble:

Page 102 of the APH defines the deferred revenue USoA 2440 and states that:

> Amounts recognized in this account should be amortized to income over the useful life of the related property, plant and equipment by debiting this account and crediting Account 4245, Government and Other Assistance Directly Credited to Income.

OEB staff notes that USoA 4245 is one of the USoAs in the Appendix 2-H Other Revenues.

Per review of Appendix 2-BA, Appendix C and Appendix 2-H, OEB staff notes that the amortization of the deferred revenues 2440 is netted against the depreciation expense in the Appendix 2-C. However, per the APH, the amortization of the USoA 2440 should be recorded in the USoA 4245 which is one component of the other revenues.

Question(s):

a) Please confirm OEB staff's observation.

b) If confirmed, please update the relevant schedules.

Exhibit 3 – Operating Revenue

3-Staff-35
Load Forecast
Ref: Exhibit 1, page 81

Preamble:

BHI states that it "intends to update its load forecast - before a decision is rendered on this Application – once full 2020 data is available and may consider adjustments at that time if they are material."

Question(s):

a) Is BHI ready to make an update to its forecast with its responses to these interrogatories?

b) If BHI is not ready to make an update to its load forecast at this time, can it advise whether it still expects to make an update, and if so, when that update would be provided?

3-Staff-36
Energy Forecast
Ref: Exhibit 3, page 9, 18, 24, 30,
Ref Load Forecast Model, Monthly Data (to June 2020)

Preamble:

BHI used monthly consumption per customer per day as the dependent variable in the regression models all weather sensitive rate classes. In each case, it indicates that the number of customers and number of month days were found to be statistically significant variables.

As measures of economic activity, BHI has used Ontario FTEs to forecast Residential energy consumption, Toronto FTEs to forecast General Service < 50 kW energy consumption, and GDP to forecast General Service > 50 kW energy consumption.

Question(s):

a) For each of Residential, GS < 50, and GS > 50, please provide the regression statistics and resulting 2021 energy forecast where total class consumption is used as the dependent variable, and number of customers and number of days in the month are used as explanatory variables.

b) Please explain how each measure was selected for each rate class.

c) If BHI has used different measures of economic activity in each rate class because the different measures are most strongly correlated with energy use in each rate class, please explain why BHI believes this to be the case.

d) If BHI has not used the measure most strongly correlated with energy use, please explain why.

3-Staff-37
Energy Forecast
Ref: Exhibit 3, page 15
Ref Load Forecast Model, sheet Res Normalized Monthly Average; sheet Economic 2020 Adj

Preamble:

With respect to COVID-19, BHI indicates that it "intends to update the load forecast - before a decision is rendered on this Application - once full 2020 data is available; and may consider manual adjustments at that time if these direct impacts persist." It states that it performed manual adjustments to forecast consumption from July 2020 to December 2020, but that "the manual adjustments do not persist to the 2021 Test Year forecast.

A comment in sheet Economic (2020 Adj.) cell K28 states "Data in this sheet is used to forecast July 2020 to Dec 2020 Consumption only. It does not Impact the test year forecast."

OEB staff notes that the Res Normalized Monthly Avg worksheet refers to column X (labelled Ont_FTEAdj) of the Economic 2020 Adj sheet for all months from January 2020 to December 2021. Further, the formulas in column X of worksheet Economic 2020 Adj for January 2020 to December 2021 reference the economic variable from one year prior and inflate it by a Feb 12, 2020 BMO forecast of the 2020 FTE growth rate of 1.9%.

In the GS < 50 Normalized Monthly Avg worksheet, OEB staff notes that the economic indicator used is the TorFTEAdj, column F of the Economic 2020 Adj for all months of 2021. For each month, this is calculated as the corresponding month two-years prior, adjusted to increase by the 2019 and 2020 average growth in cells R7 and R8 respectively.

For both General Service < 50 kW and General Service > 50 kW, the applicable growth rates are forecasted on the basis of an average of forecasts from four major banks. These are BMO (June 11, 2020), TD (July 17, 2020), Scotia Bank (August 4, 2020), and RBC (June 10, 2020).

For each rate class, the economic variable and the trend variable exhibit an increasing trend over time. While the economic variable has a positive co-efficient, the trend variable has a negative coefficient.

Question(s):

a) Please confirm that the data in the Economic (2020 Adj.) worksheet is actually used.

b) Please explain why, in the Residential rate class, the 2020 FTE growth rate was used for both 2020 and 2021.

c) Please explain why the No Covid scenario was used for the residential rate class in forecasting 2021.

d) Please explain why the 2019 and 2020 growth rates were used to forecast to 2021 relative to 2019 when the applicable growth rates would have been 2020 and 2021.

e) For each of the residential, general service < 50 kW and general service > 50 kW, have the economic variables and trend variable been tested for colinear independence? If not, please do so.

f) Please provide the results of the tests for colinear independence between the economic variables and the trend variable.

g) As a scenario, please provide a regression for each rate class where a trend variable is not used.

h) Please update the bank forecasts to the most recent available information.

3-Staff-38
Customer Connections
Ref: Exhibit 3, page 28
Ref Load Forecast Model, Monthly Data (to June 2020)

Preamble:

BHI indicates that 40 customers were reclassified from the GS < 50 kW to the GS < 50 kW customer classes in November 2019. As a result, the GS > 50 customer count increased from 980 to 1,020. Subsequently the customer count decreased to 1,006 in January 2020 and 996 the following month.

With respect to GS < 50 kW, BHI also states that it "intends to make an adjustment to the customer counts for the 2020 reclassification before the OEB renders a decision on this application."

Question(s):

a) Is BHI ready to make the adjustment to customer counts for the 2020 reclassification? If so, please provide the adjustment and any reasons for the changes. If not, please provide an update on when BHI believes this information will be available.

b) Please explain the cause of the subsequent decrease in customer connections.

c) Please provide customer connections for all rate classes as of the most recent month available.

3-Staff-39
CDM Adjustment
Ref: Exhibit 3, page 47

Preamble:

Table 28 identified the proposed forecast of the CDM adjustment based on a half-year of savings from 2019, and a full year of savings from 2020 persisting into 2021.

Table 28 –Forecasted kWh Savings by Rate Class

Rate Class	2019			2020	2021	CDM Adj.	LRAMVA Target
	kWh	Weight	Amount	kWh	kWh	kWh	kWh
	A	B	C = A * B	D	E	F = C + D	G = A + D
Residential	28,270	0.5	14,135	0	0	14,135	28,270
GS<50 kW	955,494	0.5	477,747	119,523	0	597,270	1,075,017
GS>50 kW	7,335,111	0.5	3,667,556	2,490,400	0	6,157,956	9,825,511
TOTAL	**8,318,875**	**0.5**	**4,159,438**	**2,609,923**	**0**	**6,769,360**	**10,928,798**

Question(s):

a) For 2019 residential savings, please confirm that 28,270 kWh refers to actual savings from the Swimming Pool Efficiency Program.

b) Please confirm that the GS<50 kW and GS>50 kW rate class savings in 2019 and 2020 are part of the Conservation First Framework (CFF). If so, please provide additional details of the respective CDM programs under each rate class.

   i. If the programs do not appear on the Participant and Cost (P&C) Report, please indicate the source of the program savings.
   ii. Based on part i) above, please provide the supporting evidence (e.g. respective excel spreadsheets) for the 2019 and 2020 program savings allocated to the GS<50 kW and GS>50 kW classes.

c) If the proposed CDM manual adjustment of 6,769,360 kWh is comprised of actual savings, please discuss the need for a CDM manual adjustment as it should be capturing forecast savings only.

   i. Please discuss whether it is appropriate to include the remaining actual savings related to the CFF as part of the CDM variable in the load forecast.
   ii. Please clarify whether a LRAMVA threshold of 10,928,798 kWh is still required. If so, please explain.

3-Staff-40
Other Revenue
Ref: Exhibit 3, pp. 70-77

Question(s):

a) Please provide a breakdown of specific service charges revenues as shown in Table 51 – Other Revenues, for each of the historical years (2014-2020) and the test year (2021).

b) Please provide a breakdown of miscellaneous income revenues as shown in Table 51 – Other Revenues, for each of the historical years (2014-2020) and the test year (2021).

c) Please confirm BHI expects to collect a revenue of $404,000 associated with the implementation of Metrolinx Regional Express Rail project in 2021.

Exhibit 4 – Operating Costs

4-Staff-41
Ref: Appendix 2-JC

Question(s):

a) Please provide the updated year to date actual OM&A costs for 2020 in Appendix 2-JC format. Please specify how many months are actual vs. forecast.

4-Staff-42
Ref: Exhibit 4, pp. 14, 20

Question(s):

a) Table 5 (Exhibit 4, page 20 of 231) shows 90 FTEs in 2019 and 103 FTEs in 2020. Please explain why total salaries and benefits for 2019 is higher than 2020 as shown in Table 3 (Exhibit 4, page 14 of 231).

b) Please provide historical actual costs on computer software (2014-2018). Please identify OM&A programs in Appendix 2-JC that are contained in this computer software category.

4-Staff-43
Ref: Exhibit 4, page 15

Preamble:

When comparing 2021 OM&A with 2019 actuals, BHI stated that approximately 35% of the increase is due to inflationary increases, and the remaining 65% is a result of changes in BHI's operations.

Question(s):

a) Please provide calculations supporting numbers shown in Figure 2 (Exhibit 2, page 15 of 231) for each cost driver. Please explain assumptions used in the calculations (e.g. what inflation factor was used for 2020 and 2021).

b) Please compare 2019 actual OM&A with 2015 actuals by main cost drivers, please explain how much of the increase is driven by inflation and how much of the increase is a result of changes in BHI's operations. Please also provide supporting calculations.

4-Staff-44
Ref: Exhibit 4, page 19

Question(s):

a) Regarding the 24 FTEs identified under the Replacement/Workforce Planning column in Table 4 (Exhibit 4, page 19), please provide a breakdown by department to show how many of them are required to fill vacancies and how many of them are advance hires for retirements.

b) Has BHI filled all six new positions it planned for 2020? If not, please specify which position(s) were not filled at the end of 2020.

c) Does BHI have an established internal process to approve the business case for new positions? If so, please provide examples of the business case prepared for new positions filled in 2020.

4-Staff-45
Ref: Exhibit 4, page 22

Question(s):

a) Please explain how the 2021 bad debt expense of $200k was forecasted.

b) Is the increase of $100,203 in bad debt expense from 2019 actual to 2021 forecast a result of the COVID-19 pandemic?

4-Staff-46
Ref: Exhibit 4, pp. 34-37

Question(s):

a) Compared with 2019 actual, the proposed 2021 OM&A cost per customer will increase by 11%. Please explain how customers will benefit from this increase.

b) Using the 2019 Yearbook of Electricity Distributors, please compare BHI's OM&A cost per customer and OM&A cost per FTE with a peer group of local distribution companies (LDCs). Please explain the criteria for peer group selection and provide the list of selected LDCs. Please discuss the comparison results.

4-Staff-47
Ref: Exhibit 4, page 38

Question(s):

a) Please provide a revised version of Table 14 to include overtime and incentive pay.

b) Please provide two versions of Table 14 (with and without overtime and incentive pay) to compare 2019 actual with 2021 test year budget.

4-Staff-48
Ref: Exhibit 4, pp. 57-65

Question(s):

a) Please explain drivers for the increase of $295k in the Billing program from 2019 actual to 2021 budget.

b) Please expand Table 23 (Exhibit 4, page 61 of 231) to include the number of E-bill enrollments from February 1, 2020 to December 31, 2020. Please also add a row to Table 23 to show the percentage of customers enrolled in E-billing for each time period.

c) What's BHI's expected number of E-bill enrollments for 2021?

d) BHI stated that "New e-billing registrations (i) realized overall administrative savings of approximately $11 per year per customer, primarily driven by postage; and (ii) from January 1, 2017 onwards, partially offset the incremental costs of the transition to monthly billing." Please explain:

   i. How did BHI estimate the $11 per year per customer savings?
   ii. Has BHI reflected savings from e-billing registrations in its proposed 2021 OM&A budget?

4-Staff-49
Ref: Exhibit 4, pp.79-85

Question(s):

a) Please confirm the frequency of the vegetation management activity over the 2014-2019 period is a three-year cycle.

b) BHI stated that "The tendering process for the 2020-2022 cycle period was designed to award the contract to multiple vendors based on several criteria, not a sole vendor as had been past practice." What criteria were considered in the selection of multiple vendors?

c) What's the total contract price for the vegetation management activity for each of the cycles over 2014-2016 and 2017-2019?

d) What's the total contract price for the vegetation management activity for the 2020-2022 cycle?

e) Please provide a breakdown of vegetation management costs by components identified below for each of the historical years (2014-2020) and the test year (2021).

   - Fixed price costs for scheduled vegetation management for a three-year cycle based on the contract pricing

- Variable costs from “as requested” line clearing work as a result of customer calls, trouble calls, and storm related work throughout the year
- Supervisory management

4-Staff-50
Ref: Exhibit 4, page 92

Question(s):

a) Please expand Table 32 – Cost per Locate to include 2020 actual and 2021 forecast.

4-Staff-51
Ref: Exhibit 4, page 136

Preamble:

BHI proposed to adjust its OM&A expenditures in the 2021 test year by ($572,068) to smooth out its employee costs over the next five-year rate term.

Question(s):

a) Please provide supporting calculations explaining how this adjustment was derived.

b) Is there any capitalized portion of salaries and benefits associated with this 4.4 FTEs adjustment?

4-Staff-52
Ref: Exhibit 4, pp. 139-147

Preamble:

BHI discussed several challenges which informed and influenced its workforce planning and strategies.

Question(s):

a) BHI indicated that it has been presented with these challenges since its 2014 Cost of Service. Please explain how these long-lasting challenges are driving the need of an increase in FTEs from an average of 91.2 over the historical period (2014-2018) to an average of 102.6 over the forecast period (2021-2025).

b) BHI stated that "From 2014 to 2019, BHI experienced difficulty staffing vacancies in several departments due to the inability to find skilled labour." What has changed since 2019 that leads to the improvement in staffing vacancies? (from nine vacancies at the end of 2019 to planned zero vacancy at the end of 2020 and 2021).

c) How much lead time is required to hire in advance of retirements? Is it different for different positions/departments? If so, please specify the lead time required for each department.

4-Staff-53
Ref: Exhibit 4, pp. 153-154

Question(s):

a) Please provide a copy of the 2019 Management and Non-Union Employee Pay Report completed by Korn Ferry in December 2019.

b) Please explain if any changes were made to BHI's 2021 compensation plan after this 2019 review.

c) OEB staff notes that BHI filed its 2011 compensation benchmarking study for its non-union staff in the 2014 Cost of Service proceeding.[5] Please compare the 2011 study with the 2019 study and explain:

   i. Changes in the comparator group selected in the reviews
   ii. Changes in methodologies utilized for the design of the studies
   iii. Changes in BHI's benchmarking results

d) Please provide a copy of the Incentive Program Review completed in October 2016 by Willis Towers Watson.

e) Please specify what changes were made to BHI's 2021 incentive pay plan after the 2016 Incentive Program Review.

f) Please expand Table 53 to include 2014 OEB-approved and actual amounts, 2020 actual if available, and 2021 forecast amount. Please explain what assumptions were used to forecast 2021 incentive pay.

[5] EB-2013-0115, Interrogatory responses to Question 2.1 Staff 8, filed February 27, 2014.

4-Staff-54
Ref: Exhibit 4, pp. 158

Question(s):

a) As shown in Table 55, please explain how BHI managed its FTEs lower than the optimal budgeted level and managed the impact on its operations for each year over the 2014-2019 period.

b) Please provide a summary table to identify number of vacancies by department for each of the historical years (2014-2019).

4-Staff-55
Ref: Appendix 2-K

Question(s):

a) Please provide a revised version of Appendix 2-K, Employee Costs, to reflect requests as follows:

   A breakdown of management positions by executives and non-executive positions.
   A breakdown of non-management employees by union and non-union.
   A breakdown of total salary and wages by base salary and wages, overtime and incentive pay.
   To show the expensed and capitalized compensation costs for historical (2014-2020) and the test year (2021).

4-Staff-56
Ref: LRAMVA workform, Tab 5; Exhibit 4, pages 218/221

Preamble:

BHI's LRAMVA claim of $1,039,196 consists of lost revenue from 2019 activity and the persistence of 2013 to 2019 programs into 2020, inclusive of carrying charges to April 30, 2021.

BHI notes that it populated the LRAMVA workform with projects for which it has final savings, and will update in LRAMVA workform with projects from a Post-Project Submission in its interrogatory responses. BHI noted that most retrofit projects were not captured in the April 2019 P&C Report.

Question(s):

a) Please confirm why the additional projects included in this supplemental report were not identified on P&C Report, and explain why these programs are eligible for lost revenue recovery.

b) Please file an excel copy of the Post-Project Submission with the following information included:

- Framework under which the savings will be delivered under (e.g. CFF wind-down framework, interim framework, etc.)
- Date that the program was approved by the IESO
- Expected completion date of the program
- Expected kWh and kW savings (net)
- Delivery agent for the program savings (e.g. LDC or IESO led)
- Approval date of an IESO incentive

c) Please discuss at a program level how the persistence savings from 2019 into 2020 were derived, including the assumptions and reports used.

d) BHI mentioned that the contracted program participants in certain CFF programs are eligible for project extensions to June 30, 2021. Please discuss whether BHI foresees material lost revenues to be claimed in a future application beyond December 31, 2020, and from what types of projects?

4-Staff-57
Ref: LRAMVA workform, Tabs 3 and 5

Preamble:

BHI completed the transition to a fixed residential charge as of May 1, 2019, but it has claimed lost revenues from the residential class in 2019. As a result of the transition to the fixed residential charge, distributors will no longer experience lost revenues due to reduced consumption.

As the May 1, 2019 fixed residential charge is no longer a volumetric rate, the LRAMVA workform calculates residential lost revenues in 2019 by taking the full year value of persisting savings from prior years into 2019 and multiplying that amount by 1/3 of the 2018 volumetric rate (i.e. Jan 1 to April 30, 2019) to calculate lost revenues for 2019, as this period was before the fixed residential charge was in place.

Question(s):

a) Please provide rationale for claiming lost revenues for the residential class for all of 2019 when the utility has transitioned to a fixed residential charge as of May 1, 2019.

4-Staff-58
Ref: Exhibit 4, page 224; LRAMVA workforms, Tab 8 – 2020 IRM (EB-2019-0023) and 2021 COS

Preamble:

The Application indicates there were no changes to the street lighting savings claimed since the 2020 IRM application, and only the persistence of savings is captured in 2019 and 2020. However, the persistence of street lighting savings included in the LRAMVA workform in this proceeding are higher than the savings claimed from both street lighting projects (#1 and 2) in the previous LRAMVA application.

Question(s):

a) Please confirm that the methodology used to calculate street lighting savings captures only incremental street lights from the municipality's participation in the IESO program.

b) In Tab 8 of the LRAMVA workform filed in this proceeding, please explain what the billed demand data in 2017 and 2018 (column C) represents, and reconcile the billed demand kW values (column C) to the pre- and post-demand data (columns L and Q) in the project level tables. Please discuss by project.

c) The number of bulbs replaced did not change materially (i.e. from 7,313 to 7,316 bulbs for project #1, and from 7,600 to 7,698 bulbs for project #2) between the current and previous LRAMVA workform filed in the 2020 IRM proceeding.

    i. Please explain why cumulative gross billed demand has increased by 63% for project #1 (from 366 kW to 594 kW) and project #2 (from 455 kW to 742 kW) and why this change is appropriate.

4-Staff-59
Ref: LRAMVA workform, Tab 1-a

Preamble:

If BHI made any changes to the LRAMVA workform as a result of its responses to the above LRAMVA interrogatories, please file an updated LRAMVA workform, and confirm the LRAMVA balance requested for disposition, the disposition period and the revised rate riders.

Question(s):

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

b) Please ensure that any analysis or supporting documentation filed in response to the above LRAMVA questions do not contain personal information. Please ensure that all confidential information is removed or treated in accordance with Rule 9A of the OEB's *Rules of Practice and Procedure*.

4-Staff-60
Errors in Useful Lives in Last Rebasing Application
Ref 1: Exhibit 4, pages 203-204

Preamble:

BHI states that it has identified some errors in its last rebasing application regarding the useful lives of certain assets: useful lives for some assets were reported incorrectly in 2014 Appendix 2-BB which is shown in the table below:

Table 84 - Useful Lives Incorrectly Reported in 2014 Cost of Service

Category Component	Correct Useful Life	Useful Life (Reported in 2014)	Reason
Fully Dressed Concrete Poles	60	40	reported useful life for wood poles instead of concrete poles
Communication Equipment - Towers	60	10	reported useful life for communications - wireless instead of communications - towers
Repeaters - Smart Metering	15	5	reported useful life for office furniture & equipment instead of repeaters
Data Collectors -Smart Metering	15	5	reported useful life for office furniture & equipment instead of data collectors

BHI also states that "there were some asset categories for which a useful life was not reported in the 2014 Cost of Service although BHI owns these asset categories; or the asset category was assigned to the wrong USoA Account". These assets are identified in the table below:

Table 85 - Asset Categories Missing from 2014 Cost of Service

Category Component	Correct Useful Life	Useful Life (Reported in 2014)	Reason
Station Service Transformer	60	-	BHI did not include in 2014 Appendix 2-BB in error
Solid State Relays	30	30	BHI listed as Distribution Station Equipment instead of System Supervisory Equipment
Remote SCADA	20	-	BHI did not include in 2014 Appendix 2-BB in error
SCADA – Transducer	10	-	not listed in the 2014 Appendix 2-BB
Automobiiles	8	-	not listed in the 2014 Appendix 2-BB
Wholesale Energy Meters	20	-	not listed in the 2014 Appendix 2-BB

Question(s):

a) Was there any rate impact of the errors identified in 2014 rebasing application? If so, please explain and quantify the rate impact.

4-Staff-61
Loss Carry forward
Ref 1: Exhibit 4, page 208
Ref 2: Attachment 27_2021 PILs Workform

Preamble:

BHI states that:

> BHI did not have any non-capital loss carry-forwards at the end of 2019; however it expects to incur a non-capital loss of ($284,753) as identified on Tab "B4 Sch 4 Loss Cfwd Bridge" of the PILS model. BHI expects to use 100% of the non-capital loss carry-forward in 2021. BHI had a capital loss carry-forward at December 31, 2019 of $85,869. BHI does not expect to use this capital loss in 2021.

OEB notes from the PILs workform that BHI realized a non-capital loss of $1,524,915 in 2019 but this loss is not entered into Tab H4 Schedule 3 Loss Cfwd Hist of the PILs workform.

Question(s):

a) Please explain why the loss incurred in 2019 of $1,524,915 is not entered into the Tab H4 of the PILs workform.

b) Please confirm if the non-capital loss of $284,753 in the bridge year 2020 has been updated since the filing date of the pre-filed evidence. If so, please provide an updated figure.

c) Please explain the nature of the capital loss of $85,869 and why BHI does not expect to use this capital loss in 2021.

4-Staff-62
PILs Expense
Ref 1: Attachment 27_2021 PILs Workform
Ref 2: the OEB's Letter "Accounting Direction Regarding Bill C-97", July 25, 2019

Preamble:

BHI has applied accelerated capital cost allowance (CCA) in the PILs model, in accordance with the new Accelerated Investment Incentive Program (AIIP). In the OEB's July 25, 2019 letter Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, it states that:

> The OEB recognizes that there may be timing differences that could lead to volatility in tax deductions over the rate-setting term. The OEB may consider a smoothing mechanism to address this.

Question(s):

a) Please confirm that all of BHI's capital additions in the 2021 test year are forecasted to be eligible for the AIIP.

b) Please discuss whether BHI has considered smoothing of accelerated CCA for all its capital additions and what its conclusion is.

c) Please provide a calculation showing how BHI would smooth CCA over the IRM period, and what the impact to PILs would be under a smoothed and unsmoothed scenario.

d) Assuming the current proposed capital additions are approved in this rate application, please provide the balance in Account 1592 sub-account CCA changes as at end of the IRM term, i.e. 2025, for the full revenue impacts of the phasing out of the AIIP.

Exhibit 5 – Cost of Capital and Capital Structure

5-Staff-63
Ref: Exhibit 5/pages 4, 7 and 8

Preamble:

BHI documents that it has a Promissory Note due to the City of Burlington. The note has a principal of $47,878,608 and attracts a rate equal to the OEB's deemed long-term debt rate. BHI used the 2020 deemed long-term debt rate for this debt in its original application but stated that the rate would be updated.

BHI also forecasts new long-term debt of $10 million for a term of 25 years from Infrastructure Ontario. In its Application, Burlington Hydro has assumed a rate of 3.21% for the new loan; this rate is equal to the 2020 deemed long-term debt rate.

On page 4, BHI stated that it will update its cost of capital parameters based on the OEB-issued 2021 cost of capital parameters once those become available.

The OEB issued the updated cost of capital parameters for 2021 on November 9, 2020, by way of letter.[6] The deemed long-term debt rate for 2021 is 2.85%.

Question(s):

a) Please provide updated information on the status of the new forecasted loan with Infrastructure Ontario, including the principal, date that the loan is being executed on, term, and rate.

b) Please confirm that the Promissory Note due to the City of Burlington will attract the 2021 deemed long-term debt rate of 2.85% as of January 1, 2021.

c) Please update Appendices 2-OA, 2-OB, and the RRWF to reflect changes in BHI's cost of capital parameters in light of the OEB's letter on 2021 cost of capital parameters and the responses to a) and b) above.

[6] OEB letter on 2021 Cost of Capital Parameters, November 9, 2020

Exhibit 7 – Cost Allocation

7-Staff-64
Meter Counts
Ref: Cost Allocation Model Tab I7.1 Meter Capital; I6.2 Customer Data

Preamble:

In the GS < 50 rate class, BHI has entered a total of 5,344 meters of various types. There are forecasted to be 5,564 customers forecasted to be in the rate class.

Question(s):

a) Please reconcile the apparent discrepancy.

7-Staff-65
Weighting Factors
Ref: Exhibit 7, page 10

Preamble:

In determining the service weighting factors, BHI states that it calculated the cost of installing a typical service for each customer class.

BHI states that it determined the billing and collecting costs directly attributable to each rate class and allocated the remaining not-directly attributable costs.

Question(s):

a) Please provide the installed cost (paid by BHI) of a typical service for each customer class.

b) Please provide the proportion of customers in each class where BHI is responsible for providing and maintaining a service connection.

c) Please provide the derivation of the resulting weighting factors. In doing so, please indicate whether each cost was directly attributable or allocated.

d) For each allocated cost, please indicate the allocation methodology use.

7-Staff-66
Load Profiles
Ref: Ex 7, Page 5

Preamble:

BHI used 2018 load profiles as the basis for its load profile updates.

Question(s):

a) Please explain why 2019 data was not used.

b) If the required data is available, please provide updated load profiles using the same methodology and 2019 profiles as the basis.

c) If the resulting load profiles are materially different, please explain why BHI believes this to be the case.

7-Staff-67
Load Profiles
Ref: Ex 7, Page 12

Preamble:

BHI states that “all residential and GS<50 kW customers have a smart meter.” With respect to GS < 50kW, approximately 50% have an interval meter.

Question(s):

a) As of January 1, 2018, please indicate the proportion of customers in each rate class that had a meter capable of measuring energy use over intervals no longer than one hour.

b) As of January 1, 2019, please indicate the proportion of customers in each rate class that had a meter capable of measuring energy use over intervals no longer than one hour.

c) If the answer in part a) is not 100% for all rate classes, please explain how the historic load profiles were produced for those rate classes where not all customers had a metering arrangement capable of measuring hourly energy use.

d) Please provide the data sources for each metering arrangement, the data validation approaches used, and how any missing data is addressed.

e) Please explain whether the hourly load profiles include losses.

f) Does BHI have any primary metered customers?

g) If any adjustments were made for losses, please explain the adjustments made.

7-Staff-68
Load Profiles
Ref: Load Profile Derivation model, sheet 2021 Load Profiles

Preamble:

OEB staff has determined that the sum of the hourly load profiles Unmetered Scattered Load (USL) profile, in column I of the above reference indicates that between 255 and 282 kWh is used in each of the 8760 hours of the year. These values total 2,282,357 kWh. BHI has forecasted 3,103,371 kWh of energy consumption for the USL rate class.

For each of the other rate classes, the sum of the 8760 hours totals the class energy forecast for 2021.

Question(s):

a) Please confirm OEB staff's understanding as set out above or provide a correction and explain the difference.

b) Please confirm that these hourly profiles underpin the demand allocators without any further scaling or adjustment.

c) Please explain the variance in the USL rate class between the total consumption of the profile hours, and the 2021 energy forecast.

Exhibit 8 – Rate Design

8-Staff-69
Retail Transmission Service Rates

Ref: RTSR Model, Tab 3. RRR Data: Tab 5: Historic Wholesale
EB-2019-0023 Rate Generator Model Tab: 4. Billing Det. For Def-Var, Tab: 12: Historic Wholesale

Preamble:

The historic Wholesale and Retail volumes are provided as follows.

	EB-2019-0023	RTSR Model	Change
Wholesale			
Network	3,312,588 kW	3,070,440 kW	-7.3%
Line Connection	3,466,393 kW	3,322,463 kW	-4.2%
Transformation Connection	3,466,393 kW	3,322,463 kW	-4.2%
Retail			
Residential	535,270,676 kWh	535,270,676 kWh	-
General Service < 50 kW	173,151,275 kWh	173,151,275 kWh	-
General Service 50 – 4,999 kW	2,378,408 kW	2,378,408 kW	-
Unmetered Scattered Load	3,138,760 kWh	3,138,760 kWh	-
Street Light	20,571 kW	20,571 kW	-

Wholesale volumes have decreased while Retail volumes are the same as those in the previous application.

Question(s):

a) Please confirm that the retail quantities used in both EB-2019-0023, and the current application reflect the historic actual quantities from 2018.

b) Please ensure that the RTSR model is updated with 2019 retail quantities.

8-Staff-70
Loss Factors

Ref: OEB Appendix 2-R Loss Factors
EB-2016-0059 Rate Generator Model Tab: 4. Billing Det. For Def-Var
EB-2017-0029 Rate Generator Model Tab: 4. Billing Det. For Def-Var
EB-2018-0021 Rate Generator Model Tab: 4. Billing Det. For Def-Var
EB-2019-0023 Rate Generator Model Tab: 4. Billing Det. For Def-Var

Preamble:

The historic retail volumes (kWh) per the RTSR models and Appendix 2-R are as follows:

	2015	2016	2017	2018
Appendix 2-R - Retail	1,616,124,204	1,641,753,762	1,557,033,292	1,596,763,923
RTSR - Retail				
Residential	529,430,951	543,441,721	499,660,804	535,270,676
General Service < 50 kW	168,383,559	168,159,643	165,968,773	173,151,275
General Service 50 – 4,999 kW	901,690,816	913,512,381	878,667,071	878,675,189
Unmetered Scattered Load	3,091,043	3,115,068	3,130,312	3,138,760
Street Light	9,918,768	9,945,983	9,606,332	7,400,916
Total	1,612,515,137	1,638,174,796	1,557,033,292	1,597,636,816

While the 2017 retail volumes in Appendix 2-R match those from the EB-2018-0021, in the remainder of the years, the Appendix 2-R values do not match.

The proposed secondary loss factor of 1.0382 reflects an increase from the approved secondary loss factor of 1.0373.

Question(s):

a) Please reconcile the differences in retail quantities vs the amounts that had been filed in IRM rate cases.

b) Please explain the cause of the increase in loss factor.

8-Staff-71
Pole Attachment Charges
Ref: Exhibit 8, page 15

Preamble:

BHI states that its “existing Tariff of Rates and Charges issued April 16, 2020 does not specify the charge applicable to non-carriers and as such, BHI proposes to add this line item on its Tariff of Rates and Charges.”

Question(s):

a) Please confirm Burlington Hydro's definition of what type of attachments would qualify as "carriers" vs "non-carriers".

b) How many attachments does Burlington Hydro have of each type, "carriers" and "non-carriers"?

Exhibit 9 – Deferral and Variance Accounts

9-Staff-72
Account 1575 IFRS-CGAAP Transitional PP&E Amounts
Ref 1: Exhibit 9, pages 17 – 19
Ref 2: Attachment 2 Chapter 2 Appendices, Tab 2-BA Fixed Assets Continuity Schedule

Preamble:

With respect to Account 1575 IFRS-CGAAP Transitional PP&E Amounts, BHI states that:

> BHI is rebasing under IFRS for the first time in this Application. BHI has used Account 1575 IFRS CGAAP Transitional PP&E amounts ("Account 1575"), to record the financial differences arising from the transition to IFRS, regarding disposition to PP&E. Under IFRS, retirement of assets (pool of like assets) must be recorded each year, whereas under CGAAP no such adjustment was required.
>
> This account therefore, represents the cumulative amounts for the losses on de-recognition of assets accumulated since the transition to IFRS. The loss on de-recognition principally relates to poles, meters and transformers requiring replacement before the end of their useful lives and have been disposed of before they were fully amortized.

BHI provides the following table which shows the breakdown of the losses by year:

Table 7 – Summary of Losses on De-recognition of Assets

Year	Gross Assets	Accum Deprn	Amount
2014 Actual[1]			$82,451
2015 Actual	($308,247)	$169,948	$55,848
2016 Actual	($61,953)	$28,932	$33,021
2017 Actual	($80,067)	$58,667	$21,400
2018 Actual	($751,471)	$419,336	$332,135
2019 Actual	($192,142)	$121,880	$70,262
Total to December 31, 2019	**($1,393,879)**	**$798,763**	**$595,117**
2020 Bridge Year	($382,456)	$256,787	$125,669
2021 Test Year (4 months)	($84,206)	$56,537	$27,669
Total to April 30, 2021	**($1,860,541)**	**$1,112,087**	**$748,454**
Rate of Return			5.41%
Total Return			**$81,007**
Total Amount for Disposition			**$829,462**

1. 2014 recorded in 2015

BHI states that "The 2020 Bridge Year and 2021 Test Year forecast losses of $125,669 and $27,669 respectively, were estimated based on BHI's historical experience from 2014 to June 30, 2020".

OEB staff has compiled the following table for the 2018 net book values of the disposed poles, line transformers and meters and notes that majority of the 2018 disposal is related to the meters:

OEB Account	Description	Disposals - Cost	Disposals - Accumulated Depreciation	Net Book Value of Disposed Assets (Calculated)
1830	Poles, Towers & Fixtures	-$ 13,488	$ 5,602	-$ 7,886
1850	Line Transformers	-$ 88,445	$ 55,036	-$ 33,408
1860	Meters	-$ 649,928	$ 358,427	-$ 291,501
	Total (Calculated)	**-$ 751,861**	**$ 419,066**	**-$ 332,795**

Question(s):

a) Please confirm the table compiled by OEB staff above.

b) Please provide additional details on the disposition of meters in the net book value amount of $291,501 in 2018.

c) Please explain how the 2020 Bridge Year and 2021 Test Year forecast losses of $125,669 and $27,669 were estimated based on BHI's historical experience.

d) Please provide the actual unaudited loss recorded in 2020.

9-Staff-73
Account 1508 Other Regulatory Assets - Deferred IFRS Transition Costs
Ref 1: Exhibit 9, pages 24 and 25
Ref 2: BHI's EDDVAR Continuity Schedule filed in 2014 CoS settlement, dated May 6, 2014

Preamble:

BHI is requesting the recovery of $328,603 in costs incurred for the IFRS transition that was recorded in a sub-account under Account 1508. BHI states that:

> BHI has utilized this sub account to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates. BHI has not previously applied to the OEB for approval to include any IFRS transition costs in distribution rates.

BHI provides the following table showing the breakdown of the IFRS transition costs:

Table 11 – IFRS Transition Costs

Description	pre-2014	2015	2016	Total
Professional accounting fees	$127,488	$11,937	$40,000	$179,425
Professional legal fees	$0			$0
Salaries, wages and benefits of staff added to support the transition to IFRS	$94,377			$94,377
Associated staff training and development costs	$1,196			$1,196
Costs related to system upgrades, or replacements or changes				$0
Other	$13,078			$13,078
Total Principal Amount	**$236,139**	**$11,937**	**$40,000**	**$288,076**
Total Carrying Charges				**$40,527**
Total Proposed for Disposition				**$328,603**

BHI states that "The costs incurred in 2015 and 2016 related to the development of IFRS and CGAAP financial statements and note disclosures". BHI also explains that the salaries of $95,377 represents the cost associated with a temporary staff because "Temporary staff was hired to assist with the transition to IFRS in 2009 and 2010".

From the review of the DVA continuity scheduled filed in BHI's settlement dated May 6, 2014, OEB staff notes that BHI did not input any figures in the Account 1508 sub-account Deferred IFRS Transition Costs.

Question(s):

a) Please confirm the OEB staff's observation above and explain whether BHI had disclosed the IFRS transitional costs in the 2014 rate application.

b) Please explain why BHI did not input any figures in Account 1508 sub-account IFRS transition Costs in the closing 2014 DVA continuity schedule, given that the majority of pre-2014 costs listed in the table above would have been available at that time?

c) Please provide additional detail regarding the nature of work that the temporary staff were assigned.

9-Staff-74
Account 1508 Other Regulatory Assets - Pole Attachment Charge Revenues Variance
Ref 1: Exhibit 9, pages 25 and 26

Preamble:

BHI is requesting to dispose $(727,884) in Account 1508 sub-account Pole Attachment Charge Revenues Variance. BHI states that "BHI has forecast activity up until April 30, 2021 prior to the rebasing of rates in May 1, 2021. There will be no additional principal balances after April 30, 2021".

BHI provides the following table showing the breakdown of the variances by year:

Table 12 – Pole Attachment Charge Revenues Variance

Period	Principal	Carrying Charges	Amount
Total to December 31, 2019	($316,414)	($1,688)	($318,101)
2020 Bridge Year	($302,190)	($5,632)	($307,822)
2021 Test Year (4 months)	($100,730)	($1,230)	($101,960)
Total to April 30, 2021	**($719,334)**	**($8,550)**	**($727,884)**

Question(s):

a) Please fill out the table below for the pole attachment revenue variances by year since September 1, 2018 (prorating for four months in 2018 as needed) and compare to the principal balance recorded in the account:

Year	# of Pole Attachments	OEB-Approved Pole Attachment Rate	Rate approved in the last CoS proceeding	Calculated Pole Attachment Revenue Variance $	Principal Balance recorded in Account 1508	Difference

Please explain any differences.

b) Please explain whether the number of pole attachments in 2020 is based on an actual, rather than estimated, figure. If not, please update the figure to actuals and recalculate the 2020 revenue variance.

c) Please provide the assumption(s) used as the basis for the forecasted number of pole attachments in 2021 in the table above.

9-Staff-75
Account 1508 Other Regulatory Assets - Monthly Billing Incremental Costs
Ref 1: Decision and Order EB-2016-0384 & EB-2016-0059, pages 15 and 16
Ref 2: Exhibit 9, pages 27 - 29

Preamble:

On page 15 of the decision and order for EB-2016-0384 & EB-2016-0059, BHI stated that:

> With respect to materiality, Burlington Hydro estimated that the annual incremental costs associated with the transition to monthly billing would be $335,000. These estimated costs include incremental billing costs, incremental exceptions processing costs and incremental call centre costs. Burlington Hydro has also estimated that there would be potential benefits associated with transitioning to monthly billing as follows:
>
> - reductions in bad debt expense of $79,000,
> - avoided costs of transition to e-billing of $54,000, and
> - avoided call centre costs of $9,500
>
> Burlington Hydro expects that the total offset to costs would be $142,500 for a net increase in costs of $192,500. The net incremental cost of $192,500 is in excess of Burlington Hydro's materiality threshold of approximately $145,000 as determined from its OEB-approved 2014 cost of service application. Burlington Hydro noted that it is actively monitoring its working capital position for impacts attributable to monthly billing its residential customers.

The OEB approved the establishment of this deferral account and stated that:

> The deferral account will be used to record the incremental costs directly attributable to the transition to monthly billing. The associated offsetting benefits shall include but not be limited to reduction in bad debt expense, working capital allowance, avoided costs of transition to e-billing and other avoided costs.

In the current application, BHI is requesting to dispose of a principal balance of $851,261 plus carrying charges in Account 1508 sub-account Monthly Billing Incremental Costs and provides the breakdown of the costs as below:

DR/(CR)	2017	2018	2019	2020 Bridge Year	2021 Test Year	Total
Postage/Mail Service/Stationery Costs	$339,341	$256,409	$238,819			$834,569
Working Capital Allowance Savings	($44,875)	($26,592)	($18,543)			($90,011)
Revenue Requirement [1]			$70,073			$70,073
Sub-Total to be Recovered from Customers	**$294,466**	**$229,817**	**$290,349**	**$0**	**$0**	**$814,631**
Carrying Charges	$1,366	$7,700	$14,871	$11,165	$1,527	$36,629
Total to be Recovered from Customers	**$295,832**	**$237,517**	**$305,220**	**$11,165**	**$1,527**	**$851,260**

With respect to the postage/mail service/stationary costs, BHI states that:

> BHI determined incremental costs by multiplying the number of additional paper bills generated by the adoption of monthly billing by the per invoice postage, mail service and stationery costs.
>
> The savings from any transition to e-billing is factored into this number by using the number of paper bills only.

With respect to the 2019 revenue requirement impact of $70,073, BHI states that:

> BHI incurred $139,126 in capital expenditures to install software in its legacy Customer Information System ("CIS") to transition its residential customers from bi-monthly billing to monthly billing. This expenditure was outside of the base upon which rates were set and as such BHI has included the revenue requirement associated with this expenditure in the deferral account.

Question(s):

a) Please explain why the actual net incremental costs in 2017 to 2019 (ranging from $229,817 to $294,466) are much higher than BHI's original estimate of the annual incremental cost $192,500, as stated in its 2017 rate application.

b) Please separate the postage/mail service/stationary costs in the table above into the costs and the savings from the transition to e-billing and provide the calculation for each category, showing the number of the bills and cost/saving per bill.

c) Please provide the calculation of the working capital allowance savings.

d) Please explain why there are no reduction of bad debt expenses and avoided call center costs included in the account, as originally estimated by BHI in 2017.

e) Please provide the basis/reference in BHI's 2017 decision and order that supports the inclusion of the revenue requirement on monthly billing software in the account.

9-Staff-76
Account 1508 Other Regulatory Assets - OEB Cost Assessment Variance
Ref 1: Exhibit 9, pages 30 and 31

Preamble:

BHI is requesting to dispose of $452,018 in Account 1508 sub-account OEB Cost Assessment Variance and states that "BHI has forecast activity up until April 30, 2021 prior to the rebasing of rates in May 1, 2021 and as such requests that this account be discontinued".

BHI provides the breakdown of the costs by year in the following table:

Table 16 – OEB Cost Assessment Variance

Description	Amount in Rates	Amount Billed	Principal Amount Recorded in DVA
2016	$154,500	$226,832	$72,332
2017	$206,000	$305,720	$99,720
2018	$206,000	$283,368	$77,368
2019	$206,000	$286,124	$80,124
Total to Dec 31, 2019	**$772,500**	**$1,102,044**	**$329,543**
2020 Bridge Year	$206,000	$284,735	$78,735
2021 Test Year	$68,667	$94,667	$26,000
Total Principal Requested for Dispostion	**$1,047,167**	**$1,481,446**	**$434,278**
Total Carrying Charges			**$17,740**
Total Amount Requested for Dispostion			**$452,018**

Question(s):

a) Please update the 2020 cost to the actual billed amount, if available. If not, please explain how the forecast is derived.

b) Please explain how the 2021 forecasted cost is derived.

9-Staff-77
Account 1508 Other Regulatory Assets - Collection Charges Lost Revenue
Ref 1: Decision and Order EB-2019-0179, pages 31 and 32
Ref 2: Exhibit 9, pages 31 and 32

Preamble:

BHI provides the following cost breakdown that is booked in this account:

Table 17 – Collection Charges Lost Revenue

Description	Jul 1/2019 - Dec 31/2019
# of Collection Notices issued	9,925
$ Charge/Collection notice	$30
Total Collection Charges Lost Revenue	$297,750
Savings from Process Changes	($22,400)
Total Principal Amount Recorded in DVA	**$275,350**
Carrying Charges	$5,548
Total Amount Requested for Disposition	**$280,898**

BHI states that "BHI confirms that it changed its process for field collection services to (i) move to an hourly versus piece rate and (ii) eliminate hand delivery in order to offset the lost revenue as a result of the elimination of the collection of account charge".

Question(s):

a) Please explain why there is no substantial saving from the removal of the collection charges activity and provide the calculation for the savings from process changes of $22,400.

9-Staff-78
Account 1508 Incremental Capital Module - Tremaine TS CCRA and Account 1508 Incremental Capital Module - Tremaine TS CCRA
Ref 1: Exhibit 2, pages 80-82
Ref 2: Exhibit 9, page 33
Ref 3: Attachment 18, DVA Continuity Schedule

Preamble:

BHI requests to dispose of $(175,855) in Account ICM – Tremaine TS CCRA and provides the following breakdown of the variance:

Table 80 – Comparison of Revenue Requirement to Revenue Collected from Customers

Description	Amount
Annual Revenue Requirement (2019 as per EB-2019-0023)	$42,632
Annual Revenue Requirement (2020)	$42,894
Average Annual Revenue Requirement over Recovery Period	**$42,719**
Months of Recovery	24
Total Revenue Requirement	$85,439
Total Rate Rider Collected	$260,566
(Over)/Under Collection	**($175,127)**
Carrying Charges (Due to)/Due from Ratepayers	($2,727)
Amount (Due to)/Due from Ratepayers	**($177,855)**

BHI requests to dispose $7,934 in Account 1508 Incremental Capital Module - Tremaine TS CCRA. In Exhibit 2, BHI states that "BHI proposes to dispose of the amount due to ratepayers via a one-year rate rider" for both ICM accounts.

OEB staff notes, from the review of the DVA continuity schedule, that both ICM accounts are includes as part of Group 2 accounts disposing over the two-year period.

Question(s):

a) Please clarify whether the proposed disposition for these two ICM accounts is one year or two years.

b) Please explain what has led to such a substantial over-collection for this project.

c) Please provide the calculation for the total rate rider collected of $260,566 showing the rate riders per the rate classes and the billing determinants.

9-Staff-79
Account 1592 PILs and Tax Variances – CCA Changes
Ref 1: Exhibit 9, pages 35 and 36
Ref 2: the OEB's Letter "Accounting Direction Regarding Bill C-97", July 25, 2019
Ref 3: Exhibit 4, Appendix E 2019 Tax Return

Preamble:

BHI is requesting to dispose $(192,554) to the ratepayers for the CCA changes. The amount represents 50% sharing of the total principal balances in 2018 and 2019 of $376,460 plus the carrying charges of $4,323 as shown in the table below:

Table 18 – Impact to Revenue Requirement of CCA Changes

Description	2018	2019	Total
Prior CCA	$444,452	$1,173,802	$1,618,254
Accelerated CCA	$787,863	$1,874,539	$2,662,402
Difference in CCA	($343,411)	($700,737)	($1,044,148)
Tax Impact @ 26.5%	($91,004)	($185,694)	($276,698)
Grossed up PILs	**($123,815)**	**($252,645)**	**($376,460)**
Remove 50% of Principal Amount			$188,230
Add Carrying Charges			($4,323)
Total Payable to Ratepayers			**($192,553)**

The OEB's July 25, 2019 letter Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance states that:

> The OEB expects Utilities to record the impacts of CCA rule changes in the appropriate account (Account 1592 - PILs and Tax Variances and similar accounts for natural gas utilities and OPG) for the period November 21, 2018 until the effective date of the Utility's next cost-based rate order. For the purposes of increased transparency, the OEB is establishing a separate subaccount of Account 1592 - PILs and Tax Variances – CCA Changes specifically for the purposes of tracking the impact of changes in CCA rules.

Schedule 8 of PILs Wordform shows the 2019 accelerated CCA (per column 17) is $10,259,615. OEB staff notes that the 2019 accelerated CCA per the table above is $1,874,539.

Question(s):

a) Please clarify that the "Prior CCA" in the table above refers to the CCA under the half-year legacy rule prior to the implementation of the Accelerated CCA rules.

b) Please provide the calculations for the 2018 and 2019 "Prior CCA" figures in the table.

c) Please provide a copy of Schedule 8 in 2018 tax return and reconcile that with the accelerated CCA figure above.

d) Please explain the discrepancy noted between the 2019 accelerated CCA on Schedule 8 of the tax return and the figure in the table.

e) Please explain whether the CCAs are calculated using the approved capital expenditures in the last cost of service proceeding or the actual capital expenditures in the respective periods.

   i) If BHI has used the actual capital expenditures to calculate the CCA differences, please explain the rationale of this approach and please also provide the calculation of the CCA differences in 2020 and four months in 2021 using the forecasted capital expenditures.
   ii) Please provide the CCA differences calculation from 2018 to 2020 using the approved capital expenditures in BHI's last cost of service proceeding.
   iii) Please compare the CCA differences using the actual capital expenditures and the approved capital expenditures in BHI's last cost of service proceeding.

f) Is BHI aware of any other circumstances in which the OEB approved refunding 50% of the AIIP impacts to ratepayers? If so, please provide references to the applicable evidence.

9-Staff-80
Interim Disposition of Group 1 DVAs
Ref 1: Exhibit 9, page 38

Preamble:

BHI states that:

> In BHI's 2020 IRM application (EB-2019-0023), the OEB approved BHI's proposal to dispose of its Group 1 account balances on an interim basis given that it was implementing new processes with its new CIS. BHI committed to address two issues with its calculation of its Group 1 DVA balances during that time:
>
> i) not recording different rates for RPP and non-RPP cost of power; and
> ii) not re-estimating unbilled revenue at the end of each month;
>
> BHI has not implemented its CIS as of the date of filing this Application. As such it is unable to address the two issues identified above and these continue to be deviations from the OEB's Accounting Guidance related to Accounts 1588 Power, and 1589 RSVA Global Adjustment. As such, BHI proposes to dispose of its Group 1 deferral and variance account balances in this Application on an interim basis until such time as it can finalize its processes for the Commodity

Pass-Through Variance Accounts using its new CIS.

Question(s):

a) Please confirm that BHI is not requesting final disposition of its 2018 Group 1 DVA balances, previously disposed on an interim basis, in this application.

b) Please provide the status of the CIS implementation and the anticipated process change date for the commodity pass-through accounts.

9-Staff-81
GA Analysis Workform
Ref 1: Attachment 23, GA Analysis Workform

Preamble:

On Tab "GA 2019" of the GA Analysis Workform, OEB staff notes that BHI entered an amount of $336,022 in Note 5 Reconciling Item #4 Differences in actual system losses and billed TLFs.

Question(s):

a) Please provide the calculation for the line loss difference related to the GA of $336,022.

9-Staff-82
Two Issues Related to the Commodity Accounts
Ref 1: 2020 IRM Decision and Order EB-2019-0023, pages 12 and 13

Preamble:

Page 12 of the 2020 IRM Decision and Order EB-2019-0023 states that:

> 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]

The OEB stated that:

> 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** [emphasis added].

Question(s):

a) Please describe how the third and fourth issue identified in 2020 IRM proceeding have been resolved.

b) Please provide the associated evidence to show the resolution of the issues.