



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

BY EMAIL

December 2, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

Re: EB-2022-0018 Application for 2023 Rates

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

Burlington Hydro Inc.'s responses to interrogatories are due by December 16, 2022.

Any questions relating to this letter should be directed to Marc Abramovitz at Marc.Abramovitz@oeb.ca or at 416-440-7690. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Marc Abramovitz
Case Manager

Encl.

**OEB Staff Interrogatories
Burlington Hydro Inc. (Burlington Hydro)
EB-2022-0018**

Please note, Burlington Hydro Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff-1

Ref: Rate Generator Model, Tab 16, 17 and 20ts

OEB staff has updated Burlington Hydro's IRM model for the following items:

1. Updated Price Escalator to 3.70% (Sheet 16)
2. Updated Smart Meter Entity Charge of \$0.42, effective January 1, 2023 (Sheet 17)
3. Updated Time-of-Use Pricing to November 1, 2022 rates
4. Updated Ontario Electricity Rebate to 11.7% (Sheet 20)

Question:

- a) Please confirm that the model attached to these interrogatories reflects these updates.

Staff-2

Ref 1: EB-2021-0010, Decision and Rate Order, Pages 9 & 10

Ref 2: Manager's Summary, Pages 12 & 24

Reference 1 states the following:

The OEB accepts Burlington Hydro's proposal to dispose of balances on an interim basis, given that the implementation of new processes with its CIS is still underway, which may subsequently affect the balances being disposed. The OEB also notes and accepts Burlington Hydro's commitment to make further improvements in 2022 to align its processes with the OEB's Accounting Guidance. The OEB anticipates that, as part of its application for 2023 rates, Burlington Hydro will be in a position to seek finalization of all Group 1 balances (2017 to 2020) that currently remain disposed on an interim basis.

Based on Reference 2, it appears that Burlington Hydro has implemented the required changes to the accounting guidance in Q1 of 2022.

Questions:

- a) Please explain why Burlington Hydro still seeks the disposal of Group 1 deferral and variance accounts on an interim basis in this application.
- b) Please confirm the implementation of the CIS and related alignment with the Accounting Guidance has not resulted in adjustments to past balances. If not confirmed, please explain the nature of the adjustments, indicate when the adjustments were made, and quantify the adjustments.
- c) Please confirm that upon implementation of the CIS and related alignment with the Accounting Guidance, Burlington Hydro is in compliance with the Accounting guidance. If not, please explain.

Staff-3

Ref 1: 2023 GA Analysis Workform

Ref 2: Rate Generator Model, Tab 3 – DVA Continuity Schedule

For Accounts 1589 and 1588, the variance between RRR vs. 2021 Balance (column BW) in the DVA Continuity Schedule typically equals the reversed sign of “Total Current Year Principal Adjustments” in the principal adjustment tab of the GA Analysis Workform as principal adjustments are typically timing differences that will reverse.

OEB staff prepared a table below showing the difference between the two items noted above.

	Account 1589	Account 1588
GA Analysis Workform - Principal Adjustment Tab	117,709	(128,463)
DVA Continuity Schedule - column BW	0	0
Difference	117,709	(128,463)

Question:

- a) Please reconcile and explain the difference between the Current Year Principal Adjustments shown in the GA Analysis Workform to the variance between the RRR vs. 2021 Balance in the DVA Continuity Schedule. Please revise the evidence as necessary.

Staff-4

Ref 1: EB-2021-0010, Decision and Rate Order, Page 10

Ref 2: GA Analysis Form, Tabs GA 2021 & Principal Adjustments

Reference 1 states that:

Burlington Hydro states that the corrections to Accounts 1588 and 1589 were driven by a change in the RPP and non-RPP consumption used for calculating the IESO RPP vs. Market Price Claim for the months of October, November, and December 2020.

Reference 2 states that:

- In Tab GA 2021, \$117,709 (Cell C76) is due to “True-up of Aug-Sep, 2020 from new CIS billing system not captured in 2020 DVA balances.”
 - In Tab Principal Adjustment, \$117,709 for Account 1589 (Cell J54), \$(117,709) and \$(10,754) for Account 1588 (Cell V54, V55) are 2021 principal adjustments that are recorded in the 2021 general ledger
- a) Regarding Account 1588, please confirm that the \$(117k) and \$(11k) noted in Ref 2 Tab Principal Adjustments (Cells V54, V55) were identified and recorded in the 2021 GL.
- i. If confirmed, please also confirm that the \$(117K) and \$(11K) adjustments were not included in the 2021 “Transaction debit/(credit) during 2021” of \$(858,893) on the DVA continuity schedule for Account 1588.
 - ii. if not confirmed, please explain and update the evidence as applicable to avoid duplication of the adjustment
- b) Regarding Account 1589, please confirm that the \$117K noted in Ref 2 Tab Principal Adjustment (Cell J54) was identified and recorded in the 2021 GL.
- i. If confirmed, please also confirm that the \$117k adjustment was not included in the “2021 Transaction debit/(credit) during 2021” of \$(1,226,944) on the DVA continuity schedule for Account 1589.
 - ii. If part i is confirmed and the \$(1,226,944) excludes the \$117K adjustment pertaining to 2020 activity, please explain why \$117K was identified as a reconciling item as noted in Ref 2 Tab GA 2021 (Cell C76). Please revise the evidence as necessary.
 - iii. If b or bi above are not confirmed, please explain and update the evidence as applicable to avoid duplication of the adjustment.
- c) In 2020, Burlington Hydro reassessed Oct. to December 2020 RPP settlements and made corresponding adjustments to Accounts 1588 and 1589. In 2021, it appears that Burlington Hydro reassessed August and Sept. 2020 RPP settlements and made corresponding adjustments to Accounts 1588 and 1589. Please indicate the period in which Burlington Hydro has the data to reassess RPP settlements and make principal adjustments for it

- i. If it is prior to August 2020, please confirm whether Burlington Hydro will be going back any further to reassess RPP settlements and make similar types of principal adjustments.
- ii. If Burlington Hydro has the data prior to August 2020 and is not planning on reassessing RPP settlements, please explain why not.
- iii. If Burlington Hydro has the data prior to August 2020 and is planning on reassessing RPP settlements, please explain Burlington Hydro's plans for the reassessment and any resulting principal adjustments.

Staff-5

Ref 1: GA Analysis Form, Tab Principal Adjustments

Reference 1 states:

- For Account 1589, \$34,335 in Tab Principal Adjustments (Cell J28) is due to "CT 148 true-up of GA Charges based on actual Non-RPP volumes" and it is "balance reported to OEB in 2.1.7 Trial Balance for 2020 in RRR revision Oct/21 and disposed of in 2022 IRM".
 - For Account 1588, \$(34,335) and \$(387,760) in Tab Principal Adjustments (Cells V19 and V20) is due to "CT 148 true-up of GA Charges based on actual RPP volumes" and "CT 1142/142 true-up based on actuals", respectively. It is also noted that balance reported to OEB in 2.1.7 Trial Balance for 2020 in RRR revision Oct/21 and disposed of in 2022 IRM".
- a) Please confirm that statement "balance reported to OEB in 2.1.7 Trial Balance for 2020 in RRR revision Oct/21 and disposed of in 2022 IRM" is to mean that the noted true-ups adjustments pertaining to 2020 were included in the 2020 RRR and general ledger upon revision in October 2021.
 - b) Please also confirm that the transactions of \$(858,893) for Account 1588 and \$(1,226,944) for Account 1589 in the DVA Continuity Schedule excludes the 2020 true-up adjustments, and the transactions only pertain to 2021 activity.
 - c) If part a or b above are not confirmed, please elaborate further on why the noted 2020 principal adjustments for Accounts 1588 and 1589 do not need to be reversed in 2021.

Staff-6

Ref 1: Manager's Summary, p.37

Ref 2: OEB's Decision and Rate Order (EB-2018-0021), p.13

In Reference 1, Burlington Hydro stated that it has several strategies for mitigating the impact of extreme weather events, however it could not have foreseen, planned or budgeted for the storm experienced on May 21.

In the OEB's Decision and Rate Order for Burlington Hydro's Z-factor claim for the windstorm that occurred in May 2018 (Reference 2), the OEB stated the following:

As this is the second z-factor claim by Burlington Hydro within five years, the OEB needs assurance that the distributor is updating its risk assessment and planning accordingly, given the weather in its service area.

Questions:

- a) Has Burlington Hydro taken any steps since the May 2018 windstorm to improve its risk assessment and planning in light of increasing extreme weather events? If so, please describe the updates made to its risk assessment and planning. If not, please explain why not.
- b) Please provide Burlington Hydro's annual budgeted and actual amounts for capital expenditures and OM&A related to emergency response for the period 2017 to present.

Staff-7

Ref 1: Manager’s Summary, Table 22, p.35

Ref 2: Manager’s Summary, Table 23, p.35

Burlington Hydro provides the summary of storm costs in Reference 1 and the summary of the Z-factor claim in Reference 2.

Questions:

- a) Based on the data in Reference 1, please provide the breakdown of the storm costs in the following format:

Cost Category	Capital Cost \$	O & M Cost (Regular-Time Labour) \$	O & M Cost (Recorded in Account 1572) \$	Total Cost \$
Burlington Hydro Labour (Regular)				
Burlington Hydro Labour (Overtime)				
Materials				
LDC Mutual Aid Costs				
Contracted Services - Line Services				
Contracted Services - Excavation and Tree Removal				
Other				
Total				

- b) Please confirm that the costs included in the Z-factor claim in Reference 2 are incremental costs (outside of the base upon which rates were derived).
 - i) Please provide additional information to illustrate that these costs are incremental to what underpins rates.
- c) Please confirm that the Z-factor claim is directly related to the Z-factor event and if the windstorm event had not occurred, Burlington Hydro would not have incurred any of the costs.
- d) Please clarify the cost categories and dollar amounts that have not been audited in relation to the restoration of power after the windstorm.
- e) Please indicate when the above costs will be audited.

Staff-8

Ref: Manager's Summary, p.37

Questions:

- a) Please provide a breakdown of all Burlington Hydro's internal labour costs applicable for the affected period in the following format:

Department	Number of Eligible Employees	Number of Regular Hours Worked	Total Regular Time Payments (\$)	Number of Overtime Hours Worked	Total Overtime Payments (\$)
Management					
Other Non-Union Employees (Health and Safety)					
Sub-Total Non-Union					
Union Employees:					
Operations					
Other					
Sub-Total Union					
Total Internal Labour for Affected Parties					
Total Z-Factor O&M Labour Costs					
Total Non-Z-Factor O&M Labour Costs					
Total Non-Z-Factor Capital Labour Costs					

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

Staff-9

Ref 1: Manager's Summary, Table 22, p.22

Ref 2: Manager's Summary, p.37

Ref 3: EB-2018-0021

In Reference 1 and 2, staff notes that Burlington Hydro relied partially on support from alliances and mutual assistance agreements in the restoration effort.

Questions:

- a) Provide a copy of Burlington Hydro's most current Emergency Operations Plan.
- b) Discuss any deviations from Burlington Hydro's Emergency Operations Plan.
- c) Explain who Burlington Hydro's alliances were that they relied on.
- d) Clarify whether Burlington Hydro paid any premium amounts to its third-party contractors.
- e) Provide a separate schedule (breakdown) of each third party contractor invoice based on labour, materials, accommodations, meals, truck, other (provide explanation).

Staff-10

Ref: Manager's Summary, p.33-34

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

Questions:

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

Staff-11

Ref: Manager's Summary, p.34

- a) Has all restoration work been completed? If not, please describe the work that remains from the storm, and provide the estimated costs for the respective work.
- b) Please explain how Burlington Hydro differentiates between any asset replacement required as a result of the storm and any asset replaced as part of the regular pole replacement program.
- c) Please provide the total pole replacement cost and the number of poles replaced due to the storm.
- d) What was Burlington Hydro's budgeted cost for the pole replacement in 2022?

- e) What was Burlington Hydro's actual pole replacement costs in 2022. Please explain the variance from the answer for (d).
- f) Has Burlington Hydro deferred any planned capital projects due to the costs of the windstorm? If so, please provide the details.

Staff-12

Ref 1: Manager's Summary, p. 33

Burlington Hydro describes the wind gusts of up to 140 km/hr which caused trees and poles to fall, resulting in outages.

Questions:

- a) Please provide Burlington Hydro's annual budget and actual amounts for its vegetation management program for the period 2017 to date.
- b) Does Burlington Hydro have an assessment program to determine trees that could potentially cause damage to its line infrastructure due to severe weather events? If not, please explain why.

Staff-13

Ref: Manager's Summary, p.38

In light of current economic conditions (i.e. high inflation and rising interest rates) it may have on Burlington Hydro's customer base, please explain whether Burlington Hydro has:

- a) performed an assessment on its customers' current ability to pay for an incremental amount related to the Z-factor, given the current economic environment?
- b) considered any other bill impact mitigation strategies to assist its customers in being able to absorb this incremental amount?

Staff-14

Ref: Manager's Summary, p. 27

Burlington Hydro notes that there is a difference of \$171,979 between its LRAMVA and the figures filed as part of its 2021 RRR filing as the RRR filing was based on estimated lost revenues.

Question:

- a) Please confirm that Burlington Hydro is only seeking recovery of the debit balance in the LRAMVA of \$169,106 based on lost revenues in 2021.

Staff-15

Ref: LRAMVA work form, Tab 5 – 2015-2027 LRAM

Burlington Hydro has included persisting lost revenues from programs delivered between 2013 to 2021.

Questions:

- a) Please discuss why Burlington Hydro has included persisting savings from 2013 to 2020 CDM programs as part of its LRAMVA calculation when these values were to be incorporated as part of Burlington Hydro's updated load forecast that was approved in its 2021 cost of service application. Please provide any references to the OEB accepting that Burlington Hydro is able to claim persisting CDM savings from historic years.
- b) Please provide an updated LRAMVA workform that removes all historic lost revenues captured in Burlington Hydro's updated load forecast approved in its 2021 cost of service application.

Staff-16

Ref: Manager's Summary, p. 30

Burlington Hydro noted in its discussion of the Streetlighting Retrofit Project that although it included forecast demand savings in its load forecast in the 2014 cost of service application, it did not include any additional streetlight savings in its updated 2021 load forecast.

Question:

- a) Please explain why no additional demand savings were incorporated.

Staff-17

Ref: LRAMVA work form, Tab 5 – 2015-2027 LRAM

[OEB 2021 CDM Guidelines \(EB-2021-0106\)](#), December 20, 2021, p. 26

[Guidance on Prospective Lost Revenue Adjustment Mechanism \(LRAM\)](#)

[Amounts – 2023 Rates](#), June 3, 2022

The 2021 CDM Guidelines (section 8) require distributors filing an application for 2023 rates to seek disposition of all outstanding LRAMVA balances related to previously established thresholds, including approval of LRAM-eligible amounts in future years (arising from persisting savings) until a distributor's next rebasing application, unless a distributor does not have complete information on eligible savings.

The additional guidance provided in June 2022 noted that the expectation is that distributors with prospective LRAMVA balances, beginning with 2023 amounts, will seek disposition at the time of the corresponding rate year. That means that for distributors with 2023 prospective LRAMVA balances, the expectation is that these amounts will be included in the 2023 rate generator model and addressed as part of this year's rate applications.

Questions:

- a) Please confirm that Burlington Hydro will not be seeking to dispose of any balance in the LRAMVA due to LRAM-eligible CDM activities funded by the IESO through the Conservation First Framework or Interim Framework in a future year's rate application.
- b) If not confirmed, please explain why a request for disposition was not submitted as part of this application.
- c) If not confirmed, please update the LRAMVA workform to include any persisting LRAMVA amounts into all future years until Burlington Hydro's next rebasing application.
- d) If confirmed, please also confirm that Burlington Hydro has verified that, relative to the LRAMVA threshold established in Burlington Hydro's most recent rebasing application, the balance in the LRAMVA, and any prospective LRAM-eligible amounts until the next rebasing, are either zero or a debit (i.e., not a credit that would need to be refunded to customers).