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## **DECISION AND RATE ORDER**

**EB-2022-0018**

**BURLINGTON HYDRO INC.**

**Application for rates and other charges to be effective May 1, 2023**

**BEFORE:**        **Allison Duff**  
                      Presiding Commissioner

**Anthony Zlahtic**  
Commissioner

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March 23, 2023

## 1. OVERVIEW

The Ontario Energy Board (OEB) is approving changes to the rates that Burlington Hydro Inc. (Burlington Hydro) charges to distribute electricity to its customers, effective May 1, 2023.

As a result of this Decision and Rate Order, there will be a monthly total bill increase of \$2.93 for a residential customer consuming 750 kWh. This change does not factor in applicable taxes or the Ontario Electricity Rebate.

## 2. CONTEXT AND PROCESS

Burlington Hydro filed its application on October 7, 2022 under section 78 of the *Ontario Energy Board Act, 1998* and in accordance with Chapter 3 of the OEB's [Filing Requirements for Incentive Rate-Setting Applications](#) (Filing Requirements). The application was based on the Price Cap Incentive Rate-setting (Price Cap IR) option, with a five-year term.

The Price Cap IR option is one of three incentive rate-setting mechanisms (IRM) approved by the OEB.<sup>1</sup> It involves the setting of rates through a cost of service application in the first year and mechanistic price cap adjustments which may be approved through IRM applications in each of the ensuing adjustment years.

The OEB follows a standardized and streamlined process for hearing IRM applications filed under Price Cap IR. In each adjustment year of a Price Cap IR term mechanism, the OEB prepares a Rate Generator Model that includes, as a placeholder, information from the distributor's past proceedings and annual reporting requirements. A distributor will then review, complete, and include the model with its application, and may update the model during the proceeding to make any necessary corrections or to incorporate new rate-setting parameters as they become available.

Burlington Hydro serves approximately 69,000 mostly residential and commercial electricity customers in the City of Burlington.

Notice of the application was issued on October 27, 2022. Vulnerable Energy Consumers Coalition (VECC) and the Small Business Utility Alliance (SBUA) requested intervenor status. VECC and SBUA requested cost eligibility. The OEB approved VECC and SBUA as intervenors. The OEB approved cost eligibility for VECC and SBUA but only in relation to Burlington Hydro's Z-factor claim.

The application was supported by pre-filed written evidence and a completed Rate Generator Model and as required during the proceeding, Burlington Hydro updated and clarified the evidence.

Burlington Hydro responded to interrogatories from OEB staff, VECC, and SBUA. Final submissions on the application were filed by OEB staff, VECC, and, subsequently, Burlington Hydro filed its reply submission.

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<sup>1</sup> Each of these options is explained in the OEB's [Handbook for Utility Rate Applications](#).

### 3. DECISION OUTLINE

Each of the following issues is addressed in this Decision and Rate Order, together with the OEB's findings.

- Annual Adjustment Mechanism
- Retail Transmission Service Rates
- Group 1 Deferral and Variance Accounts
- Lost Revenue Adjustment Mechanism Variance Account
- Z-factor

Instructions for implementing Burlington Hydro's new rates and charges are set out in the final section of this Decision and Rate Order.

This Decision and Rate Order does not address rates and charges approved by the OEB in prior proceedings, such as specific service charges<sup>2</sup> and loss factors, which are out of the scope of an IRM proceeding and for which no further approvals are required to continue to include them on the distributor's Tariff of Rates and Charges.

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<sup>2</sup> Certain service charges are subject to annual inflationary adjustments to be determined by the OEB through a generic order. For example, the Decision and Order EB-2022-0220, issued November 3, 2022 established the adjustment for energy retailer service charges, effective January 1, 2023; and the Decision and Order EB-2022-0221, issued November 3, 2022, established the 2023 Wireline Pole Attachment Charge, effective January 1, 2023.

## 4. ANNUAL ADJUSTMENT MECHANISM

Burlington Hydro has applied to change its rates, effective May 1, 2023, based on a mechanistic rate adjustment using the OEB-approved **inflation minus X-factor** formula applicable to IRM applications. The adjustment applies to distribution rates (fixed and variable) uniformly across all customer classes.<sup>3</sup>

The components of the Price Cap IR adjustment formula applicable to Burlington Hydro are set out in the table below. Inserting these components into the formula results in a 3.55% increase to Burlington Hydro's rates: **3.55% = 3.70% - (0.00% + 0.15%)**.

**Table 4.1: Price Cap IR Adjustment Formula**

| Components                    |  | Amount |
|-------------------------------|--|--------|
| Inflation factor <sup>4</sup> |  | 3.70%  |
| Less: X-factor                | Productivity factor <sup>5</sup>             | 0.00%  |
|                               | Stretch factor (0.00% to 0.60%) <sup>6</sup> | 0.15%  |

An inflation factor of 3.70% applies to all IRM applications for the 2023 rate year. The X-factor is the sum of the productivity factor and the stretch factor. It is a productivity offset that varies among different groupings of distributors. Subtracting the X-factor from inflation ensures that rates decline in real, constant-dollar terms, providing distributors with a tangible incentive to improve efficiency or else experience declining net income. The productivity component of the X-factor is based on industry conditions over a historical study period and applies to all IRM applications for the 2023 rate year. The stretch factor component of the X-factor is distributor specific. The OEB has established five stretch factor groupings, ranging from 0.00% to 0.60%. The stretch factor assigned to any distributor is based on the distributor's total cost performance as benchmarked against other distributors in Ontario. The stretch factor assigned to Burlington Hydro is 0.15%, resulting in a rate adjustment of 3.55%.

<sup>3</sup> The adjustment does not apply to the following components of delivery rates: rate riders, rate adders, low voltage service charges, retail transmission service rates, wholesale market service rate, smart metering entity charge, rural or remote electricity rate protection charge, standard supply service – administrative charge, transformation and primary metering allowances, loss factors, specific service charges, microFIT charge, and retail service charges.

<sup>4</sup> [OEB Letter, 2023 Inflation Parameters, issued October 20, 2022](#)

<sup>5</sup> Report of the Ontario Energy Board – “Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario’s Electricity Distributors” EB-2010-0379, December 4, 2013

<sup>6</sup> Report to the Ontario Energy Board – “Empirical Research in Support of Incentive Rate-Setting: 2021 Benchmarking Update”, prepared by Pacific Economics Group LLC., July 2022

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Neither OEB staff nor VECC raised any issues with the proposed annual adjustment mechanism in their submissions.

### **Findings**

Burlington Hydro's request for a 3.55% rate adjustment is in accordance with the annually updated parameters set by the OEB. The adjustment is approved, and Burlington Hydro's new rates shall be effective May 1, 2023.

## 5. RETAIL TRANSMISSION SERVICE RATES

Burlington Hydro Inc. is transmission connected.

To recover its cost of transmission services, Burlington Hydro Inc. requests approval to adjust the retail transmission service rates (RTSRs) that it charges its customers in accordance with the Uniform Transmission Rates (UTRs) currently in effect.<sup>7</sup>

OEB staff had no concerns with Burlington Hydro's requested adjustment to its RTSRs and updated Burlington Hydro's 2023 Rate Generator Model to reflect the approved 2023 UTRs as part of its submission.<sup>8</sup>

Neither VECC nor Burlington Hydro raised any issues with the revisions to the RTSRs in their submissions.

### Findings

Burlington Hydro Inc.'s proposed adjustment to its RTSRs is approved. The RTSRs are being adjusted to reflect the current OEB-approved UTRs.<sup>9</sup>

UTRs and host-RTSRs are typically approved annually by the OEB. In the event that new UTRs and host-RTSRs take effect during Burlington Hydro Inc.'s 2023 rate year, any resulting differences (from the prior-approved UTRs and host-RTSRs) are to be captured in Retail Settlement Variance Accounts 1584 (Retail Transmission Network Charge) and 1586 (Retail Transmission Connection Charge).

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<sup>7</sup> Manager's Summary, pp. 8-9

<sup>8</sup> Submission by OEB Staff, p. 18

<sup>9</sup> EB-2022-0250, Decision and Order, December 8, 2022

## 6. GROUP 1 DEFERRAL AND VARIANCE ACCOUNTS

In each year of an IRM term, the OEB will review a distributor's Group 1 deferral and variance accounts (DVAs) to determine whether those balances should be disposed. OEB policy states that Group 1 account balances should be disposed if they exceed, on a net basis (as a debit or credit), a pre-set disposition threshold of \$0.001 per kWh, unless a distributor justifies why balances should not be disposed.<sup>10</sup> If the net balance does not exceed the threshold, a distributor may still request disposition.<sup>11</sup>

The 2021 year-end net balance for Burlington Hydro's Group 1 accounts eligible for disposition, including interest projected to April 30, 2023, is a debit of \$1,409,641 and pertains to variances accumulated during the 2021 calendar year. This amount represents a total claim of \$0.0009 per kWh, which does not exceed the disposition threshold. Burlington Hydro has requested disposition of this amount over a one-year period, on a final basis. Burlington Hydro noted that it would like to dispose of the balances in the current proceeding because the disposition amount of \$1,409,641 is material and rate riders are generated for all classes for both the DVA and Global Adjustment (GA) rate riders except the GA rate rider for the Unmetered Scattered Load class, for which there are no non-Regulated Price Plan (RPP) customers.<sup>12</sup>

Included in the Group 1 accounts are certain variances related to costs that are paid for by a distributor's customers on different bases, depending on their classification. Namely, "Class A" customers, who participate in the Industrial Conservation Initiative, pay for Global Adjustment (GA) charges based on their contribution to the five highest Ontario demand peaks over a 12-month period. "Class B" customers pay for GA charges based on their monthly consumption totals, either as a standalone charge or embedded in the Regulated Price Plan (RPP).<sup>13</sup> A similar mechanism applies to Class A and Class B customers for Capacity Based Recovery (CBR) charges.<sup>14</sup> The balance in the GA variance account is attributable to non-RPP Class B customers and is disposed through a separate rate rider. The balance in the CBR Class B variance account is attributable to all Class B customers.

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<sup>10</sup> Report of the OEB – "Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)." EB-2008-0046, July 31, 2009.

<sup>11</sup> OEB letter, "Update to the Electricity Distributors' Deferral and Variance Account Review ("EDDVAR Report"), released July 2009 (EB-2008-0046)", issued July 25, 2014

<sup>12</sup> Manager's Summary, p. 13

<sup>13</sup> For additional details on the Global Adjustment charge, refer to the Independent Electricity System Operator (IESO)'s [website](#).

<sup>14</sup> All Class B customers (RPP and non-RPP) pay the CBR as a separate charge based on their monthly consumption. For additional details on the CBR for Class A customers, refer to the IESO's [website](#).

Burlington Hydro had Class A customers during the period in which variances accumulated so it has applied to have the balance of the CBR Class B variance account disposed through a separate rate rider for Class B customers to ensure proper allocation between Class A and Class B customers.

During the period in which variances accumulated, Burlington Hydro had customers transition between Class A and Class B. Under the general principle of cost causality, customer groups that cause variances that are recorded in Group 1 accounts should be responsible for paying (or receiving credits) for their disposal. Burlington Hydro has proposed to allocate a portion of the GA and CBR Class B balances to its transition customers, based on their customer-specific consumption levels.<sup>15</sup> The amounts allocated to each transition customer are proposed to be recovered (or refunded, as applicable), by way of 12 equal monthly installments.

#### Commodity Pass-Through Accounts

In its decision and order for Burlington Hydro's 2022 IRM proceeding,<sup>16</sup> the OEB accepted Burlington Hydro's proposal to dispose of its Group 1 accounts balances as of December 31, 2020, including interest projected to April 30, 2022 on an interim basis, given that the implementation of new processes with its Customer Information System (CIS) was still underway, which may subsequently affect the balances being disposed. The OEB also noted and accepted Burlington Hydro's commitment to make further improvements in 2022 to align its processes with the OEB's Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589 (Accounting Guidance). The OEB anticipated that, as part of its application for 2023 rates, Burlington Hydro would be in a position to seek the finalization of all Group 1 balances (2017 to 2020) that remained disposed on an interim basis.<sup>17</sup>

In the current proceeding, Burlington Hydro confirmed that it has now completed the implementation of the new CIS to align its processes with the OEB's Accounting Guidance. Burlington Hydro confirmed that the implementation and alignment did not result in adjustments to prior account balances that had been disposed on an interim basis. Furthermore, Burlington Hydro confirmed its compliance with the Accounting Guidance.<sup>18</sup>

Burlington Hydro originally requested to dispose of the balances of Group 1 DVAs in the debit amount of \$1,409,641 on an interim basis as at December 31, 2021, including

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<sup>15</sup> 2023 IRM Rate Generator Model, Tab 6.1a "GA Allocation" and Tab 6.2a "CBR B\_Allocation"

<sup>16</sup> EB-2021-0010

<sup>17</sup> OEB-2021-0010, Decision and Rate Order, pp. 9-10

<sup>18</sup> OEB Staff IR-2b

interest to April 30, 2023. In its response to OEB staff interrogatories, Burlington Hydro revised its request to seek approval to dispose of these balances on a final basis.<sup>19</sup>

In its submission, OEB staff supported Burlington Hydro's request to dispose of its December 31, 2021 Group 1 DVA balances on a final basis and noted that Burlington Hydro followed the OEB's direction in last year's IRM proceeding regarding the implementation of the CIS and compliance with the Accounting Guidance. In addition, OEB staff supported the final disposition of the 2020 balances that were disposed of on an interim basis in last year's IRM decision and rate order.<sup>20</sup>

## Findings

The balances proposed for disposition reconcile with the amounts reported as part of the OEB's *Electricity Reporting and Record-Keeping Requirements*.

The OEB approves the disposition of a debit balance of \$1,409,641 as of December 31, 2021, including interest projected to April 30, 2023, for Group 1 accounts on a final basis.

Table 6.1 identifies the principal and interest amounts, which the OEB approves for disposition.

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<sup>19</sup> OEB Staff IR-2a

<sup>20</sup> Submission by OEB Staff, p. 3

Table 6.1: Group 1 Deferral and Variance Account Balances

| Account Name  | Account Number | Principal Balance (\$) A | Interest Balance (\$) B | Total Claim (\$) C=A+B |
|---|----------------|--------------------------|-------------------------|------------------------|
| Smart Meter Entity Variance Charge                            | 1551           | (36,021)                 | (949)                   | (36,970)               |
| RSVA - Wholesale Market Service Charge                        | 1580           | 1,367,283                | 48,314                  | 1,415,597              |
| Variance WMS - Sub-account CBR Class B                        | 1580           | (153,354)                | (4,851)                 | (158,204)              |
| RSVA - Retail Transmission Network Charge                     | 1584           | 1,683,963                | 58,178                  | 1,742,141              |
| RSVA - Retail Transmission Connection Charge                  | 1586           | 523,060                  | 16,597                  | 539,657                |
| RSVA - Power  | 1588           | (987,356)                | (27,947)                | (1,015,302)            |
| RSVA - Global Adjustment                                      | 1589           | (1,109,235)              | (39,226)                | (1,148,461)            |
| Disposition and Recovery/Refund of Regulatory Balances (2018) | 1595           | (83,414)                 | 154,598                 | 71,184                 |
| <b>Total for Group 1 accounts</b>                             |                | 1,204,926                | 204,715                 | 1,409,641              |

The balance of each of the Group 1 accounts approved for disposition shall be transferred to the applicable principal and carrying charge sub-accounts of Account 1595. Such transfer shall be pursuant to the requirements specified in the *Accounting Procedures Handbook for Electricity Distributors*.<sup>21</sup> The date of the transfer must be the same as the effective date for the associated rates, which is generally the start of the rate year.

The OEB approves these balances to be disposed through final rate riders, charges, or payments, as calculated in the Rate Generator Model. The final rate riders, charges, and payments, as applicable, will be in effect over a one-year period from May 1, 2023 to April 30, 2024.<sup>22</sup>

<sup>21</sup> Article 220, Account Descriptions, Accounting Procedures Handbook for Electricity Distributors, effective January 1, 2012

<sup>22</sup> 2023 IRM Rate Generator Model Tab 6.1 GA, Tab 6.1a GA Allocation, Tab 6.2 CBR B, Tab 6.2a CBR B\_Allocation and Tab 7 Calculation of Def-Var RR

The OEB also approves on a final basis the December 31, 2020 balances that were previously disposed on an interim basis in Burlington Hydro's 2022 rates proceeding.<sup>23</sup>

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<sup>23</sup> EB-2021-0010, Decision and Rate Order, pp. 9-10

## 7. LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT

The OEB has historically utilized a Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) to capture a distributor's revenue implications resulting from differences between actual and forecast conservation and demand management (CDM) savings included in its last OEB-approved load forecast. The use of the LRAMVA is no longer the default approach for CDM activities.<sup>24</sup>

Distributors delivered CDM programs to their customers through the Conservation First Framework (CFF) that began on January 1, 2015 until March 20, 2019, when the CFF was revoked.<sup>25</sup>

Distributors filing an application for 2023 rates are required to seek disposition of all outstanding LRAMVA balances related to program savings for CFF programs or other conservation programs they delivered unless they do not have complete information on eligible program savings.<sup>26</sup>

Burlington Hydro has applied to dispose of its LRAMVA debit balance of \$169,106. The balance consists of lost revenues in 2021 from CDM programs delivered during the period from 2013 to 2021 and carrying charges. The actual conservation savings claimed by Burlington Hydro under the CFF were validated with reports from the IESO, project-level savings files, or both.

Actual conservation savings were compared against Burlington Hydro's forecasted conservation savings of 2,315,538 kWh included in its last OEB-approved load forecast.<sup>27</sup>

Distributors are also eligible under the LRAM for persisting impacts of conservation programs until their next rebasing. The OEB provided direction for distributors to seek approval of LRAM-eligible amounts for 2023 onwards on a prospective basis, and a rate rider in the corresponding rate year, to address amounts that would otherwise be recorded in the LRAMVA for all years until their next rebasing application.<sup>28</sup>

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<sup>24</sup> Conservation and Demand Management Guidelines for Electricity Distributors, December 20, 2021, chapter 8.

<sup>25</sup> On March 20, 2019 the Minister of Energy, Northern Development and Mines issued separate Directives to the OEB and the IESO.

<sup>26</sup> Chapter 3 Filing Requirements, section 3.2.6.1

<sup>27</sup> EB-2020-0007, Decision and Order, April 15, 2021

<sup>28</sup> [Guidance on Prospective Lost Revenue Adjustment Mechanism \(LRAM\) Amounts – 2023 Rates](#), June 16, 2022

Burlington Hydro did not request disposition of the 2022 LRAMVA balance noting that it has CDM projects which are subject to the CFF extension that have not yet come into service. As a result, Burlington Hydro also did not apply for approval of any LRAM-eligible amounts on a prospective basis, arising from persisting savings from completed CDM programs, as complete information on eligible amounts was not yet available.<sup>29</sup>

VECC did not file any submissions on this issue.

OEB staff submitted that the 2021 LRAM balance have been calculated in accordance with the OEB's CDM Guidelines and supported Burlington Hydro's request to dispose of its 2021 LRAMVA balance of \$169,106 over a one-year period. OEB staff also submitted that once all remaining CDM projects have come into service, Burlington Hydro should seek disposition of the remaining LRAM-eligible amounts on a final basis.

In its reply submission, Burlington Hydro submitted that it agrees with this approach.

## Findings

The OEB finds that Burlington Hydro's LRAMVA balance has been calculated in accordance with the OEB's CDM-related guidelines and updated LRAMVA policy. The OEB approves the disposition of Burlington Hydro's LRAMVA debit balance of \$169,106, as set out in Table 7.1 below.

**Table 7.1 LRAMVA Balance for Disposition**

| <b>Account Name</b> | <b>Account Number</b> | <b>Actual CDM Savings (\$)<br/>A</b> | <b>Forecasted CDM Savings (\$)<br/>B</b> | <b>Carrying Charges (\$)<br/>C</b> | <b>Total Claim (\$)<br/>D=(A-B)+C</b> |
|---------------------|-----------------------|--------------------------------------|--|------------------------------------|---------------------------------------|
| LRAMVA              | 1568                  | \$201,840                            | (\$38,362)                               | \$5,628                            | \$169,106                             |

The OEB also accepts Burlington Hydro's proposal to delay disposition of LRAMVA balances for 2022 and future years to a future application as it is in accordance with the OEB's Filing Requirements.

<sup>29</sup> OEB Staff IR-17

## 8. Z-FACTOR

On May 21, 2022, a powerful wind and thunderstorm occurred over a wide area in southern Ontario. This included Burlington Hydro's service area, resulting in damage to parts of its distribution network that impacted 35.7% (24,566) of its customers.

In this application, Burlington Hydro requested to recover \$198,360 in costs associated with the storm through a Z-factor claim.

Z-factor claims must be for unforeseen events outside of a distributor's management control. The cost to the distributor must be material and its causation clear.<sup>30</sup> In order for costs to be considered for recovery by way of a Z-factor, the amounts must satisfy the following three eligibility criteria:

- Causation – Amounts should be directly related to the Z-factor event. The amount must be clearly outside of the base upon which rates were derived.
- Materiality – The amounts must exceed the Board-defined materiality threshold and have a significant influence on the operation of the distributor; otherwise, they should be expensed in the normal course and addressed through organizational productivity improvements.
- Prudence – The amounts must have been prudently incurred. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.<sup>31</sup>

### *Causation*

Burlington Hydro's claim of \$198,360 is comprised of the costs in Table 8.1.

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<sup>30</sup> EB-2007-0673, *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*, July 14, 2008, p. 34

<sup>31</sup> *Ibid*, Appendix, p. V

**Table 8.1: Z-Factor Claim**

| <b>Description</b>   | <b>Amount</b>    |
|--|------------------|
| OM&A   |                  |
| Burlington Hydro Labour (Regular)  | \$8,404          |
| Burlington Hydro Labour (Overtime)   | \$23,953         |
| Materials  | \$3,943          |
| LDC Mutual Aid Costs   | \$20,991         |
| Contracted Services - Line Services  | \$20,290         |
| Contracted Services - Excavation and Tree Removal                          | \$88,845         |
| Other  | \$11,269         |
| 2023 Revenue Requirement Associated with Capital Expenditures of \$314,975 | \$15,101         |
| Carrying Charges to April 30, 2023   | \$5,564          |
| <b>Total Z-Factor Amount Requested for Recovery</b>                        | <b>\$198,360</b> |

VECC submitted that the OEB should disallow 50% of the costs related to tree trimming/removal expenses and pole replacements as a penalty.

VECC submitted that the costs included in the Z-factor claim are incremental costs, directly related to the restoration of service after the May 21, 2022 storm, and outside of the base upon which Burlington Hydro's rates were set. However, VECC expressed concern that Burlington Hydro had underspent on its vegetation management budgets in recent years, and significantly underspent in 2021.

VECC noted that a significant portion of the storm outages caused by the May 2022 storm overlapped with two of Burlington Hydro's tree trimming Zones, 2 and 6 which were only 50% completed in 2021. In addition, Burlington Hydro reported that only 50% of Zone 6 was accomplished in 2018 during the previous 3-year tree trimming cycle. Given the underspending on vegetation management and non-completion of tree trimming, VECC argued that the damage caused by the storm would not have been as extensive had Zones 2 and 6 been maintained as planned.

In addition, VECC submitted that a review and commitment to Burlington Hydro's Tree Trimming Plan should be included as part of its risk assessment and planning.

OEB staff submitted that Burlington Hydro's Z-factor claim should be reduced by the \$88,845 cost for contracted services - excavation and tree removal. OEB staff argued that while Burlington Hydro had demonstrated that all Z-factor costs were directly related to the storm, its costs for contracted services - excavation and tree removal were not outside of the cost base upon which Burlington Hydro's rates were set.

Similar to VECC, OEB staff submitted that Burlington Hydro had often spent less than its vegetation management budget which was funded by customers through approved distribution rates.

Since Burlington Hydro's actual vegetation management costs were materially below the budgeted amounts in many recent years, OEB staff submitted that Burlington Hydro could have redirected a portion of its 2022 vegetation management budget to fund similar vegetation management activities, thereby reducing the Z-factor claim. OEB staff submitted that the \$88,845 costs for contracted services - excavation and tree removal should not be recoverable through the Z-factor claim.

Only in reply submission did Burlington Hydro identify an error in its evidence regarding its 2022 actual spend. Burlington Hydro corrected its October 2022 year-to-date actual spending for its vegetation management program to \$674,462 and provided full year program spending which was \$811,142. By increasing the 2022 actual to include internal labour costs, consistent with the 2022 budget, Burlington Hydro claimed that its 2022 year-to-date actual spending exceeded its year-to-date budget of \$660,592.<sup>32</sup>

In response to VECC's submission, Burlington Hydro submitted that the damage caused by the windstorm of this magnitude would not have been any less extensive had Zones 2 and 6 been maintained as planned in recent years. Burlington Hydro submitted that there was no correlation between the damage caused by the storm and the completion of vegetation management in certain zones since its other zones that were completed as planned were equally and significantly impacted by the storm. Burlington Hydro submitted that VECC's proposed 50% disallowance was an arbitrary estimate since only 12.5% of the area impacted by the storm had outstanding vegetation management work.

With respect to VECC's comments on risk assessment and mitigation related to storm damage, Burlington Hydro submitted that any review of its approach to risk management should be addressed in a cost of service application.

With respect to the OEB staff's submission which states that "utilities operating under incentive rate-adjustment mechanisms have some flexibility and are expected to manage their operations and cost management", Burlington Hydro responded, that lower expenditures in the 2021 vegetation management program were more than offset by higher expenditures in other programs. As actual OM&A spending in 2021 exceeded budget by \$484,141, the underspending in vegetation management did not generate an

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<sup>32</sup> Reply Submission by Burlington Hydro, pp. 7-8

excess to the benefit of its shareholder. Further, Burlington Hydro did not have any excess amounts in its 2022 vegetation management to fund the Z-factor costs.

In 2022 when the Z-factor event occurred, Burlington Hydro indicated that it had already exhausted its emergency response budget of \$14,441 approved in rates in 2022. It had incurred an additional amount of \$69,814 in O&M and \$60,474 of unbudgeted capital expenditures for emergency response unrelated to the Z-factor in 2022.<sup>33</sup>

Burlington Hydro submitted that the 2017-2020 rate-basing period was irrelevant to the OEB's consideration of a Z-factor event in 2022 while the entire OM&A budget for the 2021-2025 rate-setting period should be taken into consideration.

In summary, Burlington Hydro submitted that VECC's and OEB Staff's proposed disallowances of some or all of the contracted excavation and tree removal costs should be rejected by the OEB.<sup>34</sup>

### *Materiality*

Burlington Hydro had an approved revenue requirement of \$33,917,025 from its 2021 cost of service proceeding. The OEB-defined materiality threshold for a Z-factor claim is 0.5% for a distributor with a distribution revenue requirement of between \$10 million and \$200 million.<sup>35</sup> Therefore, Burlington Hydro's materiality threshold is \$169,585.

VECC took no issue with the fact that the Z-factor claim exceeds the materiality threshold.

OEB staff submitted that if the OEB disallowed some of the Z-factor costs, the Z-factor claim may be below the materiality threshold of \$169,585.

### *Prudence*

Burlington Hydro restored power to 90% of the affected customers within 9.5 hours of the interruption. To aid in restoring power to its customers, Burlington Hydro relied on its agreement with the Ontario Mutual Aid Group, its alliance agreements with K-Line Construction and Black & MacDonald, and several other third-party contractors to restore service to customers.<sup>36</sup>

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<sup>33</sup> Reply Submission by Burlington Hydro, p. 15

<sup>34</sup> Ibid, p. 24

<sup>35</sup> *Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors*, July 14, 2008, Appendix, p. V

<sup>36</sup> Manager's Summary, pp. 35-37 and OEB Staff IR-9c

VECC and OEB staff submitted that the claimed costs had been prudently incurred and Burlington Hydro acted prudently to restore power quickly and safely.

## Findings

The OEB approves the Z-factor claim of \$198,360. The OEB finds that Burlington Hydro has met the three criteria of causation, materiality and prudence.

VECC submitted that the damage caused by the storm may not have been as extensive had the vegetation management program and tree trimming plans been executed as planned. The OEB finds that Burlington Hydro addressed VECC's concerns, explaining that the trees uprooted during the storm brought down electrical poles and wires 10 metres away. With a minimum standard clearance of 3 metres for vegetation management<sup>37</sup>, the OEB is not convinced that any lack of tree trimming in 2018 and 2021 in Zones 2 and 6 would have significantly averted the damage caused by the storm and restoration costs incurred. Accordingly, the OEB does not find that the penalty proposed by VECC is warranted and is not consistent with the Z-factor criteria.

Burlington Hydro's reply submission also addressed OEB staff's suggestion that the unspent vegetation management program budgets could fund the \$88,845 cost of contracted excavation and tree removal costs after the storm. The OEB finds that individual program spending compared to budget may be examined. However, in cases where there has been underspending in programs such as vegetation management, the OEB should not automatically disallow costs within a Z-factor claim. Rather, the OEB should examine the total OM&A spending and the distributor's return on equity in that year to consider whether a distributor's shareholders benefitted at the cost of customers.

In 2021, when \$280,474 was not spent on vegetation management, Burlington Hydro reallocated the money to other programs and activities<sup>38</sup>, an acceptable management response during an incentive-ratemaking year. With total OM&A spending over budget by \$484,141 and a return on equity of 5.84%<sup>39</sup> the OEB is satisfied that in 2021, Burlington Hydro's shareholders did not benefit from underspending and excess rates funded by customers.

In 2022, Burlington Hydro increased its actual vegetation management spending to \$811,142 (\$18,432 more than budgeted)<sup>40</sup> and also overspent on emergency response

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<sup>37</sup> Reply Submission by Burlington Hydro, p 18

<sup>38</sup> Ibid., pp. 13-17

<sup>39</sup> [Burlington Hydro's scorecard for 2021](#)

<sup>40</sup> Reply Submission by Burlington Hydro, p. 13. The overspend of \$18,432 is the difference between Burlington Hydro's vegetation management budget of \$792,710 (approved in rates) and its actual vegetation management cost of \$811,142 in 2022.

by \$69,814<sup>41</sup> (excluding the cost of the May storm). Given the increase provided in Burlington Hydro's reply submission, there is no underspending on vegetation management or emergency response in 2022 that could be available to pay for the costs of the May storm.

In terms of materiality, the OEB finds that the Z-factor claim of \$198,360 exceeds Burlington Hydro's materiality threshold of \$169,585 and would have a significant influence on the distributor if not funded. The OEB acknowledges that Burlington Hydro requested only the 2023 revenue requirement associated with the \$314,975 Z-factor capital expenditures.

In terms of prudence, the OEB also finds that Burlington Hydro met the prudence criteria as it has demonstrated that the costs included in the Z-factor claim were cost-effective in restoring service to customers.

### **Cost Allocation and Rate Design**

Once a Z-factor claim has been approved, the OEB must decide how the cost will be allocated to customers for recovery. Costs for Z-factor claims are typically recovered by dedicated rate riders.

Burlington Hydro requested that the Z-factor claim amount be allocated across all rate classes, and in proportion to its OEB-approved distribution revenue requirement by rate class from its 2021 cost of service application. It also requested that the allocated amounts be recovered through fixed rate riders, over a 12-month period, based on the most recently reported actual customer counts as of December 31, 2021. Burlington Hydro indicated that its proposal was consistent with two recent OEB decisions that considered cost allocation and rate design for Z-factor claims.<sup>42</sup>

OEB staff submitted that Burlington Hydro's proposal for cost allocation and rate design is appropriate.

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<sup>41</sup> Reply Submission by Burlington Hydro, p. 15. The overspend of \$69,814 is the difference between Burlington Hydro's OM&A budget for emergency response of \$14,441 (approved in rates) and its actual OM&A cost for emergency response (unrelated to the Z-factor) of \$84,255 in 2022.

<sup>42</sup> EB-2018-0021, Decision and Rate Order, March 28, 2019, pp. 13-14 and EB-2022-0019, Decision and Rate Order, December 8, 2022

## Findings

The OEB approves Burlington Hydro's proposed cost allocation and rate design as both are consistent with prior OEB-approved recovery of Z-factor claims.<sup>43</sup> Specifically, the OEB approves recovery over a 12-month period effective May 1, 2023.

The approved rate riders to recover the Z-factor claim of \$198,360 are included in the Tariff of Rates and Charges in Schedule A.

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<sup>43</sup> EB-2018-0021, Decision and Rate Order, March 28, 2019, pp. 13-14 and EB-2022-0019, Decision and Rate Order, December 8, 2022

## 9. IMPLEMENTATION

This Decision and Rate Order is accompanied by a Rate Generator Model, applicable supporting models, and a Tariff of Rates and Charges (Schedule A). The Rate Generator Model also incorporates the rates set out in Table 9.1.

**Table 9.1: Regulatory Charges**

| Rate   | per kWh  |
|--|----------|
| Rural or Remote Electricity Rate Protection (RRRP)               | \$0.0007 |
| Wholesale Market Service (WMS) billed to Class A and B Customers | \$0.0041 |
| Capacity Based Recovery (CBR) billed to Class B Customers        | \$0.0004 |

In each of these rates is a component of the “Regulatory Charge” on a customer’s bill, established annually by the OEB through a separate, generic order. The RRRP and WMS rates were set by the OEB on December 8, 2022.<sup>44</sup>

The Smart Metering Entity Charge is a component of the “Distribution Charge” on a customer’s bill, established by the OEB through a separate order. The Smart Metering Entity Charge was set by the OEB at \$0.42 on September 8, 2022.<sup>45</sup>

In the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,<sup>46</sup> the OEB indicated that it will review the default province-wide microFIT charge annually to ensure it continues to reflect actual costs in accordance with the established methodology. On December 8, 2022, the OEB issued a letter advising electricity distributors that the microFIT charge shall remain at \$4.55 for the duration of the 2023 calendar year.<sup>47</sup>

<sup>44</sup> EB-2022-0269, Decision and Order, December 8, 2022

<sup>45</sup> EB-2022-0137, Decision and Order, September 8, 2022

<sup>46</sup> EB-2010-0219, Report of the Board “Review of Electricity Distribution Cost Allocation Policy”, March 31, 2011

<sup>47</sup> OEB Letter, issued December 8, 2022

## 10. ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Burlington Hydro Inc.'s new distribution rates shall be effective May 1, 2023.
2. The Tariff of Rates and Charges set out in Schedule A is deemed draft until Burlington Hydro Inc. has complied with the subsequent procedural steps set out in paragraph 3.
3. Burlington Hydro Inc. shall review the Tariff of Rates and Charges and shall file with the OEB, as applicable, a written confirmation of its completeness and accuracy, or provide a detailed explanation of any inaccuracies or missing information, by March 30, 2023.
4. This Decision and Rate Order will be considered a final rate order if Burlington Hydro Inc. does not provide a submission to the OEB that inaccuracies were found or information was missing pursuant to paragraph 3.
5. If the OEB receives a submission from Burlington Hydro Inc. to the effect that inaccuracies were found or information was missing pursuant to paragraph 3, the OEB will consider the submission prior to issuing a final rate order.
6. Burlington Hydro Inc. shall notify its customers of the rate changes no later than the delivery of the first bill reflecting the new rates.

### COST AWARDS

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

1. Cost eligible intervenors shall submit to the OEB and copy Burlington Hydro Inc. any cost claims no later than March 30, 2023.
2. Burlington Hydro Inc. may file with the OEB and forward to the applicable intervenor any objections to the claimed costs of that intervenor by April 10, 2023.
3. An intervenor whose cost claims were objected to may file with the OEB and forward to Burlington Hydro Inc. any responses to the objections by April 17, 2023.
4. Burlington Hydro Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **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](#).

Please quote file number, **EB-2022-0018** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Narisa Jotiban at [Narisa.Jotiban@oeb.ca](mailto:Narisa.Jotiban@oeb.ca), and OEB Counsel, Lawren Murray at [Lawren.Murray@oeb.ca](mailto:Lawren.Murray@oeb.ca).

Email: [registrar@oeb.ca](mailto:registrar@oeb.ca)

Tel: 1-877-632-2727 (Toll free)

**DATED** at Toronto, March 23, 2023

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**DECISION AND RATE ORDER**  
**BURLINGTON HYDRO INC.**  
**TARIFF OF RATES AND CHARGES**  
**EB-2022-0018**  
**MARCH 23, 2023**

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

## RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electrical energy to residential customers where such energy is used exclusively in separately metered living accommodation. Customers shall be residing in single dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex, or quadruplex house, with residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 30.15    |
| Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2024   | \$     | 0.17     |
| Smart Metering Entity Charge - effective until December 31, 2027  | \$     | 0.42     |
| Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024<br>Applicable only for Non-RPP Customers    | \$/kWh | (0.0023) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024  | \$/kWh | 0.0018   |
| Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers | \$/kWh | (0.0001) |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0109   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kWh | 0.0083   |

## MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

## GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electricity to general service customers whose monthly average peak demand during a calendar year is less than, or forecast by BHI to be less than, 50 kW. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 27.05    |
| Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2024   | \$     | 0.38     |
| Smart Metering Entity Charge - effective until December 31, 2027  | \$     | 0.42     |
| Distribution Volumetric Rate  | \$/kWh | 0.0179   |
| Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024<br>Applicable only for Non-RPP Customers    | \$/kWh | (0.0023) |
| Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until April 30, 2024           | \$/kWh | 0.0004   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024  | \$/kWh | 0.0018   |
| Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers | \$/kWh | (0.0001) |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0104   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kWh | 0.0075   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

## GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION

This classification applies to general service customers with a monthly average peak demand during a calendar year equal to or greater than, or is forecast by Burlington Hydro Inc. to be equal to or greater than, 50 kW but less than 5,000 kW. Class A and Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of WMS - Sub-account CBR Class B is not applicable to wholesale market participants (WMP), customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new Class B customers.

If included in the following listing of monthly rates and charges, the rate rider for the disposition of Global Adjustment is only applicable to non-RPP Class B customers. It is not applicable to WMP, customers that transitioned between Class A and Class B during the variance account accumulation period, or to customers that were in Class A for the entire period. Customers who transitioned are to be charged or refunded their share of the variance disposed through customer specific billing adjustments. This rate rider is to be consistently applied for the entire period to the sunset date of the rate rider. In addition, this rate rider is applicable to all new non-RPP Class B customers.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 72.66    |
| Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2024   | \$     | 3.99     |
| Distribution Volumetric Rate  | \$/kW  | 3.5597   |
| Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024<br>Applicable only for Non-RPP Customers    | \$/kWh | (0.0023) |
| Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until April 30, 2024           | \$/kW  | 0.0410   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024  | \$/kW  | 0.6723   |
| Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers | \$/kW  | (0.0428) |
| Retail Transmission Rate - Network Service Rate - Interval Metered  | \$/kW  | 4.3072   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered   | \$/kW  | 3.2746   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

**MONTHLY RATES AND CHARGES - Regulatory Component**

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
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EB-2022-0018

## UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to low voltage connection assets that operate at 750 volts or less and supply electricity to general service customers whose monthly average peak demand during a calendar year is less than, or forecast by Burlington Hydro Inc. to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

### APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

### MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge  | \$     | 9.99     |
| Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2024   | \$     | 0.15     |
| Distribution Volumetric Rate  | \$/kWh | 0.0174   |
| Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers | \$/kWh | (0.0001) |
| Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until April 30, 2024           | \$/kWh | (0.0001) |
| Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024  | \$/kWh | 0.0018   |
| Retail Transmission Rate - Network Service Rate   | \$/kWh | 0.0104   |
| Retail Transmission Rate - Line and Transformation Connection Service Rate  | \$/kWh | 0.0075   |

### MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

## STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to roadway lighting customers such as the City of Burlington, the Regional Municipality of Halton, Ministry of Transportation and private roadway lighting, controlled by photo cells. The daily consumption for these customers will be based on the calculated connected load times the required night time or lighting times established in the approved Ontario Energy Board street lighting load shape template. Class B consumers are defined in accordance with O. Reg. 429/04. Further servicing details are available in the distributor's Conditions of Service.

## APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES - Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

## MONTHLY RATES AND CHARGES - Delivery Component

|   |        |          |
|---|--------|----------|
| Service Charge (per device)   | \$     | 0.60     |
| Rate Rider for Recovery of Wind Storm Damage Costs - effective until April 30, 2024   | \$     | 0.00     |
| Distribution Volumetric Rate  | \$/kW  | 4.3141   |
| Rate Rider for Disposition of Global Adjustment Account (2023) - effective until April 30, 2024<br>Applicable only for Non-RPP Customers    | \$/kWh | (0.0023) |
| Rate Rider for Disposition of Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) (2023) - effective until April 30, 2024           | \$/kW  | 1.0722   |
| Rate Rider for Disposition of Deferral/Variance Accounts (2023) - effective until April 30, 2024  | \$/kW  | 0.6634   |
| Rate Rider for Disposition of Capacity Based Recovery Account (2023) - effective until April 30, 2024 Applicable only for Class B Customers | \$/kW  | (0.0435) |
| Retail Transmission Rate - Network Service Rate   | \$/kW  | 3.1477   |
| Retail Transmission Rate - Line Connection Service Rate   | \$/kW  | 2.3304   |

## MONTHLY RATES AND CHARGES - Regulatory Component

|  |        |        |
|--|--------|--------|
| Wholesale Market Service Rate (WMS) - not including CBR          | \$/kWh | 0.0041 |
| Capacity Based Recovery (CBR) - Applicable for Class B Customers | \$/kWh | 0.0004 |
| Rural or Remote Electricity Rate Protection Charge (RRRP)        | \$/kWh | 0.0007 |
| Standard Supply Service - Administrative Charge (if applicable)  | \$     | 0.25   |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

**microFIT SERVICE CLASSIFICATION**

This classification applies to an electricity generation facility contracted under the Independent Electricity System Operator's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

**APPLICATION**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

**MONTHLY RATES AND CHARGES - Delivery Component**

|                |    |      |
|----------------|----|------|
| Service Charge | \$ | 4.55 |
|----------------|----|------|

**ALLOWANCES**

|   |       |        |
|---|-------|--------|
| Transformer Allowance for Ownership - per kW of billing demand/month                    | \$/kW | (0.60) |
| Primary Metering Allowance for Transformer Losses - applied to measured demand & energy | %     | (1.00) |

**Burlington Hydro Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective and Implementation Date May 1, 2023**  
**This schedule supersedes and replaces all previously**  
**approved schedules of Rates, Charges and Loss Factors**

EB-2022-0018

**SPECIFIC SERVICE CHARGES**

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

**Customer Administration**

|   |    |       |
|---|----|-------|
| Arrears certificate   | \$ | 15.00 |
| Credit reference/credit check (plus credit agency costs)                                  | \$ | 15.00 |
| Statement of account  | \$ | 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ | 30.00 |
| Returned cheque (plus bank charges)   | \$ | 15.00 |

**Non-Payment of Account**

|   |    |        |
|---|----|--------|
| Late Payment – per month (effective annual rate 19.56% per annum or 0.04896% compounded daily rate) | %  | 1.50   |
| Reconnection at meter - during regular hours  | \$ | 65.00  |
| Reconnection at meter - after regular hours   | \$ | 185.00 |

**Other**

|   |    |        |
|---|----|--------|
| Temporary service - install & remove - overhead - no transformer  | \$ | 500.00 |
| Specific charge for wireline access to the power poles - \$/pole/year<br>(with the exception of wireless attachments) | \$ | 36.05  |

**Burlington Hydro Inc.**  
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EB-2022-0018

## RETAIL SERVICE CHARGES (if applicable)

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Ontario Energy Board, and amendments thereto as approved by the Ontario Energy Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Ontario Energy Board approval, such as the Global Adjustment and the HST.

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

|  |          |           |
|--|----------|-----------|
| One-time charge, per retailer, to establish the service agreement between the distributor and the retailer   | \$       | 111.66    |
| Monthly Fixed Charge, per retailer   | \$       | 44.67     |
| Monthly Variable Charge, per customer, per retailer  | \$/cust. | 1.11      |
| Distributor-consolidated billing monthly charge, per customer, per retailer  | \$/cust. | 0.66      |
| Retailer-consolidated billing monthly credit, per customer, per retailer   | \$/cust. | (0.66)    |
| Service Transaction Requests (STR)   |          |           |
| Request fee, per request, applied to the requesting party  | \$       | 0.56      |
| Processing fee, per request, applied to the requesting party   | \$       | 1.11      |
| Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party |          |           |
| Up to twice a year   | \$       | no charge |
| More than twice a year, per request (plus incremental delivery costs)  | \$       | 4.47      |
| Notice of switch letter charge, per letter (unless the distributor has opted out of applying the charge as per the Ontario Energy Board's Decision and Order EB-2015-0304, issued on February 14, 2019)  | \$       | 2.23      |

## LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

|   |        |
|---|--------|
| Total Loss Factor - Secondary Metered Customer < 5,000 kW | 1.0382 |
| Total Loss Factor - Primary Metered Customer < 5,000 kW   | 1.0279 |