



Burlington **hydro** inc.

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON  
M4P 1E4

January 9, 2025

Dear Ms. Marconi,

**Re: 2025 IRM Application for Electricity Distribution Rates (EB-2024-0010)  
Draft Rate Order**

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In accordance with the Ontario Energy Board's ("OEB's") Decision and Order, dated December 17, 2024, enclosed is Burlington Hydro's Draft Rate Order, proposed Tariff of Rates and Charges, and revised ICM model reflecting the OEB's findings, in addition to the calculation of the balance in the variance Account 1508 Sub-account - Capital Additions Dundas Street Road Widening Project - Revenue Requirement Differential Variance Account.

Burlington Hydro also provides updated live versions of the following models:

- Attachment 1\_2025 IRM Model\_BHI\_20250109
- Attachment 2\_2025 ICM Model\_BHI\_20250109

Copies of the attached reply submission are being filed through the OEB's web portal ("RESS") and have been served on OEB Staff and VECC.

Yours truly,

A handwritten signature in black ink, appearing to read 'A. Pappas'.

Adam Pappas  
Director, Regulatory Affairs, Supply Chain & Capital Planning  
Email: apappas@burlingtonhydro.com  
Tel: 905-332-2341

Attachments

**IN THE MATTER OF** the *Ontario Energy Board Act*, 1998, being Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

**AND IN THE MATTER OF** an Application by Burlington Hydro Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2025.

**BURLINGTON HYDRO INC.**

**REPLY SUBMISSION**

**FILED: January 9, 2025**

**Applicant**

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1340 Brant Street  
Burlington, Ontario  
L7R 3Z7  
Website: [www.burlingtonhydro.com](http://www.burlingtonhydro.com)

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**Table of Contents**

INTRODUCTION ..... 1

DRAFT RATE ORDER..... 2

    Capital Variance Account (“CVA”) ..... 2

        Capital Additions ..... 2

        Revenue Requirement Impact..... 2

        CVA Balance ..... 5

Incremental Capital Module ..... 7

    Approved ICM Funding ..... 7

    Calculation of ICM Revenue Requirement ..... 7

    Calculation of Rate Riders ..... 9

    Bill Impacts ..... 12

CONCLUSION ..... 13

## 1 INTRODUCTION

2 Burlington Hydro Inc. (“Burlington Hydro”) filed an Electricity Distribution Rates application  
3 (“Application”) on August 15, 2024 under the Incentive Rate-Setting Mechanism (“Price Cap IR”)  
4 to the Ontario Energy Board (“OEB”) for electricity distribution rates and other charges effective  
5 January 1, 2025.

6  
7 On December 17, 2024<sup>1</sup> the OEB approved changes to the rates that Burlington Hydro charges  
8 to distribute electricity to its customers effective January 1, 2025, with the exception of Burlington  
9 Hydro’s Incremental Capital Module (“ICM”) request.

10  
11 With respect to Burlington Hydro’s ICM request and consequent rate riders, the OEB directed  
12 Burlington Hydro to file with the OEB and forward to intervenors a Draft Rate Order with a  
13 proposed Tariff of Rates and Charges attached that reflects the OEB’s findings in its Decision and  
14 Order<sup>2</sup>, no later than January 9, 2025. Burlington Hydro was also directed to file a revised ICM  
15 model, supported by the revised ICM funding, offset by the 2023 balance including carrying  
16 charges up to Q4 2024 in the variance Account 1508 Sub-account - Capital Additions Dundas  
17 Street Road Widening Project - Revenue Requirement Differential Variance Account. Burlington  
18 Hydro was directed to show the calculation of the balance in the variance account and file  
19 customer rate impacts and detailed information in support of the calculation of final rates in the  
20 Draft Rate Order.

21  
22 In accordance with the Decision and Order, Burlington Hydro provides a Draft Rate Order,  
23 proposed Tariff of Rates and Charges, and revised ICM model reflecting the OEB’s findings, in  
24 addition to the calculation of the balance in the variance Account 1508 Sub-account - Capital  
25 Additions Dundas Street Road Widening Project - Revenue Requirement Differential Variance  
26 Account. The Proposed Tariff of Rates and Charges can be found in tab 20 of the IRM Rate  
27 Generator Model, filed as Attachment 1\_2025 IRM Model\_BHI\_20250109.

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<sup>1</sup> EB-2024-0010, Decision and Order, December 17, 2024

<sup>2</sup> *ibid*

1 **DRAFT RATE ORDER**

2 **Capital Variance Account (“CVA”)**

3 In accordance with Accounting Order #1 (“Accounting Order”) in its 2021 Cost of Service Decision  
4 and Rate Order<sup>3</sup>, Burlington Hydro established a new variance account effective May 1, 2021:  
5 Account 1508 Sub-account - Capital Additions Dundas Street Road Widening Project - Revenue  
6 Requirement Differential Variance Account (“CVA1”). The purpose of this sub-account was to  
7 record the revenue requirement associated with the difference between budgeted and actual  
8 capital additions, net of capital contributions, in the 2021 Test Year for the Dundas Street Road  
9 Widening Project and the resulting impact during the IRM period.

10 **Capital Additions**

11 As explained in its interrogatory responses<sup>4</sup>, the 2021 Dundas Street Road Widening project was  
12 not completed in 2021 or subsequent years as it was delayed by the road authority. Table 1  
13 provides the budgeted and actual net capital additions from the 2021 Dundas Street Road  
14 Widening project.

15

16 **Table 1 – 2021 Dundas Street Road Widening Project Net Capital Additions**

<b>Net Capital Additions</b>	<b>Overhead</b>	<b>Underground</b>	<b>Total</b>
Budgeted	\$1,632,513	\$1,403,435	\$3,035,948
Actual	\$486,136	\$31,179	\$517,315
<b>Variance</b>	<b>(\$1,146,377)</b>	<b>(\$1,372,257)</b>	<b>(\$2,518,633)</b>

17

18 **Revenue Requirement Impact**

19 As the budgeted net capital additions in 2021 exceeded actual net capital additions, Burlington  
20 Hydro made a credit entry in the CVA in 2021 representing a refund to ratepayers, consistent with  
21 the approved Accounting Order. Table 2 provides the calculation of the revenue requirement  
22 impact of the net capital addition variance.

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<sup>3</sup> EB-2020-0007, Decision and Rate Order, Schedule C

<sup>4</sup> Burlington Hydro Interrogatory Responses, VECC – 4, f)

**1 Table 2 – Revenue Requirement from Capital Expenditure Variance vs. Budget**

Incremental Additions/(Reductions) vs. Budget				
	Overhead	Underground	Total	
Net Capital Expenditure Variance vs. Board Approved	\$ (1,146,377)	\$ (1,372,257)	\$ (2,518,633)	<b>B</b>
Depreciation Expense	\$ (14,037)	\$ (15,593)	\$ (29,630)	<b>C</b>
CCA	\$ (137,565)	\$ (164,671)	\$ (302,236)	<b>V</b>

Incremental/(Reduced) Revenue Requirement Recorded in Capital Variance Account			
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Return on Rate Base						
Incremental Additions/(Reductions)		\$ (1,146,377)	\$ (1,372,257)	\$ (2,518,633)	<b>B</b>	
Depreciation Expense		\$ (14,037)	\$ (15,593)	\$ (29,630)	<b>C</b>	
Incremental Capital to be included in Rate Base		\$ (566,170)	\$ (678,332)	\$ (1,244,502)	<b>D = B - C/2</b>	
	<i>% of capital structure</i>					
Deemed Short-Term Debt	4.0%	<b>E</b>	\$ (22,647)	\$ (27,133)	\$ (49,780)	<b>G = D * E</b>
Deemed Long-Term Debt	56.0%	<b>F</b>	\$ (317,055)	\$ (379,866)	\$ (696,921)	<b>H = D * F</b>
	<i>Rate (%)</i>					
Short-Term Interest	1.75%	<b>I</b>	\$ (396)	\$ (475)	\$ (871)	<b>K = G * I</b>
Long-Term Interest	3.07%	<b>J</b>	\$ (9,744)	\$ (11,675)	\$ (21,419)	<b>L = H * J</b>
Return on Rate Base - Interest			\$ (10,141)	\$ (12,150)	\$ (22,290)	<b>M = K + L</b>
	<i>% of capital structure</i>					
Deemed Equity %	40.00%	<b>N</b>	\$ (226,468)	\$ (271,333)	\$ (497,801)	<b>P = D * N</b>
Return on Rate Base -Equity	8.34%	<b>O</b>	\$ (18,887)	\$ (22,629)	\$ (41,517)	<b>Q = P * O</b>
Return on Rate Base - Total			\$ (29,028)	\$ (34,779)	\$ (63,807)	<b>R = M + Q</b>

Amortization Expense					
Amortization Expense - Incremental	<b>C</b>	\$ (14,037)	\$ (15,593)	\$ (29,630)	<b>S</b>

2

Grossed up Taxes/PILs						
Regulatory Taxable Income	<b>O</b>	\$ (18,887)	\$ (22,629)	\$ (41,517)		<b>T</b>
Add Back Amortization Expense	<b>S</b>	\$ (14,037)	\$ (15,593)	\$ (29,630)		<b>U</b>
Deduct CCA		\$ (137,565)	\$ (164,671)	\$ (302,236)		<b>V</b>
Incremental Taxable Income		\$ 104,641	\$ 126,449	\$ 231,089		<b>W = T + U - V</b>
Current Tax Rate	<b>X</b>	26.5%				
Taxes/PILs Before Gross Up		\$ 27,730	\$ 33,509	\$ 61,239		<b>Y = W * X</b>
Grossed-Up Taxes/PILs		\$ 37,728	\$ 45,590	\$ 83,318		<b>Z = Y / (1 - X)</b>

Ontario Capital Tax						
Incremental Capital CAPEX						<b>AA</b>
Less : Available Capital Exemption (if any)						<b>AB</b>
Incremental Capital CAPEX subject to OCT						<b>AC = AA - AB</b>
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	<b>AD</b>					
Incremental Ontario Capital Tax						<b>AE = AC * AD</b>

Incremental/(Reduced) Revenue Requirement						
Return on Rate Base - Total	<b>Q</b>	\$ (29,028)	\$ (34,779)	\$ (63,807)		<b>AA</b>
Amortization Expense - Total	<b>S</b>	\$ (14,037)	\$ (15,593)	\$ (29,630)		<b>AB</b>
Grossed-Up Taxes/PILs	<b>Z</b>	\$ 37,728	\$ 45,590	\$ 83,318		<b>AC</b>
Incremental/(Reduced) Revenue Requirement		\$ (5,338)	\$ (4,782)	\$ (10,119)		<b>AD = AA + AB + AC</b>

1 **CVA Balance**

2 Burlington Hydro made a credit entry to the CVA in 2021 in the amount of (\$10,119) reflecting the  
 3 revenue requirement impact of the lower net capital additions vs. budget. In accordance with the  
 4 Accounting Order, Burlington Hydro made subsequent entries to the CVA in 2022 and 2023 equal  
 5 to the revenue requirement impact in 2021 escalated annually by the OEB Price Cap IR annual  
 6 adjustment (Inflation minus X-factor) in effect for that year. Table 3 provides a calculation of the  
 7 2022 and 2023 entries into the CVA.

8

9 **Table 3 – Capital Variance Account Entries (2021-23)**

Year	Net Capital Addition Variance	2021 Revenue Requirement	Escalation Factor (I - X)	Escalation Amount (\$)	CVA Annual Entry DR/(CR)
2021	(\$2,518,633)	(\$10,119)			(\$10,119)
2022		(\$10,119)	3.15%	(\$319)	(\$10,438)
2023		(\$10,119)	3.55%	(\$371)	(\$10,808)
<b>Total</b>					<b>(\$31,365)</b>

10



1 The balance in the CVA as of December 31, 2023 is (\$31,365), plus carrying charges through Q4 2024 of (\$2,845), as shown in Table 4  
 2 below. The OEB directed BHI to reduce its approved ICM funding by these amounts in its Decision and Order.<sup>5</sup>

3

4 **Table 4 – Capital Variance Account Continuity Schedule**

5

Principal Continuity	USoA	Opening Principal Balance as of Jan 1, 2021	Transactions Debit / (Credit) during 2021	Closing Principal Balance as of Dec 31, 2021	Opening Principal Balance as of Jan 1, 2022	Transactions Debit / (Credit) during 2022	Closing Principal Balance as of Dec 31, 2022	Opening Principal Balance as of Jan 1, 2023	Transactions Debit / (Credit) during 2023	Closing Principal Balance as of Dec 31, 2023
Account 1508 Sub-account - Capital Additions Dundas Street Road Widening Project - Revenue Requirement Differential Variance Account	1508	\$0	(\$10,119)	(\$10,119)	(\$10,119)	(\$10,438)	(\$20,557)	(\$20,557)	(\$10,808)	(\$31,365)

6

Interest Continuity	USoA	Opening Interest Balance as of Jan 1, 2021	Interest Jan 1 to Dec 31, 2021	Closing Interest Balance as of Dec 31, 2021	Opening Interest Balance as of Jan 1, 2022	Interest Jan 1 to Dec 31, 2022	Closing Interest Balance as of Dec 31, 2022	Opening Interest Balance as of Jan 1, 2023	Interest Jan 1 to Dec 31, 2023	Closing Interest Balance as of Dec 31, 2023	Opening Interest Balance as of Jan 1, 2024	Interest Jan 1 to Dec 31, 2024	Closing Interest Balance as of Dec 31, 2024
Account 1508 Sub-account - Capital Additions Dundas Street Road Widening Project - Revenue Requirement Differential Variance Account	1508	\$0	\$0	\$0	\$0	(\$195)	(\$195)	(\$195)	(\$1,037)	(\$1,232)	(\$1,232)	(\$1,613)	(\$2,845)

<sup>5</sup> EB-2024-0010, Decision and Order, December 17, 2024, p0

1 **Incremental Capital Module**

2 **Approved ICM Funding**

3 Table 5 provides the updated ICM funding of \$4,762,343 approved as part of the Decision and  
 4 Order<sup>6</sup>.

5

6 **Table 5 – Approved ICM Funding**

Description	2025
Capital Forecast	\$16,891,993
Less: Materiality Threshold	\$11,771,200
<b>Maximum Eligible Incremental Capital</b>	<b>\$ 5,120,792</b>
Replacing Assets in Poor Condition	\$ (197,757)
Higher Unit Costs vs. Waterdown Rd Project	\$ (160,692)
<b>Approved ICM Funding per Decision and Order</b>	<b>\$ 4,762,343</b>

7

8 **Calculation of ICM Revenue Requirement**

9 The incremental revenue requirement associated with the approved ICM funding of \$4,762,343  
 10 is \$140,643 as identified in Table 6 below. These calculations are provided in Tab “10. Incremental  
 11 Capital Adj.” of the updated Capital Module Applicable to ACM and ICM (“ICM Model”), provided  
 12 as a live excel file Attachment 2\_2025 ICM Model\_BHI\_20250109.

13

14 **Table 6 – Incremental ICM Revenue Requirement**

Description	Total
Incremental Capital	\$4,762,343
Return on Rate Base	\$120,955
Amortization	\$44,096
Incremental Grossed Up PILs	(\$24,408)
<b>Revenue Requirement</b>	<b>\$140,643</b>

15

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<sup>6</sup> EB-2024-0010. Decision and Order, p. 1

1 The incremental revenue requirement associated with the approved ICM funding after the  
2 revenue requirement offsets from the CVA is \$106,432 as shown in Table 7.

3

4 **Table 7 - Incremental ICM Revenue Requirement after Offsets**

<b>Description</b>	<b>Total</b>
Incremental ICM Revenue Requirement	\$140,643
Less: CVA Principal Balance at Dec 31, 2023	(\$31,365)
Less: CVA Carrying Charges to Dec 31, 2024	(\$2,845)
<b>Incremental ICM Revenue Requirement including Offsets</b>	<b>\$106,432</b>

5

1    **Calculation of Rate Riders**

2    Burlington Hydro is seeking OEB approval for the 2025 ICM rate riders, identified in Table 8 below,  
3    to recover revenue requirement of \$106,432 identified in Table 7 above. The revenue requirement  
4    has been allocated to rate classes based on the current allocation of revenue using Tab “7.  
5    Revenue Proportions” of the ICM Model. The revenue requirement for the residential class will be  
6    recovered via a fixed rate rider as directed by the OEB in section 3.2.3 of the Chapter 3 Filing  
7    Requirements. Rate riders for all other rate classes are based on the current fixed/variable  
8    revenue split identified in Tabs 7 and 11 of the ICM Model. The proposed rate rider design is  
9    consistent with Burlington Hydro’s rate design approved by the OEB in its 2021 Cost of Service  
10   application.

11  
12   Due to the timing of the Decision and Order, Burlington Hydro is proposing that the rate riders be  
13   prorated over 10 months, effective March 1, 2025.

14  
15   BHI plans to file a Cost of Service application for rates effective January 1, 2026 at which point  
16   the ICM rate rider will expire. However, if there is a delay in BHI’s application and/or a delay in  
17   rate approval, BHI notes that this rate rider will need to be recalculated effective 2026 to reflect  
18   that the balance in the CVA for 2021-2023 will already have been disposed of at the end of 2025.

1 **Table 8 – ICM Rate Riders**

Rate Class	Unit	Service Charge % Revenue	Volumetric Rate % Revenue	Fixed ICM Revenue	Volumetric ICM Revenue	Billed Customers or Connections	Consumption / Demand	Prorated over 10 months Effective Mar 1/2025	
								Fixed Rate Rider	Volumetric Rate Rider
								A	B
RESIDENTIAL	kWh	62.19%	0.00%	\$66,188	\$0	62,297	520,495,249	\$0.11	\$0.0000
GENERAL SERVICE LESS THAN 50 kW	kWh	5.29%	8.36%	\$5,628	\$8,896	5,903	169,521,839	\$0.10	\$0.0001
GENERAL SERVICE 50 TO 4,999 kW	kW	2.34%	20.96%	\$2,486	\$22,307	971	2,133,863	\$0.26	\$0.0125
STREET LIGHTING	kW	0.34%	0.18%	\$366	\$196	17,249	15,484	\$0.00	\$0.0152
UNMETERED SCATTERED LOAD	kWh	0.19%	0.15%	\$203	\$162	576	3,168,511	\$0.04	\$0.0001
				<b>\$106,432</b>					

2

1 Table 9 identifies the monthly bill impacts by rate class due to the incremental capital funding  
2 request.

3

4 **Table 9 – ICM Monthly Bill Impacts**

Rate Class	Unit	# Units	ICM Rate Rider before HST
RESIDENTIAL	kWh	750	\$0.11
GENERAL SERVICE LESS THAN 50 kW	kWh	1,500	\$0.25
GENERAL SERVICE 50 TO 4,999 kW	kW	200	\$2.76
STREET LIGHTING	kW	0.22	\$0.00
UNMETERED SCATTERED LOAD	kWh	2,000	\$0.24

5

1 **Bill Impacts**

2 A summary of the bill impacts by rate class is provided in Tables 10 and 11 below. A detailed  
 3 summary of the bill impacts for each rate class is provided in tab 21 of the IRM Rate Generator  
 4 model, filed as Attachment 1\_2025 IRM Model\_BHI\_20250109.

6 **Table 10 – Bill Impacts - Distribution Rates (excluding Pass-through)**

Rate Class	RPP/ non-RPP	kWh	kW	Effective Mar 1, 2025	
				Total Incr/(Decr) (\$)	Total Incr/(Decr) (%)
RESIDENTIAL	RPP	750		\$ 1.20	3.8%
GENERAL SERVICE LESS THAN 50 kW	RPP	1,500		\$ 2.13	3.8%
GENERAL SERVICE 50 TO 4,999 kW	non-RPP	36,700	200	\$ 31.08	3.8%
UNMETERED SCATTERED LOAD	RPP	2,000		\$ 1.80	3.8%
STREET LIGHTING (1 CONNECTION)	non-RPP	175	0.22	\$ 0.06	3.5%

7  
8

9 **Table 11 – Bill Impacts – Total Bill including HST**

Rate Class	RPP/ non-RPP	kWh	kW	Effective Mar 1, 2025	
				Total Incr/(Decr) (\$)	Total Incr/(Decr) (%)
RESIDENTIAL	RPP	750		\$ 0.58	0.4%
GENERAL SERVICE LESS THAN 50 kW	RPP	1,500		\$ 0.59	0.2%
GENERAL SERVICE 50 TO 4,999 kW	non-RPP	36,700	200	\$ 12.67	0.2%
UNMETERED SCATTERED LOAD	RPP	2,000		\$ (0.45)	-0.1%
STREET LIGHTING (1 CONNECTION)	non-RPP	175	0.22	\$ 0.20	0.7%

10

1 **CONCLUSION**

2 Burlington Hydro respectfully requests approval for rate riders, effective March 1, 2025 to  
3 December 31, 2025, associated with the \$4,762,343 in approved funding under the OEB's  
4 Incremental Capital Module, offset by the 2023 balance including carrying charges up to Q4 2024  
5 in the variance Account 1508 Sub-account - Capital Additions Dundas Street Road Widening  
6 Project - Revenue Requirement Differential Variance Account.

7

8 All of which is respectfully submitted this 9<sup>th</sup> day of January, 2025.