



MILTON HYDRO DISTRIBUTION INC.

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By RESS and Courier

September 13, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON
M4P 1E4

**Re Milton Hydro Distribution Inc., Distribution Licence ED-2003-0014
2011 Electricity Distribution Cost of Service Rate Application
EB-2010-0137
Corrections to Tables and Cross Reference**

Please find attached corrections and clarifications to Milton Hydro Distribution Inc.'s ("Milton Hydro") 2011 Electricity Distribution Cost of Service Rate Application and supporting evidence. Milton Hydro has updated a table that appears redacted and should not be and in addition Milton Hydro has also included clarification in respect to specific sections of its Application as identified below in order to assist OEB Staff and potential intervenors in their review of the Application.

Exhibit 2 – Rate Base:

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Table 1(a) – Summary of Capital Drivers

This table is black and appears redacted and should not be. The attached replacement page provides the information pertaining to this Table 1(a).

This page is being submitted as an attachment to this letter through the RESS in Adobe and also five copies are printed on blue paper for replacement in the hard copies submitted to the OEB on August 30, 2010.

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Milton Hydro would like to clarify the 2010 Bridge Year Net Capital Additions included in Table 5 – Capital Additions 2005 Actual to 2011 Test Year in the amount of \$12,258,561 and Table 6 – Capital Investment Drivers & % of Total Capital 2005 Actual to 2011 Test Year in the amount of \$8,384,321.

Table 5 represents the total capital additions for the 2010 Bridge Year included in Rate Base and therefore includes the smart meter capital additions reflected in Milton Hydro's request for disposition of its smart meter variance accounts 1555 and 1556 as discussed in Exhibit 9 – Deferral and Variance Accounts in the amount of \$3,874,240.

Table 6 represents the 2010 Bridge Year forecasted capital expenditures by "Driver" and excludes the adjustment for the smart meter disposition of accounts 1555 and 1556.

Exhibit 3 – Operating Revenue:

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Table 1 – Summary of Operating Revenue

The 2010 Bridge Year Distribution Revenue reflects Milton Hydro's forecasted distribution revenue based on its 2010 Bridge Year load forecast and before adjusting the customer class revenues for the disposition of Milton Hydro's smart meter variance accounts 1555 and 1556 as discussed in Exhibit 9 – Deferral and Variance Accounts.

Milton Hydro would refer the OEB and potential intervenors to its Rate_Design_Model_2011_20100512_V2_20100702_SM, Tab "2011 Test Yr On Existing Rates", "Forecast Class Billing Determinants for the 2010 Bridge Year Base on Existing Class Revenue Proportions Revenue At Existing Rates" for the reconciliation of the 2010 Bridge Year distribution revenue before and after the allocation of the smart meter revenue recovered by customer class.

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Table 2 – Summary of Distribution Revenue & Variances

Same explanation as in Table 1 above only the distribution revenue includes the transformer allowance.

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Milton Hydro has updated the percentage change in the “Comparison 2010 Bridge Year to 2009 Actual and 2006 Board Approved” and the “Comparison 2011 Test Year to 2010 Bridge Year and 2006 Board Approved” in order to agree to the percentage change reflected in Table 2 on Page 3 of this Exhibit.

This page is being submitted as an attachment to this letter through the RESS in Adobe and also five copies are printed on blue paper for replacement in the hard copies submitted to the OEB on August 30, 2010.

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Table 30 – Variance analysis – Other Operating Revenue

Milton Hydro has updated the 2010 Bridge Year Investment Income USoA classification 4405 to reflect the adjustment to this account as a result of the proposed disposition of Milton Hydro’s smart meter variance accounts 1555 and 1556 as discussed in Exhibit 9 – Deferral and Variance Accounts. The adjustment is made up of a debit to USoA 4405 of \$89,157 from USoA 1555 and \$19,822 from USoA 1556.

This page is being submitted as an attachment to this letter through the RESS in Adobe and also five copies are printed on blue paper for replacement in the hard copies submitted to the OEB on August 30, 2010.

Exhibit 8 – Rate Design:

Appendix A – Rate Impacts By Customer Class

Milton Hydro would note that this Appendix A was included in the Adobe version of its Application that was filed through the RESS, however the hard copy of Milton Hydro’s Rate Application did not include Appendix A.

This Appendix A is being submitted as an attachment to this letter in five copies printed on white paper for inclusion in the hard copies submitted to the OEB on August 30, 2010.

Excel Models – OEB RESS Confirmation Reference Number 9407 (Attached):

Milton Hydro submitted nine (9) “Live” Excel files through the OEB RESS on August 26, 2010 under the above confirmation reference number. These Excel

spreadsheets are an integral component of Milton Hydro's 2011 Electricity Distribution Cost of Service Rate Application and provide supporting evidence and calculations and should be part of the "public record".

Milton Hydro respectfully requests that the OEB post these Excel worksheets on its web site as part of Milton Hydro's Rate Application.

Milton Hydro also respectfully requests that the OEB post this letter and the accompanying attachments for the "public record" on the OEB's web site as part of Milton Hydro's Rate Application.

Should you require further information or clarification please contact me at 905-876-4611 ext. 246 or cameronmckenzie@miltonhydro.com .

Yours truly,

Original signed by Cameron McKenzie

Cameron McKenzie, CGA
Director, Regulatory Affairs

2001 which has increased to 27,300 metered customers by the end of 2009 and forecasted to exceed 30,000 by the end of the 2011 Test Year. In addition to the new infrastructure investment required to meet this growth Milton Hydro has a need to replace aging infrastructure.

Milton Hydro has summarized its capital investments by capital driver in the following Table 1(a). As is evident in this table and as discussed in further detail below, over 61% of Milton Hydro's capital expenditures are driven by third parties, 31% is Milton Hydro's capital expenditures on existing and new plant and 8% on other assets.

**Table 1(a) -
Summary of Capital Drivers**

Capital Driver	2005 Actual	% of Total Capital Additions	2006 Actual	% of Total Capital Additions	2007 Actual	% of Total Capital Additions	2008 Actual	% of Total Capital Additions	2009 Actual	% of Total Capital Additions	2010 Bridge Year	% of Total Capital Additions	2011 Test Year	% of Total Capital Additions
Third Party Capital Drivers	6,724,893	64.2%	6,176,670	64.7%	5,113,717	71.6%	9,078,002	81.4%	5,938,572	54.7%	7,715,296	61.9%	7,203,920	60.3%
Milton Hydro - Distribution Plant	3,638,445	34.8%	3,250,241	34.1%	1,907,627	26.7%	1,956,150	17.5%	1,889,530	17.4%	3,190,234	25.6%	3,751,159	31.4%
Milton Hydro - Land & Building	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2,499,347	23.0%	880,000	7.1%	150,000	1.3%
Milton Hydro - Other Assets	106,586	1.0%	115,439	1.2%	123,428	1.7%	120,070	1.1%	525,709	4.8%	669,055	5.4%	838,500	7.0%
Total	10,469,924		9,542,351		7,144,772		11,154,222		10,853,157		12,454,585		11,943,579	

Milton Hydro has provided a summary of its cost of power and controllable expenses used in calculating working capital for the period 2005 Actual to 2009 Actual, including the 2006 Board Approved, 2010 Bridge Year and 2011 Test Year in Table 2, below. Details of Milton Hydro's calculation of working capital allowance are provided further in this Exhibit at Page 59.

**Table 2 -
Summary of Working Capital Calculation**

Description	2005 Actual	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Cost of Power	50,722,123	44,013,855	46,137,044	49,302,014	49,997,910	52,697,568	60,667,864	61,842,630
Operations	504,377	440,504	433,375	527,987	683,018	685,613	792,937	876,809
Maintenance	945,305	728,619	830,665	908,815	879,911	991,549	1,373,913	1,234,930
Billing & Collecting	1,054,965	923,532	1,127,509	1,221,047	1,511,687	1,494,298	1,629,959	1,818,688
Community Relations/3rd tranche CDM	176,894	117	68,775	149,682	14,347	8,470	19,483	10,679
Administration & General Exp.	1,524,730	1,700,535	1,657,420	1,769,575	2,027,431	2,185,880	2,432,459	2,573,873
Working Capital	54,928,394	47,807,162	50,254,788	53,879,120	55,114,304	58,063,378	66,916,615	68,357,609
Working Capital Allowance 15%	8,239,259	7,171,074	7,538,218	8,081,868	8,267,146	8,709,507	10,037,492	10,253,641

The changes in working capital are primarily attributed to the annual changes in Cost of Power resulting from growth, weather and changes in the market price of electricity and increases in OM&A expenditures to service the growth such as staffing requirements, locate costs, meter

by the decline in the economy, which began in 2008 resulting in reduced load of Milton Hydro's Large User customer class.

Comparison 2009 Actual to 2008 Actual and 2006 Board Approved:

The 2009 Actual revenues are higher than the 2008 Actual revenues by 8.4% and the 2006 Board Approved revenues by 34.1% which, in both cases, which despite the reduced Large Users revenues, is due primarily to higher than average customer growth of 9.1% and a small IRM rate increase adjustment of 0.4%.

Comparison 2010 Bridge Year to 2009 Actual and 2006 Board Approved:

The 2010 Bridge Year revenues are slightly higher than the 2009 Actual revenues by 0.1% and the 2006 Board Approved revenues by 34.2% due, in part to continued customer growth albeit slower than the previous two years but enough to offset an IRM rate decrease adjustment of 1.3%.

Comparison 2011 Test Year to 2010 Bridge Year:

The 2011 Test Year revenues are higher than the 2010 Bridge Year revenues by 19.2% and the 2006 Board Approved revenues by 60.0%. The 2011 Test Year revenues reflect the rebasing increase and load and customer growth as developed in the forecasting model.

WEATHER NORMALIZED LOAD & CUSTOMER/CONNECTION FORECAST

The purpose of this evidence is to present the process used by Milton Hydro to prepare the weather normalized load and customer/connection forecast to be used to design the proposed distribution rates for the 2011 Test Year. In summary, Milton Hydro reviewed the various processes used by the 2009 and 2010 cost of service applicants and has elected to use a Load Forecast Model based on a Weather Normalization Multivariate Regression Analysis similar to the one used by Toronto Hydro Electric System Ltd in its 2008, 2009 and 2010 distribution rate application. A similar method was approved by the OEB in the following 2010 cost of service applications:

Burlington Hydro Inc. (EB-2009-0259)

Table 30 -

Variance Analysis - Other Operating Revenue

USoA Account #	Description	2005 Actual	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	Variance from 2005 Actual	2007 Actual	Variance from 2006 Actual	2008 Actual	Variance from 2007 Actual	2009 Actual	Variance from 2008 Actual	2010 Bridge	Variance from 2009 Actual	2011 Test	Variance from 2010 Bridge
Revenues from Other Distribution Services																
4082	Retailer One Time Charges			200	200	200	200	0	100	-100	200	100	200	0	200	0
4082	Distributor Consolidated Billing Services	7,438	7,797	9,223	1,426	1,784	10,289	1,067	10,104	-186	11,463	1,359	11,500	37	11,500	0
4082	Retailer Consolidated Billing Services	-17	-34	-19	15	-2	-79	-60	-91	-12	0	91	0	0	0	0
4082	Monthly Fixed Charges	1,720	1,920	1,660	-260	-60	2,160	500	2,620	460	2,740	120	2,878	138	3,021	143
4082	Monthly Variable Charges	12,426	13,051	15,402	2,351	2,977	17,280	1,878	16,991	-289	19,105	2,114	20,060	955	21,063	1,003
4084	Request Fees	145	22	396	374	251	348	-48	444	96	270	-174	350	80	350	0
4084	Processing Fees	265	33	469	437	205	647	178	928	281	632	-296	735	103	735	0
4090	Misc. Electric Services		44,355		-44,355	0		0		0		0		0		0
Other Operating Revenues																
4210	Pole Rental Fees	91,865	110,798	128,415	17,616	36,549	129,004	590	129,004	0	132,641	3,637	134,582	1,941	135,213	631
4215	Other Utility Operating Income (SSS Admin)					included in USoA 4080 for these years										
4225	Late Payment Charges	112,250	107,805	102,626	-5,179	-9,625	102,130	-496	131,969	29,840	142,104	10,135	149,209	7,105	156,670	7,461
4235	Collection Charge	43,434	27,287	92,127	64,840	48,693	115,189	23,062	155,160	39,971	177,130	21,970	194,843	17,713	214,327	19,484
4235	Reconnection Charge	3,020	1,547	7,200	5,654	4,180	14,055	6,855	13,555	-500	10,645	-2,910	11,177	532	12,231	1,054
4235	Occupancy Charge	143,375	143,075	136,130	-6,945	-7,245	181,122	44,992	234,390	53,268	239,880	5,490	162,127	-77,753	165,734	3,607
4235	Lawyer's Certificates	1,177	1,412	1,570	157	393	1,737	168	1,704	-33	1,115	-590	1,200	86	1,200	0
4235	TOU Metering Charge	14	1,119	0	-1,119	-14		0		0		0		0		0
4235	Credit Check Fee	135	10,410	0	-10,410	-135		0		0		0		0		0
4235	Off Cycle Meter Read	1,390	910	2,030	1,120	640	2,860	830	3,600	740	3,690	90		-3,690		0
4235	Interval Meter Read	2,856	4,239	3,886	-353	1,030	14,040	10,154	18,720	4,680	10,170	-8,550	10,000	-170	10,000	0
Other Income/(Deductions)																
4355	Fixed Asset Disposal		11,260		-11,260	0	2,827	2,827		-2,827	476	476	1000	524	500	-500
4375	OPA Programs - Refrigerator Roundup			0	0	0	12,173	12,173	46,369	34,196	29,226	-17,143		-29,226		0
4375	OPA Programs - Summer Savings			0	0	0	13,928	13,928	38,819	24,891	408	-38,411		-408		0
4375	OPA Programs - Power Savings Blitz			0	0	0		0	24,804	24,804	918,379	893,576		-918,379		0
4375	OPA Programs - Community Initiative			0	0	0		0	16,000	16,000	16,000	0		-16,000		0
4375	OPA Programs - Peak Saver			0	0	0	232,855	232,855	43,961	-188,894		-43,961		0		0
4375	OPA Programs - ERIP			0	0	0	18,725	18,725	47,193	28,468	213,741	166,548		-213,741		0
4380	OPA Programs - Printing/Advertising			0	0	0	-9,264	-9,264	-11,570	-2,306	-4,452	7,118		4,452		0
4380	OPA Programs - Materials			0	0	0		0		0	-871,446	-871,446		871,446		0
4380	OPA Programs - Promotion Items			0	0	0		0	-14,451	-14,451	-6,422	8,030		6,422		0
4380	OPA Programs - Consulting Fees			0	0	0	-197,656	-197,656	-141,704	55,952	-158,814	-17,110		158,814		0
4380	OPA Programs - Rebates			0	0	0	-71,662	-71,662		71,662		0		0		0
4390	Region Water & Sewer Fees	334,448	231,929	371,894	139,966	37,447	351,351	-20,543	405,540	54,189	474,798	69,258	528,628	53,830	564,418	35,790
4390	Purchase Discounts	1,440	-95	429	524	-1,011	1,524	1,095	1,574	50	109	-1,465	1,000	891	1,000	0
4390	Sale of Scrap Material	22,721	1,325	23,651	22,326	930	11,836	-11,815	22,743	10,907	20,374	-2,370	20,000	-374	20,000	0
4390	Miscellaneous Revenue	31,609	3,739	1,334	-2,405	-30,275	4,440	3,106	2,259	-2,181	83,071	80,812	2,000	-81,071	2,000	0
4390	Hydro One Meter Exit Fee			0	0	0	48,519	48,519		-48,519		0		0		0
4390	Settlement Software Fee			0	0	0	9,234	9,234		-9,234		0		0		0
4390	NSF Charges	4,140		4,626	4,626	486	4,875	249	5,865	990	7,428	1,563	8,170	743	8,735	565
4390	Fee to Milton Telecom re: Sentinel Light billing	4,008	4,010	3,816	-194	-192	3,819	3	3,828	9	3,828	0	3,828	0	3,828	0
4390	Rental Fee of Space @ 55 Thompson		3,290		-3,290	0		0	5,000	5,000	1,500	-3,500		-1,500		0
4390	Statement of Account Charge			15	15	15	30	15	120	90	210	90	120	-90	120	0
Investment Income																
4405	Short term Investment Income				0	0		0		0		0		0		0
4405	Bank Deposit Interest	138,310	164,641	237,078	72,437	98,768	268,178	31,100	153,166	-115,012	28,888	-124,278	-63,979	-92,867	45,000	108,979
4405	Interest on PILS Overpayment			0	0	0		0		0	6,658	6,658	0	-6,658	0	0
4405	Interest on RSVA Accounts	55,421	-20,243	-53,401	-33,158	-108,823	-14,917	38,484	-21,671	-6,754	2,573	24,244	0	-2,573	0	0
Total		1,013,590	875,600	1,090,757	215,157	77,166	1,281,799	191,042	1,347,044	65,245	1,518,318	171,274	1,273,407	- 318,690	1,453,649	180,242



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