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November 2, 2010

BY EMAIL & COURIER

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St, Suite 2701  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Board File No. EB-2010-0137**  
**Milton Hydro Distribution Inc. – 2011 Cost of Service Application**  
**Energy Probe – Interrogatories**

Pursuant to Procedural Order No. 1, issued by the Board on October 19, 2010, please find attached the Interrogatories of Energy Probe Research Foundation (Energy Probe) in the EB-2010-0137 Milton Hydro Distribution proceeding.

Should you require additional information, please do not hesitate to contact me.

Yours truly,

David S. MacIntosh  
Case Manager

cc: Frank Lasowski, Milton Hydro Distribution (By email)  
Cameron McKenzie, Milton Hydro Distribution (By email)  
Randy Aiken, Aiken & Associates (By email)  
Intervenor of Record (By email)

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Phone: (416) 964-9223 Fax: (416) 964-8239 E-mail: EnergyProbe@nextcity.com Internet: www.EnergyProbe.org

**Ontario Energy Board**

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

**AND IN THE MATTER OF** an application by Milton Hydro  
Distribution Inc. for an order approving just and reasonable rates  
and other charges for electricity distribution to be effective May  
1, 2011.

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**INTERROGATORIES OF  
ENERGY PROBE RESEARCH FOUNDATION  
("ENERGY PROBE")**

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November 2, 2010

**MILTON HYDRO DISTRIBUTION INC.  
2011 RATES REBASING CASE  
EB-2010-0137**

**ENERGY PROBE RESEARCH FOUNDATION  
INTERROGATORIES**

**Interrogatory # 1**

**Ref: Exhibit 1, page 23**

- a) Please provide the test year cost for the management fee noted at line 12.
- b) Is all of the management fee associated for the Milton Hydro Holding Inc. Board of Directors? If not, please provide a breakdown of the management fee into its components.
- c) What is the total cost associated with the Board of Directors of Milton Hydro Holding Inc. and how have these costs been allocated to Milton Hydro Distribution Inc. and the other affiliates?
- d) What is the cost associated with the Board of Directors of Milton Hydro Distribution Inc. that are included in the proposed revenue requirement?

**Interrogatory # 2**

**Ref: Exhibit 1, page 34**

The evidence indicates that Milton Hydro has elected not to file an application for a CDM-related lost revenue adjustment ("LRAM") or shared savings ("SSM") at this time. Please indicate the significance of "at this time". Please specify the years for which Milton Hydro will not seek to recover these amounts in the current application and in any future application.

**Interrogatory # 3**

**Ref: Exhibit 1, page 40**

- a) Please provide the number of customers and number of employees used to calculate the Milton Hydro figures for 2009, 2010 and 2011 as shown in Table 7.

- b) Please provide the number of customers, number of employees and resulting customers served per employee for each of 2006 through 2008.

**Interrogatory # 4**

**Ref: Exhibit 1, page 41**

**With respect to the information used to set the 2010 and 2011 budgets:**

- a) Please provide the materials presented to the Board of Directors related to the preliminary capital budget and long range forecast at the special meeting of the Board noted in item 1.
- b) Please provide the refinements made by the Finance department to the capital budget and long range forecast as noted in item 2.
- c) Please provide a copy of the materials related to the updated capital budget that was provided to the Board of Directors for approval as noted in item 3.
- d) Please provide a copy of the approved budget, as noted in item 4, if it is different from that presented to the Board in item 3.
- e) What are the differences, if any, in the capital budget approved by the Board of Directors for 2010 and 2011 from that included in the bridge and test year forecasts in the current application.
- f) The evidence details the approval process related to the capital budget. What is the process for approval of the OM&A budget?

**Interrogatory # 5**

**Ref: Exhibit 2, page 2**

**Please provide the most recent actual year-to-date capital expenditures available for 2010 in the same level of detail as shown in Table 1(a).**

**Interrogatory # 6**

**Ref: Exhibit 2, page 4**

**For each actual year 2005 through 2009 and for the bridge and test years, please provide:**

- a) the developer-driven capital expenditures;
- b) the capital contributions associated with these developer-driven capital expenditures;
- c) the municipal/regional-driven capital expenditures; and
- d) the capital contributions associated with these municipal/regional-driven capital expenditures.

**Interrogatory # 7**

**Ref: Exhibit 2, pages 41-42**

**With respect to the purchase of the land in 2009 please provide/confirm the following:**

- a) the environmental assessment cost was \$101,580, being the difference between the total cost of \$2,218,530 and the \$2,116,950 paid to the Town of Milton;
- b) the amount paid by the Town of Milton to Hydro One for the land;
- c) the expiration of the current lease agreement; and
- d) the current/projected use of the land until the office and service centre are completed.

**Interrogatory # 8**

**Ref: Exhibit 2, pages 41-42**

- a) Please provide a copy of the business analysis/plan that indicated buying the land and constructing the facilities was less expensive than continuing with the current lease agreement.
- b) What other options were considered? If these options were not included in the business analysis/plan requested above, please explain why not.

**Interrogatory # 9**

**Ref: Exhibit 2, page 44**

**Why is the total cost of the double bucket truck shown as a negative number, i.e. (\$ 342,202)?**

**Interrogatory # 10**

**Ref: Exhibit 2, page 46**

- a) Does Milton Hydro have any more recent information on the requests from developers for new subdivisions and the number of lots noted at lines 7-9?**
- b) Please explain how Milton Hydro has estimated the number of additional residential homes in the 2010 bridge year related to the subdivisions that began in 2009, including any historical data that shows what percentage of lots become customers on a year by year basis.**
- c) Please provide the total number of lots associated with the subdivisions that began in 2009 and indicate how many of those lots became customers in 2009.**
- d) Please provide the total number of lots associated with the subdivisions that are expected to begin in 2010.**

**Interrogatory # 11**

**Ref: Exhibit 2, page 48**

- a) Please confirm that the 10 relocation projects shown have either been completed or are still projected to be completed in 2010. If this cannot be confirmed, please indicate when the project is now expected to be completed.**
- b) How many poles did Milton Hydro replace in each of 2006 through 2009?**

**Interrogatory # 12**

**Ref: Exhibit 2, pages 49-50**

- a) How many FIT/micro-FIT projects are captured in the \$100,127 figure?**

- b) Please provide a breakdown of the \$100,127 into amounts that Milton Hydro is obligated to bear, up to the \$90,000 per MW limit and how much is the result of projects such as the one noted in the evidence where the customer would be responsible for the \$15,000 additional cost.

**Interrogatory # 13**

**Ref: Exhibit 2, pages 50-51**

- a) Has Milton Hydro purchased the land in question and, if so, what was the actual cost associated with the land?
- b) Does Milton Hydro still believe that it will purchase the land before the end of 2010, if it has not already done so?

**Interrogatory # 14**

**Ref: Exhibit 2, pages 43 & 53**

**Is the new office site at 8069 Lawson Rd. the same property noted on page 43 of Exhibit 2?**

**Interrogatory # 15**

**Ref: Exhibit 2, page 44 & 54**

**Table 18 on page 44 shows that the double bucket truck purchased in 2009 replaced a vehicle that was 23 years old and that the double bucket truck forecast to be purchased in 2012 will replace a 20-year-old vehicle. The double bucket truck forecast to be replaced in 2010 is only 10 years old. Please explain why it is necessary to replace a 10-year-old truck, when the other double bucket truck being replaced is at least twice as old.**

**Interrogatory # 16**

**Ref: Exhibit 2, pages 45 & 53**

**Is the \$70,000 generator noted in page 53 the same \$70,000 noted in Table 19 on page 45 in account 1990 - Other Tangible Property? If yes, please explain why the generator has been placed in this account and please provide the depreciation rate used for this asset. If no, please provide a description of what has been included in account 1990.**

**Interrogatory # 17**

**Ref: Exhibit 2, page 45**

**Please confirm that, based on the most recent information available, all of the work in progress shown in Table 19 at the beginning of the year (\$1,374,900) will be in service by the end of 2010. If this cannot be confirmed, please indicate how much is now expected to be in service by year end.**

**Interrogatory # 18**

**Ref: Exhibit 2, pages 46 & 56**

- a) Please reconcile the 9 additional requests from developers noted on page 56 with the 7 additional requests noted on page 46.**
  
- b) Please explain how Milton Hydro has estimated that 1,300 lots will be ready for connection in 2011.**

**Interrogatory # 19**

**Ref: Exhibit 2, pages 47 & 57**

**Please provide a table for 2006 through 2011 that shows the costs and number of customers by type associated with customer driven projects - new connections for both overhead and underground services in the following format.**

	2006	2007	2008	2009	2010	2011
<b>Overhead \$</b>						
<b>Res customers</b>						
<b>GS customers</b>						
<b>Underground \$</b>						
<b>Res customers</b>						
<b>GS customers</b>						

**Interrogatory # 20**

**Ref: Exhibit 2, page 59**

- a) How many FIT/micro-FIT projects are captured in the \$150,127 figure?**

- b) Please provide a breakdown of the \$150,127 into amounts that Milton Hydro is obligated to bear, up to the \$90,000 per MW limit and how much is the result of projects that have costs that exceed this limit.**

**Interrogatory # 21**

**Ref: Exhibit 2, page 59**

**Can the architectural design be delayed until 2012 given that construction is not expected to be completed until 2014? If not, please explain why not.**

**Interrogatory # 22**

**Ref: Exhibit 2, page 67**

- a) Please explain how the non-RPP price of \$0.06704 was calculated based on the figures provided in the OEB's Regulated Price Plan Price Report - May, 2010 to April 30, 2011 issued April 15, 2010.**
- b) Please update the cost of power calculation to reflect the OEB's Regulated Price Plan Price Report - November 1, 2010 to October 31, 2011 issued October 18, 2010.**
- c) Does Milton Hydro agree that Ontario Electricity Market Price Forecast shown in Table 1 of the document noted above in part (b) for the period May 2011 through April 2012 should be used in place of the November 2010 through October 2011 period? If not, why not?**

**Interrogatory # 23**

**Ref: Exhibit 3, page 2**

- a) Does the 2010 bridge year forecast shown in Table 1 include any actual data for 2010? If yes, please explain how many months of actual 2010 data is included.**
- b) Please provide a table in the same level of detail as Table 1 for each of the line items included that shows the most recent year-to-date figures that are available for 2010, along with a column that shows the year-to-date figures for the corresponding period in 2009.**

**Interrogatory # 24**

**Ref: Exhibit 3, page 7**

- a) **Please confirm that the ten year average calculated for heating and cooling degree days for the 2011 test year uses data for June 2000 through May 2010. If this cannot be confirmed, please indicate the period of data used to calculate the averages.**
- b) **Please update the ten year averages to include data through October, 2010 and provide the impact on the volumetric forecast for the weather sensitive rate classes and provide the impact on the revenue deficiency of this change.**

**Interrogatory # 25**

**Ref: Exhibit 3, pages 9-10**

- a) **Did Milton Hydro attempt to use another economic variable in the weather sensitive rate classes such as the provincial or local unemployment rate? If not, why not?**
- b) **Please add the unemployment rate (provincial if no local rate is available) to each of the equations estimated for the weather sensitive rate classes and provide the regression statistics in the same format as in Table 4.**
- c) **For any of the regression equations requested in part (b) above that have coefficients that are both statistically significant and the correct sign, please provide the forecast for 2010 and 2011, indicating how the unemployment rate was forecast for those years.**

**Interrogatory # 26**

**Ref: Exhibit 3, page 14**

- a) **How has Milton Hydro reflected the July, 2010 transfer of one customer from the General Service 1,000 - 4,999 kW customer class to the General Service >50 - 999 kW customer class in the volumetric forecast for the class the customer is now in?**
- b) **Please provide the annual kWh volumes for this customer for each of 2007 through 2009, along with the most recent year-to-date volumes available for 2010 and the corresponding period in 2009.**

- c) **Has the customer forecast for the General Service >50 - 999 rate class been explicitly increased for this customer transfer in 2010?**
- d) **What is the impact on the revenue deficiency if the geometric mean is used to forecast residential customers for 2010 and 2011 rather than the 1,500 additions used?**

**Interrogatory # 27**

**Ref: Exhibit 3, page 15**

**Please provide a table in the same level of detail by rate class as Table 11 that shows the actual number of customers based on the most recent month available for 2010 and the number of customers for each rate class on the same month in 2009.**

**Interrogatory # 28**

**Ref: Exhibit 3, pages 16-17**

- a) **Has the average kWh consumption for the General Service 1,000 - 4,999 kW rate class in Table 13 been calculated with or without the inclusion of the customer that was transferred out of the class in July 2010?**
- b) **If the response to part (a) is that the average use calculated in Table 13 includes the customer that was transferred out of the class, please recalculate the historical average excluding this customer and provide the geometric mean for this class as shown in Table 14.**

**Interrogatory # 29**

**Ref: Exhibit 3, page 16**

- a) **For each of the General Service 1,000 - 4,999 kW and Large User > 4,999 kW customers, please estimate a regression equation that is based on the annual average kWh consumption per customer data shown in Table 13 and includes annual explanatory variables for heating and cooling degree days, the spring/fall flag and Ontario real GDP and provide the results of the regressions.**
- b) **Please provide a second run based on the response to part (a) by removing all explanatory variables that have a t-statistic less than 1.50 and/or have an incorrect sign on the estimated coefficient.**

- c) Please provide a forecast for 2010 and 2011 from any resulting equation in part (b) above.

**Interrogatory # 30**

**Ref: Exhibit 3, page 3**

**Please provide the 2010 and 2011 forecast that results from the equation shown for the General Service 1,000 - 4,999 kW class in Table 4.**

**Interrogatory # 31**

**Ref: Exhibit 3, page 16**

**Please provide tables similar to Tables 12 and 13 for the rate classes shown in these tables based on the most recent year-to-date information available for 2010 and for the corresponding period in 2009.**

**Interrogatory # 32**

**Ref: Exhibit 3, page 20**

**What is the impact on the revenue deficiency if the kW forecast for 2011 is based on the 2009 kW to kWh ratios shown in Table 18 rather than the average used? Please show the impact on the revenues at current rates for each of the rate classes shown.**

**Interrogatory # 33**

**Exhibit 3, page 28 (updated)**

- a) Please provide the actual SSS Admin revenues collected in 2009.
- b) Please explain how the increase in SSS Admin fees has been calculated in relation to the increase in customers forecast.
- c) For account 4235 Occupancy Charge forecast for 2010, please provide the most recent year-to-date figure for 2010 in this line item along with the corresponding figure for the same period in 2009.

**Interrogatory # 34**

**Ref: Exhibit 3, page 27 &  
Exhibit 2, Table 18**

- a) **Please explain why the sale of the vehicles being replaced in 2011 as shown in Table 18 of Exhibit 2 results in a gain of only \$1,000.**
- b) **Please explain the reduction of \$500 shown in Table 29 under a cost of service application.**
- c) **Please provide a table showing the most recent year-to-date actual figures for 2010 and the figures for the corresponding period in 2009 in the same level of detail as Table 29.**

**Interrogatory # 35**

**Ref: Exhibit 4, page 1**

**Please provide the most recent year-to-date actual expenditures for 2010 and the corresponding figures for the same period in 2009 in the same level of detail as shown in Table 1.**

**Interrogatory # 36**

**Ref: Exhibit 4, page 4**

- a) **Please explain how the capital PST related figures shown in Table 5 for 2010 and 2011 reflect the change in the level of capital expenditures for the bridge and test years relative the average for 2007 through 2009.**
- b) **Did the project by project forecast for of the capital cost take into account the removal of the PST from the cost in the budget process?**

**Interrogatory # 37**

**Ref: Exhibit 4, page 5**

- a) **How many of the staff changes (additions and deletions) shown in Table 6 for the 2010 bridge year have taken place at the current time?**

- b) Please provide a table that shows for each of the staff additions shown for 2010 whether the position is a replacement or a net addition to staff, the total wages and benefits associated with the position and whether the position is currently filled or vacant.
- c) Please provide a table that shows for each of the staff additions shown for 2011 whether the position is a replacement for a net addition to staff and the total wages and benefits associated with the position.

**Interrogatory # 38**

**Ref: Exhibit 4, page 6**

**Is there any difference between the OM&A forecasts for 2010 and 2011 included in the current application from that approved by the Board of Directors? If yes, please provide the difference and the reasons for the difference.**

**Interrogatory # 39**

**Ref: Exhibit 4, page 19**

**Please confirm that the increase in OM&A costs shown in Table 9 between 2009 and 2011 is 19.7% with the moving expenses recorded in 2009 included and 23.4% when the moving expenses are removed.**

**Interrogatory # 40**

**Ref: Exhibit 4, page 23**

**Please provide the actual cost of tree trimming for each of 2005 through 2009, along with the forecast for 2010 and 2011.**

**Interrogatory # 41**

**Ref: Exhibit 4, pages 36-37**

- a) **What is the basis for the \$100,000 in intervenors costs forecast by Milton Hydro, including the expected number of intervenors?**
- b) **Please calculate the amount of LEAP funding based on 0.12% of the distribution revenue requirement.**

**Interrogatory # 42**

**Ref: Exhibit 4, page 55**

**Please provide the impact on the 2011 revenue requirement of each of the three increases shown for 2011.**

**Interrogatory # 43**

**Ref: Exhibit 4, pages 57-58**

- a) What increase has been forecast for 2010 and 2011 for executive and management employees?**
- b) What is the impact on the test year revenue requirement of the increase forecast for executive and management employees?**
- c) What is the cost of the incentive compensation plan forecast for 2011 and what percentage of the annual base salary does this represent?**

**Interrogatory # 44**

**Ref: Exhibit 4, page 60**

**What would be the reduction in the number of employees in 2011 if the customers served per employee shown in Table 20 remained at the forecasted level of 653 for 2010?**

**Interrogatory # 45**

**Ref: Exhibit 4, pages 70-74**

- a) Please reconcile the figure of 98% on line 14 of page 70 with the 90% shown in Table 24 related to the management fee.**
- b) Please break down the management fee (\$72,266) and the cost (\$80,296) into each of its components such as MHHI Board of Directors fees, meeting expenses, management services, administration, legal, audit and insurance expenses.**

- c) **How has Milton Hydro accounted for the revenue requirement associated with the working capital allowance of 15% applied to the OM&A expenses incurred to provide services to its affiliates?**
- d) **What is the rate base impact of including the working capital allowance associated with the OM&A costs related to providing the services to its affiliates?**
- e) **Does Milton Hydro Distribution have its own Board of Directors? If so, what is the related costs included in the revenue requirement?**

**Interrogatory # 46**

**Ref: Exhibit 4, page 91**

**Please explain why the computer hardware additions in 2010 and 2011 appear to have been included in CCA Class 10 rather than Class 50.**

**Interrogatory # 47**

**Ref: Exhibit 4, page 90**

**Has Milton Hydro included a tax reduction of \$36,250 related to the Ontario small business tax rate on the first \$500,000 in taxable income (calculated as \$500,000 times the difference between 11.75% and 4.50%)? If not, why not?**

**Interrogatory # 48**

**Ref: Exhibit 5, page 3**

- a) **What are the terms associated with the loans from Infrastructure Ontario forecast for December 1, 2010 and June 1, 2011?**
- b) **What are the current interest rates available from Infrastructure Ontario based on the terms identified in (a) above based on the latest information available?**

**Interrogatory # 49**

**Ref: Exhibit 7, pages 4 & 7**

**Milton Hydro plans to adjust the street lighting and sentinel light revenue to cost ratios to 70% in 2012. What is the projected increase in revenues from these classes? For which rate class does Milton Hydro propose to reduce the revenue to cost ratio to offset this revenue increase assuming the Board does not approve the changes to the ratios for 2012 as shown in the table on page 7?**

**Interrogatory # 50**

**Ref: Exhibit 8, page 23 & Exhibit 9, page 27**

- a) Please assume that the smart meter rate rider for disposition of variance shown on Table 21 of Exhibit 9 is disposed of over three years. Please provide the 2011 test year bill impact summary shown in Table 21 of Exhibit 8 based on this change.**
- b) Please assume that the smart meter rate rider for disposition of variance shown on Table 21 of Exhibit 9 is disposed of over two years. Please provide the 2011 test year bill impact summary shown in Table 21 of Exhibit 8 based on this change.**