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(416) 767-1666

December 1, 2010

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
Notice of Intervention: EB-2010-0137
Milton Hydro Distribution Inc. – 2011 Electricity Distribution Rate Application

Please find enclosed the technical conference questions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.
cc: Milton Hydro Distribution Inc.
Attention: Mr. Cameron McKenzie

Milton Hydro Distribution Inc. (Milton)

2011 Rate Application (EB-2010-0137)

VECC's Technical Conference Questions

QUESTION TC #1

Reference: OEB Staff #35
OEB Letter re: Review of Electricity Distribution Cost Allocation Policy, September 2, 2010.

a) Please explain why the table setting out the Proposed Revenue to Cost ratios may be redundant when the Board has specifically stated that it "expects that any revisions to its electricity distribution cost allocation policy resulting from this consultation would be implemented through cost of service applications starting with the 2012 rate year".

QUESTION TC #2

Reference: OEB Staff #16 and VECC #37
OPA Advice to the OEB: CDM Target Allocation for Ontario LDCs, pages 11-13
EB-2010-0133, Undertaking JT1.1

a) Hydro Ottawa has recently filed the CDM forecast used by the OPA in determining the individual distributor CDM targets. Is Milton familiar with this material?

b) Please confirm that the GWh targets represent "reduced electricity consumption accumulated over the four year period" 2011-2014.

c) Please explain why Milton assumed that ¼ of the accumulated savings would be achieved in 2011. Please confirm that, assuming 100% persistence through to 2014, Milton would not have to implement any additional CDM measures in subsequent years in order to achieve its target.

d) What percentage of the total 6,000 GWh of savings for LDCs has been allocated to Milton?

e) Based on this percentage and the 2011 LDC savings shown in EB-2010-0133, Exhibit JT1.1, what would Milton's 2011 CDM savings be?

QUESTION TC #3

Reference: VECC #7 c)

a) Based on this response, please indicate whether the reported Interest and Dividend Income (Account #4405) includes interest debits/credits on Regulatory Asset Accounts. If the answer is yes, please provide the values for 2008-2011 excluding interest associated with Regulatory Asset Accounts.

QUESTION TC #4

Reference: VECC #13 a) & c)
EB-2008-0046, Staff Discussion Paper

a) Please confirm that the Board's direction on cost allocation in its EDDVAR Report was based on the Staff Discussion Paper (per page 19 of the Board's Report).

b) Please confirm that, in recommending the use of Distribution Revenues for allocating Account #1508 the Staff Paper only considered two sub-accounts: Pension Contributions and OEB Cost Assessments.

QUESTION TC #5

Reference: VECC #15 a), Attachment A and VECC #16 d.

a) Please confirm that the average annual capital budget, net of refunds to developers and capital contributions, approved by Milton Hydro Board of Directors for the four years 2006-2009 inclusive was $7,970,596.

b) Please confirm that the average actual net capital expenditures for the four years 2006-2009 inclusive was $5,347,014 and that for each year in this period, actual capital expenditures were significantly less than the approved capital budgets.

c) Please explain why actual cap ex is persistently less than budgeted cap ex, on both a gross and net basis, for each year 2006-2009. Does this indicate systematic over-forecasting?

d) Please provide the most recent available capital expenditures for 2010 year-to-date in a form similar to that provided in Attachment A. In the event that ytd information is only available for 2010 to October 2010, as in the response to VECC #16 d), please provide the information in VECC #16 d) in the same form as provided in the referenced Attachment A.

e) Please provide the 2009 capital expenditures for 2009 for the same period and in the same form as that requested in part d) of this question.

QUESTION TC #6

Reference: VECC #16 a)

a) Please explain why the average cost of poles replaced in 2008 was about twice the average cost of poles replaced in each other year shown in the response.

QUESTION TC #7

Reference: VECC #17 and Exhibit 2, page 44, Table 18

a) Regarding Vehicle #30 which was sold in September 2010,, what is the typical life of this vehicle in kms?

b) Please indicate the amount received from the sale of Vehicle #30 and Milton Hydro's treatment of this amount.

QUESTION TC #8

Reference: VECC #19 a) and Exhibit 4, page 65, Table 21

a) The initial IR referenced management incentive pay paid in 2006 in error. The year referenced should have been 2008. According to Table 21, in 2008, the average incentive pay was $6,556 while the average management base wage was $91,397. Please explain why the average incentive pay was so high in 2008 compared to all other years shown in Table 21 and indicate whether the 5% cap was exceeded in 2008.