



THE BOARD OF DIRECTORS

Chair, GAIL REGAN

President, Cara Holdings Ltd

President, PATRICIA ADAMS

MAX ALLEN

Producer, IDEAS, CBC Radio

ANDREW COYNE

National Editor, Maclean's

GLENN FOX

Professor of Economics, University of Guelph

IAN GRAY

President, St. Lawrence Starch Co.

CLIFFORD ORWIN

Professor of Political Science, University of Toronto

Secretary-Treasurer, ANNETTA TURNER

ANDREW ROMAN

Barrister & Solicitor, Miller Thomson

ANDREW STARK

Rotman School of Management, University of Toronto

GEORGE TOMKO

Resident Expert, PSI Initiative, University of Toronto

MICHAEL TREBILCOCK

Chair, Law & Economics, University of Toronto

MARGARET WENTE

Columnist, The Globe and Mail

December 1, 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 – Technical Conference Questions

Pursuant to Procedural Order No. 2, issued by the Board on November 17, 2010, please find attached the Technical Conference Questions 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)
Intervenors of Record (By email)

Energy Probe Research Foundation 225 BRUNSWICK AVE., TORONTO, ONTARIO M5S 2M6

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.

**TECHNICAL CONFERENCE QUESTIONS OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

December 1, 2010

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

**ENERGY PROBE RESEARCH FOUNDATION
TECHNICAL CONFERENCE QUESTIONS**

Question # 1

Ref: Energy Probe Interrogatory # 5

The response provided indicates a 2010 committed & forecasted capital figure for 2010 of \$11,620,966. Will the reduction between this amount and the original forecast for 2010 of \$12,454,585 be carried forward into the 2011 capital expenditures?

Question # 2

Ref: Energy Probe Interrogatory # 6

The developer driven capital contributions in 2008 and 2009 represent 66.9% and 67.5%, respectively, of the developer driven capital expenditures in those years. Please explain the forecasted decrease in this ratio to 62.0% in 2010 and 58.9% in 2011.

Question # 3

Ref: Energy Probe Interrogatory # 7

- a) What is the impact on the 2011 revenue requirement of including the purchased property in rate base?**
- b) What percentage of the land is/will be used for storage?**
- c) Have the costs associated with the fenced compound been included in the 2011 revenue requirement? If yes, please identify these costs.**

Question # 4

Ref: Energy Probe Interrogatory # 12

Based on the most recent year-to-date information available, what is the total capital expenditure in 2010 related to FIT and microFIT projects?

Question # 5

Ref: Energy Probe Interrogatory # 13

- a) What is the impact on the 2011 revenue requirement of including the property to be purchased in 2010 in rate base?
- b) What will this land be used for in 2011?

Question # 6

Ref: Energy Probe Interrogatory # 14

- a) Is the parking lot at 8069 Lawson Rd. currently paved?
- b) Please explain the need to pave the parking lot.
- c) Given that Milton Hydro plans on vacating these leased premises by 2014, over what period has Milton Hydro amortized this cost?

Question # 7

Ref: Energy Probe Interrogatory # 19

- a) Please provide the year-to-date actual figures (along with projections for the remainder of 2010) for the overhead and underground costs, along with the associated number of residential and general service customers.
- b) Please explain the significant increase in overhead costs in 2010 and 2011 despite a reduction in the number of customers from the 2009 levels shown.

Question # 8

Ref: Energy Probe Interrogatory # 21

Has the expenditure of \$150,000 for the architectural design for the building been closed to rate base in 2011? If yes, please explain why it would not be included in CWIP until the building has been built and placed into service.

Question # 9

Ref: Energy Probe Interrogatory # 22

- a) Please confirm that the updated cost of power provided in part (b) of the response reflects an RPP price of \$0.06838/kWh.
- b) The government has announced a change in the mid-peak/off-peak hours effective May 1, 2011. What impact, if any, will this have on the cost of power? If no change is estimated, please explain why.

Question # 10

Ref: Energy Probe Interrogatory # 23

Please explain why there is no revenue shown in the table provided in the response for unmetered scattered load.

Question # 11

Ref: Energy Probe Interrogatory # 27 & Exhibit 3, Table 9

Are the figures provided in the response the average number of customers over the January through October periods of 2009 and 2010, or the October numbers?

Question # 12

Ref: Energy Probe Interrogatory # 26

What is the impact on the revenue deficiency if the number of General Service 1,000 - 4,999 customers in 2011 is changed to the current level of 13? Please show/explain the derivation of the impact.

Question # 13

Ref: Exhibit 3 page 42 & Energy Probe Interrogatory # 31

The evidence indicates that Milton Hydro reviewed the actual usage for the two Large Use customers for the first five months of 2010 and that the actual consumption increased by approximately 15% over those five months. Based on this Milton Hydro changed the growth rate for the Large Use customer class to 1.15 to reflect a more realistic consumption forecast for this class.

The response to the interrogatory indicates that based on the first nine months of 2010 that the actual consumption has increased by more than 36%.

What is the impact on the revenue deficiency if the Large Use forecast average use increases by 36% in 2010, followed by an increase of 5% in 2011?

Question # 14

Ref: Exhibit 3, Table 18

Please provide the 2010 ratio of kW demand to kWh consumption for each class shown in Table 18 based on the most recent year-to-date figures available for 2010.

Question # 15

Ref: Energy Probe Interrogatory # 34

Does the figure shown in the response to part (c) indicate that Milton Hydro has a \$37,000 gain on the disposition of vehicles in 2010?

Question # 16

Ref: Exhibit 3, Table 30

Please provide the average cash balance and forecast interest rate used to calculate the 2011 bank deposit interest forecast of \$45,000.

Question # 17

Ref: Exhibit 3, Table 29 & Energy Probe Interrogatory # 23

Please provide the year-to-date figures provided in the response to the interrogatory in the same level of detail as shown in Table 29, including the revenue offsets, for both 2010 and 2009.

Question # 18

Ref: Energy Probe Interrogatory # 38

- a) When did the Board of Directors approve the 2010 OM&A and capital budgets?**
- b) When does Milton Hydro expect Board of Director approval of the 2011 OM&A and capital budgets?**

Question # 19

Ref: Energy Probe Interrogatory # 48 & Exhibit 5, Table 1

What is the updated weighted average cost of long term debt shown in Table 1 of Exhibit 5 if the Infrastructure Ontario rate of 4.51% is used for those loans shown in Table 1 that have not yet been placed?

Question # 20

Ref: Exhibit 3, Table 7

- a) Please update the allocation of the CDM target based on EB-2010-0215/EB-2010-0216 Decision and Order dated November 12, 2010.**
- b) Please explain why Milton Hydro has assumed that its CDM target is one-quarter of the total target over the four year period.**
- c) If Milton Hydro hits its kWh target for 2011 and these reductions remain in place for the following three years, would Milton Hydro have to achieve any further reductions to meets its 2011-2014 cumulative energy savings target?**

- d) If the cumulative target were to be met with equal incremental savings in each of the four years, please confirm that Milton Hydro's CDM target reduction for the first year, 2011, would one-tenth of the cumulative energy savings target, based on a weighting factor of 1-2-3-4 for 2011 through 2014. If this cannot be confirmed, please explain why not.
- e) How has Milton Hydro reflected the 2014 net annual peak demand savings (MW) in its cost of power forecast for 2011?

Question # 21

Ref: Board Staff Interrogatory # 12

- a) Please provide a table that shows the forecasted number of customer additions for 2010 as compared to year-end 2009 for each rate class, along with the actual number of connections as of the end of October 2010 and the projection for the remainder of 2010.
- b) How many new residential customers did Milton Hydro connect in 2009 between the end of October and the end of December?

Question # 22

Ref: Board Staff Interrogatory # 28 & Exhibit 3, Table 29

- a) Please provide the amount of water billing and related services revenues included in account 4390 in each of 2005 through 2009 and the forecast for 2010 and 2011.
- b) Where are the costs associated with the provision of these services recorded?
- c) Please provide the cost associated with the provision of water billing and related services for each of 2005 through 2009, along with the forecast for 2010 and 2011.