



MILTON HYDRO DISTRIBUTION INC.

Response to Technical Conference Interrogatories

December 3, 2010

EB-2010-0137

TECHNICAL CONFERENCE QUESTIONS

FROM THE

SCHOOL ENERGY COALITION

1. [SEC #5]

The response to the SEC Interrogatory states that the preliminary assessment conducted by Johnston Donald Associates Inc. valued the property at 7472 Fifth Line at between \$600,000 to \$700,000.

- a) Why is it that the budget for the purchase of the property is at \$700,000?
- b) Why has there been no inspection of the property?

SEC will be requesting an undertaking from the Applicant to provide a copy of the preliminary assessment conducted by Johnston Donald Associates Inc. It would be helpful if the Applicant could provide it to all parties before the Technical Conference.

Response:

- a) Milton Hydro budgeted \$700,000 in order to provide room for negotiations, currently this amount is not agreeable with the current owner and Milton Hydro may have under budgeted.
- b) Apart from a review of the property, which is the same as the adjacent property owned by Milton Hydro, there is no interest in the house on the property and therefore an inspection is not required.

2. [SEC #6, EP #8]

In response to the SEC interrogatory, the Applicant states that “[t]here is no documentation defining the rationale or business case for the construction of a new office/service centre”. If this is the case, what specific investigations and/or inquiries did the Applicant take to come to the conclusion that building a new office/service centre was the most effective solution to the need for space?

Response:

As stated in the response, the requirements for office, warehousing and storage are not readily available in the Town of Milton. At the time the current lease was signed, only through the agreement of the landlord to modify the property at Lawson Rd were the temporary arrangements met. Milton Hydro has secured a parcel of land that provides for the construction of an office/service centre suitable to the needs of Milton Hydro.

3. [SEC #9]

What was the reason for the significant increase in Legal & Audit Fees between 2008 and 2009 and from 2009 to 2010?

Response:

This interrogatory is referencing the expenditures related to Milton Hydro Holdings Inc. The Audit fees for the years 2008, 2009 & 2010 remain consistent at approximately \$1,700. The actual legal fees for 2009 have increased over 2008 by \$1,500 and the forecast for the 2010 Bridge Year over the 2009 actual have increase by \$1,800 for various legal consultations that the Milton Hydro Holdings Board of Directors deems necessary.

4. [SEC # 10]

- a) Do other LDCs provide Reminder Calls?
- b) How effective is this service?
- c) What % of Collections employee time is spent conducting Reminder Calls?

Response:

- a) Milton Hydro understands that other distributors provide Reminder Calls.
- b) Milton Hydro does not track the exact number of reminder calls made with the number of payments made as a direct result of the reminder call. Milton Hydro would note that the number of disconnect calls for a given cycle compared to the number of reminder calls made for the same cycle are significantly lower which would indicate the effectiveness of the reminder call.
- c) The friendly reminder calls are undertaken by a third party collection company on behalf of Milton Hydro. Milton Hydro clerical time would be approximately ten minutes per day to produce the report and send it to the third party collection company.

5. [Energy Probe #12]

How did the Applicant reach the estimate of \$100,127?

Response:

Milton Hydro does not have a list of criteria, this amount is a best estimate at the time of preparing the forecast.

6. [Energy Probe #20]

How did the Applicant reach the estimate of \$150,127?

Response:

Milton Hydro does not have a list of criteria, this amount is a best estimate at the time of preparing the forecast.

7. [Energy Probe #38]

Please explain the variance between the OM&A forecast in the application and the Board of Director approved amount for 2010?

Response:

Milton Hydro has provided the table below which outlines the variances between the OM&A forecast (2010 Bridge Year) and the 2010 Board Approved amounts. The OM&A variance includes the Director of Operations, P&C Lineman & Apprentice, Metering Supervisor (4 months) and a Handyman/Labourer.

	2010 Approved by BofD	2010 Bridge Year	2010 Variance
Operations & Maintenance	1,674,033	1,874,982	200,949
Administration	4,103,487	4,081,901	(21,586)
Smart Meter Disposition JE	-	291,868	291,868
	5,777,520	6,248,751	471,231
Operations:			2010 Variance
Operations & Metering Wages			209,138
Misc. Maintenance			7,037
2010 Adjustment for PST 6 months			(15,226)
			200,949
Administration:			
2010 Adjustment for PST 6 months			(17,693)
Hydro, Water			(48,000)
Rent/Taxes			37,451
Moving Expenses			42,000
Meter Reading			(4,700)
Employee Future Benefits			(16,000)
Credit Insurance			(2,000)
Audit & Legal			15,000
Regulatory			(10,000)
Gifts and Donations			(5,000)
Software & Computer Maintenance			(12,644)
			(21,586)

8. [Energy Probe #43]

How did the Applicant reach the forecast of a 3% increase for executive and management employees?

Response:

Milton Hydro has provided for a 3% increase for executive and management/non-union employees in order to maintain the spread between union employees who receive a negotiated increase of 2.75% January 1st and 0.25% April 1st of each year and to provide for the current inflation rate of just over 3%.

9. [VECC #26]

In response to the interrogatory asking about the high management to non-management employee ratio, the Applicant stated that this was due to the overseeing of work done by contractors. What are the supervisory duties that management employees conduct over contractors in each of the areas that the Applicant mentions in its answer to the interrogatory?

Response:

For each of the areas identified in Milton Hydro's response to interrogatory 19, Milton Hydro management and non-union staff oversee contract work in a manner that varies by work type but generally involves elements of:

- Defining the work
- Awarding the work
- Monitoring the progress of the work
- Reconciling or resolving issues as they arise
- Overseeing project completion

Depending on the type of work, the above list may be further subdivided into additional steps such as defining technical standards, conducting safety orientation, processing payments, and records management.