



MILTON HYDRO DISTRIBUTION INC.

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December 11, 2007

Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Board Secretary:

2008 Incentive Regulation Mechanism (2008 IRM) Rate Application
Board File No. EB-2007-0854

Further to the Board Staff's Interrogatories dated December 5, 2007, Milton Hydro Distribution Inc. is submitting its response. We have enclosed two (2) hard copies of our response and submitted an electronic copy through the Board's web portal.

If you have any questions, please call me.

Yours truly,

Don Thorne, P. Eng.
President/CEO

**Milton Hydro Distribution Inc. (“Milton Hydro”)
2008 Incentive Regulation Mechanism (2008 IRM) Rate Application
Board File Number EB-2007-0854
Response to Board Staff Interrogatories**

1. Monthly Rates and Charges for Residential

A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a “\$/kWh” basis, however Milton Hydro’s 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the Residential class on a “\$/kWh” basis.

2. Monthly Rates and Charges for General Service less than 50 kW

A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a “\$/kWh” basis, however Milton Hydro’s 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the General Service less than 50 kW class, on a “\$/kWh” basis.

3. Monthly Rates and Charges for General Service 50 to 999 kW

a) A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a “\$/kW” basis, however Milton Hydro’s 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the General Service 50 to 999 kW class, on a “\$/kW” basis.

b) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the General Service 50 to 999 kW rate class includes a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, however Milton Hydro's 2008 model does not reflect this. Please confirm whether Milton Hydro's 2008 wishes this rate to continue, and if so, why.

Milton Hydro has revised the 2008 model to reflect a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, consistent with the current 2007 Board approved Tariff of Rates and Charges for the General Service 50 to 999 kW rate class.

Milton Hydro's intent is to continue with this rate. This rate will be maintained to support the equitable allocation of demand based distribution costs.

4. Monthly Rates and Charges for General Service 1,000 to 4,999 kW

(a) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a "\$/kW" basis, however Milton Hydro's 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the General Service 1,000 to 4,999 kW class, on a "\$/kW" basis.

(b) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the General Service 1,000 to 4,999 kW rate class includes a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, however Milton Hydro's 2008 model does not reflect this. Please confirm whether Milton Hydro's 2008 wishes this rate to continue, and if so, why.

Milton Hydro has revised the 2008 model to reflect a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, consistent with the current 2007 Board approved Tariff of Rates and Charges for the General Service 1,000 to 4,999 kW rate class.

Milton Hydro's intent is to continue with this rate. This rate will be maintained to support the equitable allocation of demand based distribution costs.

5. Monthly Rates and Charges for Large Use

(a) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a "\$/kW" basis, however Milton Hydro's 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the Large Use class, on a "\$/kW" basis.

(b) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that for the Large Use class, the entry for Retail Transmission Rate – Network Service Rate and for Retail Transmission Rate – Line and Transformation Connection Service Rate both include the descriptor "Interval Metered", however Milton Hydro's 2008 model does not reflect this.

In order to be consistent with the current 2007 Board approved Tariff of Rates and Charges for the Large Use class, the 2008 IRM model should be revised to include the descriptor "Interval Metered" to the Retail Transmission Rate – Network Service Rate and for the Retail Transmission Rate – Line and Transformation Connection Service. However, the descriptor is not required as all General Service customers > 50 kW are interval metered.

(c) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the Large Use rate class includes a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, however Milton Hydro's 2008 model does not reflect this. Please confirm whether Milton Hydro's 2008 wishes this rate to continue, and if so, why.

The 2008 IRM model should be revised to reflect a rate for "Minimum Distribution Charge – per kW of maximum billing demand in the previous 11 months", in the amount of \$0.60/kW, consistent with the current 2007 Board approved Tariff of Rates and Charges for the Large Use rate class.

Milton Hydro's intent is to continue with this rate. This rate will be maintained to support the equitable allocation of demand based distribution costs.

6. Monthly Rates and Charges for Unmetered Scattered Load

(a) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a "\$/kWh" basis, however Milton Hydro's 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the Unmetered Scattered Load class, on a "\$/kWh" basis.

(b) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the service charge for the Unmetered Scattered Load class is applied on a "per connection" basis, however Milton Hydro's 2008 model does not reflect this.

The 2008 IRM model should be revised to reflect that the service charge for the Unmetered Scattered Load class is applied on a "per connection" basis.

7. Monthly Rates and Charges for Sentinel Lighting

(a) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a "\$/kW" basis, however Milton Hydro's 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect a rate for the Sentinel Lighting class, on a "\$/kW" basis.

(b) A review of Milton Hydro's current 2007 Board approved Tariff of Rates and Charges indicates that the service charge for the Sentinel Lighting

class is applied on a “per connection” basis, however Milton Hydro’s 2008 model does not reflect this.

The 2008 IRM model should be revised to reflect that the service charge for the Sentinel Lighting class is applied on a “per connection” basis.

8. Monthly Rates and Charges for Street Lighting

(a) A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the following rates are applied on a “\$/kW” basis, however Milton Hydro’s 2008 model does not reflect this:

- Distribution Volumetric Rate
- Regulatory Asset Recovery
- Retail Transmission Rate – Network Service Rate
- Retail Transmission Rate – Line and Transformation Connection Service Rate

The 2008 IRM model should be revised to reflect rates for the Street Lighting class, on a “\$/kW” basis.

(b) A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the service charge for the Street Lighting class is applied on a “per connection” basis, however Milton Hydro’s 2008 model does not reflect this. Please confirm whether the service charge for this class should be applied on a “per customer” basis.

The 2008 IRM model should be revised to reflect that the service charge for the Street Lighting class is applied on a “per connection” basis.

9. Monthly Rates and Charges for Non-Payment of Account

A review of Milton Hydro’s current 2007 Board approved Tariff of Rates and Charges indicates that the following charges are applied on a “\$” basis, however Milton Hydro’s 2008 model does not reflect this:

- Collection of account charge – no disconnection
- Disconnect/Reconnect at meter – during regular hours
- Disconnect/Reconnect at meter – after regular hours

The 2008 IRM model should be revised to reflect rates for Non Payment of Account, on a “\$” basis.